

**Supporting Statement for the
Reporting, Recordkeeping, and Disclosure Requirements Associated with
Truth in Lending (Regulation Z)
(Reg Z; OMB No. 7100-0199)**

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the mandatory Reporting, Recordkeeping, and Disclosure Requirements Associated with Truth in Lending (Regulation Z) (Reg Z; OMB No. 7100-0199).¹ Since 2011, the Consumer Financial Protection Bureau (CFPB) has been responsible for issuing most of the Truth in Lending Act (TILA) regulations except for provisions governing real estate appraisals which are issued jointly by the Board, CFPB, Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Federal Housing Finance Administration (FHFA). The Board is also responsible for issuing TILA regulations that apply to certain motor vehicle dealers. However, the Board continues to be responsible under the Paperwork Reduction Act (PRA) for renewing every three years the information collections mandated by Regulation Z for institutions that are supervised by the Board.² The PRA classifies reporting, recordkeeping, or disclosure requirements of a regulation, including Regulation Z, as information collections.

The Board proposes to modify Reg Z to account for preexisting regulatory requirements that were not included separately in prior notices and to account for the requirements of new rules issued during the past three years. A summary of the changes follows below.

First, the Board proposes to modify Reg Z to account for new required rules issued by the CFPB to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).³ These include:

- Combined closed-end mortgage disclosures under TILA and the Real Estate Settlement Procedures Act (RESPA)⁴,
- A requirement that creditors must run a credit check on loan originators,
- Requirements that creditors verify documents used to determine “qualified mortgage” status,
- Mortgage payoff statement requirements,
- Revised and additional adjustable rate mortgage (ARM) disclosures,
- Periodic statements for closed-end residential mortgages, and
- Revised and additional disclosures for high-cost mortgages under the Home Ownership Equity Protection Act⁵ (HOEPA).

¹ Truth in Lending Act (TILA) is codified at 15 U.S.C. § 1601 *et seq.* The CFPB’s Regulation Z is published at 12 C.F.R. Part 1026 and the Board’s Regulation Z is published at 12 C.F.R. 226.

² See 44 U.S.C. § 3501 *et seq.*

³ See Public Law 111-203, 124 Stat. 1376.

⁴ See 12 U.S.C § 2601 *et seq.*

⁵ See 15 U.S.C. § 1639 and 1640.

Second, the Board proposes to clarify and add several information collection elements for regulatory requirements that previously were accounted for as part of a more general category of information collections or were not previously included because institutions for whose burden the Board accounts did not engage in the relevant line of business to a material degree. These include:

- A requirement that creditors of open-end (not home-secured) credit have policies to comply with requirements for the timely settlement of estate debts,
- A requirement that creditors of open-end (not home-secured) credit have policies to comply with requirements to account for a consumer's ability to repay a the debt,
- Separate disclosures for open-end (not home-secured) and open-end (home-secured) credit, and
- Reverse mortgage disclosures.

Other proposed changes to Reg Z are non-substantive and intended for clarity.

The Board accounts for the paperwork burden associated with the regulation of only Board-supervised institutions.⁶ The current total annual burden for the reporting, recordkeeping and disclosure requirements of this information collection is estimated to be 1,525,822 hours and with the proposed revisions would decrease by 113,320 hours, for a total of 1,412,502 hours, including 14,089 hours of one time burden associated with regulation review and compliance set up. This net decrease is primarily due to the decrease in the reporting panel.

Background and Justification

TILA and Regulation Z ensure adequate disclosure of the costs and terms of credit to consumers. For open-end credit, such as credit cards and home-equity lines of credit (HELOCs), creditors are required to disclose information about the initial costs and terms and to provide periodic statements of account activity, notices of changes in terms, and statements of rights concerning billing error procedures. For closed-end loans, such as mortgage and installment loans, cost disclosures are required prior to and at consummation. Special disclosures are required for certain products, such as reverse mortgages and high cost mortgages with rates and fees above specified thresholds. TILA and Regulation Z also contain rules concerning credit advertising.⁷

⁶ The Board accounts for the following types of institutions, except those that are supervised by the CFPB: state member banks, their subsidiaries, subsidiaries of bank holding companies, U.S. branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act (12 U.S.C. § 601-604a; 611-631). The CFPB supervises, among other institutions, insured depository institutions with over \$10 billion in assets and their affiliates. Other federal agencies account for the paperwork burden that Regulation Z imposes on the institutions for which they have supervisory authority.

⁷ In addition, Regulation Z contains requirements that are not considered information collections and thus are not addressed here.

Creditors are required to comply with Regulation Z's disclosure and other requirements unless the transaction is exempt.⁸ Regulation Z generally does not apply to consumer credit transactions that exceed a threshold amount, adjusted annually for inflation.⁹ The threshold amount for credit extended during 2015 was \$54,600; this threshold will remain the same in 2016.

However, regardless of the amount of credit extended, Regulation Z applies to (1) consumer credit secured by real property, (2) consumer credit secured by personal property used or expected to be used as the principal dwelling of the consumer, and (3) private student loans.

On July 21, 2011, rulemaking authority for TILA was transferred from the Board to the CFPB under the Dodd-Frank Act.¹⁰ In December 2011, the CFPB published an interim final rule establishing its own Regulation Z to implement TILA at 12 C.F.R. part 1026 that substantially duplicated the Board's Regulation Z.¹¹ The CFPB has subsequently amended its Regulation Z to adopt rules required by the Dodd-Frank Act.

Description of Information Collection

The reporting, recordkeeping, and disclosure requirements of Regulation Z that are considered information collections applicable to Board-supervised institutions are described below. The frequency of response varies according to the level of credit activity by a creditor. No other federal law mandates these reporting, recordkeeping, and disclosure requirements, but some states may have similar requirements.

This document summarizes only information collection requirements in Regulation Z, not all Regulation Z requirements. Part I addresses information collection requirements for open-end credit products. Part II reviews information collection requirements for closed-end credit. Part III discusses information collection requirements that apply to both open- and closed-end mortgage credit. Part IV summarizes information collection requirements for specific residential mortgage types – namely, reverse mortgages and mortgage loans above certain price thresholds. Part V reviews information collection requirements for private education loans. Finally, Parts VI and VII discuss information collection requirements related to Regulation Z's advertising and record retention rules, respectively.

⁸ Exemptions include business credit, credit over applicable threshold amounts, public utility credit, securities or commodities accounts, home fuel budget plans, certain student loan programs, and employer-sponsored retirement plans. *See* 12 C.F.R. 1026.3.

⁹ *See* 12 C.F.R. 1026.3(b).

¹⁰ *See* P.L. 111-203(2010).

¹¹ The CFPB's Regulation Z generally applies to all creditors, including Board-supervised institutions, and thus are cited throughout this memorandum. The Board's Regulation Z generally applies only to certain motor vehicle dealers, but appraisal requirements in the Board's Regulation Z still apply to Board-supervised institutions.

I. Open-end Credit Information Collections

A. Open-End (Not Home-Secured) Credit Plans

1. General Disclosure Rules for Open-End (Not Home-Secured) Credit Plans

a. Credit and Charge Card Applications and Solicitations

(Section 1026.60). Generally, credit and charge card issuers must provide disclosures with applications and solicitations. When offering cards to consumers by direct mail solicitation, card issuers must disclose in a highly-structured table, the key terms of the account, such as the APR, information about variable rates, and fees such as annual fees, minimum finance charges, and transaction fees for purchases. Similar disclosure rules apply in telephone solicitations, and for “take-one” and magazine or catalog applications. Special rules apply for charge cards.

b. Account-Opening Disclosures (Section 1026.6(b)). Creditors that offer open-end credit are required to inform consumers of costs and terms before they use the accounts. Account-opening information must include the finance charge and other charges, each periodic rate that may be used to compute the finance charge, a description of how balances (on which a finance charge is based) will be calculated, a statement of billing rights, and any collateral that will secure repayment. For open-end (not home-secured) plans, these account-opening disclosures must comply with strict formatting rules where certain terms must be presented in a tabular format.

c. Periodic Statements (Section 1026.7(b)). A written statement of activity on open-end accounts must be provided each billing cycle (typically monthly). The statement must be provided for each account that has a debit or credit balance of more than \$1 or on which a finance charge is imposed, and it must include a description of activity on the account, opening and closing balances, finance charges imposed, and payment information.

d. Change-in-Term Disclosures (Section 1026.9).

Checks and other supplemental access devices (Section 1026.9(b)(3)). A card issuer that provides checks that access a credit card account must disclose key terms in a summary table on the front of the page containing the checks if they are provided more than 30 days after the account-opening disclosures (or if the terms differ from the finance charges previously disclosed).

Significant changes (Section 1026.9(c)(2)). For open-end (not home-secured) plans, if the creditor makes a significant change in account terms, a creditor generally must provide written notice of the change at least 45 days prior to the effective date of the change. For certain significant changes, the creditor must provide the consumer a right to reject the change and provide

disclosures regarding the right to reject, but may terminate or suspend further advances if the consumer rejects the change.¹²

Renewals (Section 1026.9(e)). If a card issuer has changed any annual or other periodic fee to renew a credit or charge card account or changed any terms required to be disclosed at account opening (see Part I.A.1.a, above), and has not previously disclosed these changes to the consumer, the card issuer must mail or deliver written notice of the card renewal.

Credit Insurance (Section 1026.9(f)). A credit card issuer that plans to change its credit insurance provider must provide 30 days' advance notice to cardholders with information on any increased cost or substantial decrease in coverage that would result. The notice must inform consumers about their right to cancel the insurance. No later than 30 days after the change, the issuer must provide the cardholder with the following information: the name and address of the new insurance provider; a copy of the new policy or group certificate; and a statement that the cardholder may discontinue the insurance.

Increase in interest rates due to delinquency or default or as a penalty (1026.9(g)). Creditors must provide written notice to the consumer with specific information regarding the rate increase at least 45 days in advance of an increased rate due to delinquency or default or as a penalty.

2. Other Information Collections for Credit and Charge Cards

a. Timely Settlement of Estate Debts (Section 1026.11(c)). For credit card accounts under an open-end (not home-secured) plan, card issuers must adopt reasonable written policies and procedures designed to ensure that an administrator of an estate of a deceased account holder can determine the amount of and pay any balance on the account in a timely matter.¹³ Upon request by the administrator of an estate, a card issuer must provide the administrator with the amount of the balance on a deceased consumer's account in a timely manner.

b. Ability to Pay (Section 1026.51). Card issuers must establish and maintain reasonable written policies and procedures to consider the consumer's ability to make the required minimum payments under the terms of the account based on a consumer's income or assets and a consumer's current obligations. For consumers less than 21 years old, the consumer must provide financial information indicating the consumer has an independent ability to pay and include a signed agreement of a cosigner, guarantor, or joint applicant who is at least 21 years old to be secondarily or jointly liable on the

¹² See 12 C.F.R. 1026.9(h).

¹³ Policies and procedures also need to include the requirement that the card issuer limit the fees and increases on the annual percentage rate applicable to the account, and that, if payment is received in full within 30 days after disclosure, the card issuer must waive or rebate any additional interest charged.

account prior to opening an account or increasing the credit line on the account.

c. Reporting and Marketing Rules for College Student Open-End Credit (Section 1026.57(d)). Card issuers that are a party to one or more college credit card agreements must submit annual reports to the CFPB regarding those agreements by the first business day on or after March 31 of each calendar year. The annual report must include the method or formula used to determine the amount of payments from an issuer to an institution of higher education or affiliated organization during the reporting period. In addition, each annual report must include a copy of any memorandum of understanding that directly or indirectly relates to the college credit card agreement or that controls or directs any obligations or distribution of benefits between these entities.

d. Internet Posting of Credit Card Agreements (Section 1026.58). Card issuers must post on their Websites the credit card agreements they offer to the public. Card issuers must also submit these agreements to the CFPB quarterly for posting on the CFPB's public Website.¹⁴ This requirement applies to any card issuer that issues credit cards under a credit card account under an open-end (not home-secured) consumer credit plan.¹⁵

B. Open-End Home-Equity Plans

Several disclosure requirements apply specifically to open-end credit plans secured by a dwelling, commonly referred to as HELOCs.

1. Application Disclosures (Section 1026.40).

Creditors must provide to the consumer at the time of application a set of disclosures describing various features of a creditor's HELOC plans, including the length of the draw and repayment periods, how the minimum required payment is calculated, whether a balloon payment will be owed if a consumer only makes minimum required payments, payment examples, and what fees are charged by the creditor to open, use, and maintain the plan.

2. Account Opening (Section 1026.6(a)).

Before the first transaction on a HELOC, creditors must disclose to the consumer the costs and terms of the plan, including the circumstances under

¹⁴ The CFPB has temporarily suspended the requirement to submit agreements to the CFPB until April 30, 2016, as part of an effort to develop a more streamlined and automated submission process. The requirement to post agreements on the card issuers' own Websites is unaffected. See 80 FR 21153 (April 17, 2015).

¹⁵ A *de minimis* exception from the requirement to post agreements on issuers' publicly available Websites, and submit agreements to the CFPB for posting on the CFPB's public website, applies to issuers with fewer than 10,000 open credit card accounts.

which a “finance charge” may be imposed and how it will be determined (*e.g.*, interest, transaction charges, minimum charges, and each periodic rate of interest that may be applied to an outstanding balance) and the corresponding APR. In addition, creditors must disclose the amount of certain charges other than finance charges, such as a late payment charge.

3. Periodic Statements (Section 1026.7(a)).

Creditors must provide periodic statements reflecting account activity for the billing cycle (typically, one month). In addition to identifying each transaction on the account, creditors must identify each “finance charge,” using that term, and each “other charge” assessed against the account during the statement period. Creditors must disclose the periodic rate that applies to an outstanding balance and its corresponding APR. Creditors also must disclose an “effective” or “historical” APR for the billing cycle, which includes not just interest but also finance charges imposed in the form of fees.

4. Change-in-Terms Notices (Section 1026.9(c)(1)(i) and (ii)).

Creditors must send, in most cases, notices 15 days before the effective date of certain changes in the account terms.

5. Notices to Restrict Credit (Sections 1026.9(c)(1)(iii), 1026.40(f)(3)(i) and (f)(3)(vi)).

If a creditor prohibits additional extensions of credit or reduces the credit limit as permitted under certain provisions of Regulation Z, the creditor must mail or deliver written notice to the consumer who will be affected. The notice must be provided no later than three business days after the action is taken and must contain the specific reasons for the action. If the creditor requires the consumer to request reinstatement of the line, the notice also must state that fact.

C. Rules Applicable to All Open-End Credit

1. Error Resolution (Sections 1026.9(a) and 1026.13)

a. Summary. Creditors extending open-end credit must notify consumers about their rights and responsibilities regarding billing problems. Creditors may provide either a complete statement of billing rights each year, or a summary on each periodic statement. The paperwork burden for the summary is included in the estimated burden for periodic statements.

b. Error Resolution. When a consumer alleges a billing error, the creditor must provide an acknowledgment, within 30 days of receipt, that the creditor received the consumer’s error notice, and must report on the results of its investigation within two complete billing cycles (but in no event later than 90

days). If a billing error did not occur, the creditor must provide an explanation as to why the creditor believes an error did not occur and provide documentary evidence to the consumer upon request. The creditor must also give notice of the portion of the disputed amount and related finance or other charges that the consumer still owes and notice of when payment is due.

II. Closed-end Credit Information Collections

A. Closed-End Credit Other than Real Estate, Home-Secured, and Private Education Loans (Sections 1026.17 and .18)

Generally, before consummation of a closed-end consumer credit transaction, the creditor must disclose to the consumer credit terms such as the amount financed, the APR, the finance charge, and the payment schedule, among other information. Key information must be highlighted for consumers through the use of certain terminology and a specific format. Transactions where the amount financed exceeds \$54,600 (adjusted annually based on increases in the consumer price index) are exempt unless they are private education loans or secured by real property or a consumer's dwelling.

B. Closed-End Mortgages

1. Application and Consummation Disclosures

On December 31, 2013, the CFPB published amendments to Regulation Z (TILA) and Regulation X¹⁶ (RESPA) establishing new rules and forms that combine disclosures that consumers receive when applying for and closing on a closed-end consumer credit transaction secured by real property (other than a reverse mortgage loan) (TILA-RESPA Final Rule).¹⁷ Effective October 3, 2015, these new rules and forms replace some former information collections and involve new information collections under Regulation Z.¹⁸

a. Loan Estimate (Sections 1026.19(e) and 1026.37). Creditors must provide to consumers within three business days after receipt of the consumer's application an integrated Loan Estimate disclosure form that replaces the early TILA disclosure form and RESPA Good Faith Estimate. Creditors must provide revised Loan Estimates in transactions where the closing costs increase from the amounts previously disclosed on the initial Loan Estimate.¹⁹

¹⁶ See 12 C.F.R. part 1024.

¹⁷ See 78 FR 79730 (December 31, 2013).

¹⁸ The final rule reduces information collections under Regulation X, 12 C.F.R. part 1024. See 78 FR 79730, 80103 (December 31, 2013).

¹⁹ Consistent with an existing Regulation X requirement, the final rule also requires the creditor to provide the consumer with a written list of available settlement service providers when the consumer has a choice. See Section 1026.19(e)(1)(vi). The CFPB included the burden of this requirement in the burden calculation for the Loan Estimate, because the timing of this requirement coincides with the provision of the Loan Estimate. See 78 FR 79730, 80101 (December 31, 2013).

b. Closing Disclosure (Sections 1026.19(f) and 1026.38). Creditors must ensure that consumers receive a Closing Disclosure form at least three business days before closing on a closed-end consumer credit transaction (other than a reverse mortgage loan). The Closing Disclosure form replaces the final TILA disclosure and RESPA settlement statement.

2. Post-Consummation Disclosures

a. Disclosure of Rate Adjustments Resulting in Payment Changes (Section 1026.20(c)). Creditors, assignees, or servicers of adjustable rate mortgages (ARMs) secured by a consumer's principal dwelling are generally required to provide consumers with disclosures with specific information about the rate change and its timing prior to the adjustment of the interest rate on the mortgage, if the interest rate change will result in a payment change. The timing of the disclosures depends on the circumstances of the rate adjustment.

Disclosures under section 1026.20(c) are not required for ARMs with a term of one year or less or if the first interest rate and payment adjustment occurs within the first 210 days and the new rate disclosed at consummation was not an estimate.

b. Disclosure of Initial Rate Change for ARMs (Section 1026.20(d)). Creditors, assignees, or servicers of ARMs secured by the consumer's principal dwelling are generally required to provide consumers with certain information pertaining to the ARM's initial rate change. This disclosure must be provided between 210 and 240 days before the first payment at the adjusted rate is due.

Disclosures required under this section must provide consumers with information related to the timing and nature of the rate change. These disclosures are not required for ARMs with a term of one year or less.

c. Post-Consummation Escrow Cancellation Notice (Section 1026.20(e) and Partial Payment Policy Disclosure (Section 1026.39(d)(5)). The Dodd-Frank Act requires a Post-Consummation Escrow Cancellation Notice and a post-consummation Partial Payment Policy disclosure for certain mortgage transactions. The CFPB's final TILA-RESPA rule requires separate forms for these disclosures. The information required for these disclosures is obtained as part of generating loan estimate and closing disclosures; thus, the burden associated with this requirement is negligible.

d. Periodic Statements (Section 1026.41). On February 14, 2013, the CFPB published a final rule to add a periodic statement requirement for certain

mortgage loans and specified information that must be disclosed.²⁰ Under the new rules, creditors, assignees, or servicers of closed-end, dwelling-secured mortgages are generally required to provide consumers with periodic statements for each billing cycle. Servicers must provide consumers that are more than 45 days delinquent on past payments additional information regarding their accounts on their periodic statements.

Periodic statements are not required for the following transaction types: reverse mortgage transactions; mortgage loans secured by a consumer's interest in a timeshare plan; fixed-rate loans where the servicer currently provides consumers with coupon books that contain certain information; and creditors, assignees, or servicers that meet the "small servicer" exemption.²¹

3. Loan Originator Compensation (Section 1026.36)

On February 15, 2013, the CFPB published a final rule amending its Regulation Z to reflect provisions of TILA enacted by the Dodd-Frank Act that largely codified existing rules in Regulation Z concerning loan originator compensation.²² Regulation Z generally prohibits basing a loan originator's compensation on any term of the credit transaction, other than the amount of credit extended. The final rule amended Regulation Z to clarify the scope of this prohibition and extend the recordkeeping requirements concerning loan originator compensation from two to three years.

In addition, the final rule implemented new TILA Section 129B(b), which generally requires loan originators to be qualified and licensed or registered to the extent required by State or Federal law, including the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act), and to otherwise meet minimum qualification standards. This final rule became effective January 10, 2014.²³

Under the loan originator rules, loan originator organizations must obtain a criminal background check, credit report and information about any findings against the loan originator by a government jurisdiction for each loan originator

²⁰ See 78 FR 10902 (February 14, 2013), as amended at 78 FR 44686 (July 24, 2013); 78 FR 62993 (October 23, 2013); 79 FR 65300 (November 3, 2014). The final rule implemented section 1420 of the Dodd-Frank Act, which adds section 128(f) to TILA. See 15 U.S.C. § 1638(f). The statute also gave the CFPB authority to require additional content in the periodic statement.

²¹ A small servicer is a servicer that (1) services, together with any affiliates, 5,000 or fewer mortgage loans, for all of which the servicer (or an affiliate) is the creditor or assignee, (2) is a Housing Finance Agency, as defined in 24 C.F.R. 266.5, or (3) is a nonprofit entity that services 5,000 or fewer mortgage loans, including any mortgage loans serviced on behalf of associated nonprofit entities, for all of which the servicer or an associated nonprofit entity is the creditor. See 12 C.F.R. 1026.41(e)(4).

²² See 78 FR 11280 (February 15, 2013) and 78 FR 58509 (September 24, 2010).

²³ This final rule also implemented other provisions of the Dodd-Frank Act that prohibit the inclusion of arbitration clauses in mortgage contracts and prohibit financing single-premium credit insurance on a loan secured by a dwelling. The CFPB believed these final rule provisions would not impact information collection.

employee that is not required to be licensed under the SAFE Act and is not so licensed. Entities must use these records and information to determine whether the loan originator satisfies certain minimum qualification standards under section 1026.36(f)(3).

No additional burden is imposed on Board-supervised depositories by this requirement. For each of their employed loan originators, depository institutions subject to the Federal Reserve's supervisory authority already obtain criminal background checks and have access to information about findings against a loan originator by a government entity, as part of the institution's compliance with the SAFE Act²⁴ compliance.

4. Ability-to-Repay Requirements (Section 1026.43)

On January 30, 2013, the CFPB published a final rule amending its Regulation Z to implement provisions of the Dodd-Frank Act that establish minimum underwriting standards for residential mortgage loans.²⁵ The final rule requires creditors to make a reasonable and good faith determination, based on verified and documented information, of a borrower's ability to repay a loan secured by a dwelling. The final rule also establishes a presumption of compliance with the ability-to-repay requirement for creditors that make qualified mortgages (QMs). In addition, the final rule implements provisions of the Dodd-Frank Act that generally limit prepayment penalties to QMs and require creditors to retain evidence of compliance with the ability-to-repay requirement and prepayment penalty limitation for three years after making the loan.

This final rule became effective January 10, 2014.²⁶ The Board estimates that the verification and documentation of the ability-to-repay requirement and the extended record retention requirement (see Part VII), which are discussed more fully below, constitute information collections.

a. Minimum Standards for Transactions Secured by a Dwelling (Sections 1026.43(c)-(f)). Creditors must make a reasonable and good faith determination, based on verified and documented information, that a borrower has the ability to repay a loan. The verification and documentation of information relied on to comply with this requirement is an information collection under the PRA. This requirement applies generally to any loan secured by a dwelling, but does not include, for example, HELOCs, timeshares, or reverse mortgages. Section 1026.43(c)(2) requires that

²⁴ See 12 U.S.C. § 5101 *et seq.*

²⁵ See 78 FR 6408 (January 30, 2013) (implementing TILA section 129C, 15 U.S.C. § 1638c).

²⁶ The CFPB issued several final rules to amend Regulation Z relating to the ability-to-repay requirement and QM standards, including final rules that provided a new definition of QM for small creditors and an exemption for certain creditors and community-focused lending programs from the ability-to-repay requirement (78 FR 35430 (June 12, 2013)); clarified certain ability-to-repay and QM criteria (78 FR 44686 (July 24, 2013) and 78 FR 60382 (October 1, 2013)); and established a cure mechanism to the points and fees limit applicable to QM loans (78 FR 65300 (November 3, 2014)). The CFPB believed these final rules would not impact information collection.

creditors consider, at the minimum, the following eight factors when making the ability-to-repay determination:

- (1) monthly payment on the mortgage,
- (2) monthly payment on a simultaneous loan (including HELOCs) that the creditor “knows or has reason to know of”,
- (3) monthly payment on mortgage-related obligations,
- (4) current and reasonably expected income or assets,
- (5) current employment status,
- (6) current debt obligations, alimony, and child support,
- (7) monthly debt-to-income or residual income, and
- (8) credit history.

Creditors must verify the information relied upon to determine the borrower’s ability-to-repay under using reliable third-party records.²⁷ Special rules are provided for verification of a consumer’s income or assets.²⁸ Creditors may satisfy the ability-to-repay requirement and receive special protection from liability by making a QM. There are several ways to make a QM:

- (1) Under the general definition of a QM, which requires in part that the borrower’s total DTI not exceed 43%,²⁹
- (2) Under the temporary definition of QM for loans eligible for purchase by the GSEs and certain other Federal agencies,³⁰ and
- (3) Under the special QM definitions for small creditors that meet certain asset size and origination limits and that generally hold their loans in portfolio or predominantly operate in rural or underserved areas.³¹

The verification requirements for QMs differ from those required for the ability-to-repay determination.

b. Limitations on Prepayment Penalties (1026.43(g)). A covered transaction cannot contain a prepayment penalty unless otherwise permitted by state law and subject to certain limitations under Section 1026.43(g). In addition, if a creditor makes a covered transaction that includes a prepayment penalty, the creditor must also offer the consumer a comparable, alternative loan without a prepayment penalty for which the creditor believes the consumer may qualify. Creditors must maintain a record of compliance with this provision. This is also noted in Part VII, Record Retention Requirements, below.

²⁷ See 12 C.F.R. 1026.43(c)(3).

²⁸ See 12 C.F.R. 1026.43(c)(4).

²⁹ See 12 C.F.R. 1026.43(e)(2).

³⁰ See 12 C.F.R. 1026.43(e)(4).

³¹ See 12 C.F.R. 1026.43(f).

III. Open- and Closed-End Home Mortgage Loan Information Collections

A. Mortgage Servicing Disclosures

1. Payoff statements (Section 1026.36(c)(3))

On February 14, 2013, the CFPB published a final rule to make some changes to existing Regulation Z requirements regarding responses to consumer requests for payoff amounts for home loans.³² For consumer credit transactions secured by a dwelling, a creditor, assignee, or servicer must provide an accurate statement of the total outstanding balance that would be required to pay the consumer's obligation in full as of a specific date, no more than seven business days after receiving a written request from the consumer or person acting on behalf of the consumer.

2. Notification of the Sale or Transfer of Mortgage Loans (Section 1026.39)

In December of 2013, the CFPB amended a requirement that a new owner or assignee of a mortgage loan notify a consumer of the sale or transfer of the loan no later than 30 days after the date on which the new owner/assignee acquired the loan.³³ A person that acquires title to a loan must mail or deliver a disclosure to the consumer on or before the 30th calendar day following the date of transfer. The disclosure must identify the loan that was acquired or transferred and contain the following information (1) the identity, address, and telephone number of the person that acquired the mortgage loan, (2) the date of the transfer, (3) contact information that the consumer can use to reach an agent or party authorized to receive notice of the right to rescind and resolve issues concerning the consumer's loan payments, and (4) the place where the transfer of the ownership of the debt is recorded or the fact that the transfer has not been recorded in public records at the time the disclosure is provided. In addition, for certain closed-end mortgage loans, the disclosure must state specified information about partial payments.

The disclosure requirements in section 1026.39 generally apply only to persons that acquire legal title to more than one existing consumer mortgage loan in any 12-month period.

³² See 78 FR 10902 (February 14, 2013). The final rule implemented section 1464 of the Dodd-Frank Act, which adds section 129G to TILA, generally codifying existing Regulation Z requirements on responses to payoff requests. See 15 U.S.C. § 1639f and 1639g.

³³ See 78 FR 79730 (December 31, 2013). These amendments to Regulation Z implemented section 1414(d) of the Dodd-Frank Act, which amended TILA section 129C to impose additional disclosure requirements on new owners or assignees regarding partial payments. See 15 U.S.C. § 1639c.

B. Valuation Independence (Section 226.42(g)(1)) – Mandatory Reporting

As required by the Dodd-Frank Act, in October 2010 the Board issued an interim final rule to implement amendments to TILA designed to promote the independence of appraisers and other home valuation providers in mortgage transactions secured by a consumer’s principal dwelling.³⁴

The previously approved information collection under this rule was a one-time burden to update systems, internal procedure manuals, and provide training for relevant staff to comply with the following reporting requirement: persons covered by the rule³⁵ that reasonably believe an appraiser has not complied with the Uniform Standards of Professional Appraisal Practice (USPAP) or ethical or professional requirements for appraisers under applicable state or federal statutes or regulations must refer the matter to the appropriate state agency if the failure to comply is material. A failure to comply is “material” if it is likely significantly to affect the value assigned to the consumer’s principal dwelling.

The Board believes that negligible ongoing burden is associated with this requirement. One-time burden was previously accounted for to develop procedures, update systems, and train staff.

IV. Special Rules for Certain Home Mortgage Types

Certain types of mortgage products trigger special disclosures, such as reverse mortgages, high-cost mortgages, and “higher-priced mortgage loans.”

A. Reverse Mortgages (Sections 1026.31(c)(2) and 1026.33)

A reverse mortgage transaction is a loan secured by the equity in a home. Disbursements are made to homeowners until the homeowner dies, moves permanently, or sells the home. The creditor relies on the home’s future value for repayment. Creditors offering reverse mortgages must provide the disclosures generally required by Regulation Z for open- and closed-end mortgage loans, as applicable.

In addition, Regulation Z requires reverse mortgage creditors to give consumers disclosures specific to reverse mortgage transactions at least three business days before loan consummation (for closed-end loans) or the first transaction (for open-end loans), as follows:

³⁴ See 75 FR 66554 (October 28, 2010) (implementing 15 U.S.C. § 1639e) and 12 C.F.R. 226.42 (Board) and 12 C.F.R. 1026.42 (CFPB).

³⁵ “Covered person” is defined as “a creditor with respect to a covered transaction or a person that provides ‘settlement services,’ as defined in 12 U.S.C. § 2602(3) and implementing regulations, in connection with a covered transaction.” See 12 C.F.R. 226.42(b)(1) (Board). “Covered transaction” means an extension of consumer credit that is or will be secured by the consumer’s principal dwelling” See 12 C.F.R. 226.42(b)(2).

- Projected total cost of credit for specified loan periods (two years, actuarial life expectancy, or longer term), in a prescribed table format,
- Itemization of loan terms, charges, the age of the youngest borrower, and the appraised property value,
- An explanation of the table of total annual loan cost rates, and
- Notice that receiving disclosures or applying for the loan does not obligate the consumer to complete the transaction.

B. Home Ownership and Equity Protection Act (HOEPA) Loans (Sections 1026.31, 1026.32, 1026.34, and 1026.36)

In addition to providing the other disclosures required for consumer mortgages by Regulation Z, creditors offering mortgages with rates or fees above thresholds outlined in the HOEPA (“high-cost mortgages”) must provide cost disclosures and a notice at least three days before consummation or account opening. The cost disclosures include the APR; regular payment amount, minimum payment information for variable-rate loans, and the amount of any permitted balloon payment; and the total amount borrowed for closed-end loans or credit limit for open-end loans. A notice must warn consumers about losing their home and reminds consumers that they are not obligated to complete the transaction. In addition, if the creditor changes any terms that are to be reflected on the disclosures, the creditor generally must provide the consumer with new disclosures and allow the consumer another three days to consider the transaction before consummation.

In January 2013, the CFPB amended Regulation Z to implement the Dodd-Frank Act’s amendments to TILA that expand the types of mortgage loans subject to the protections of HOEPA. Accordingly, the new rules apply not only to closed-end refinance and home equity loans, but also to purchase-money mortgages and HELOCs.³⁶ The new rules also revised and expanded the tests for coverage under HOEPA, and imposed additional restrictions on mortgages that are covered by HOEPA, including a pre-loan counseling requirement. The amendments were effective for transactions for which the creditor received an application on or after January 10, 2014.

New information collections based on the CFPB’s new rules are as follows:

1. HOEPA Disclosure Form (Section 1026.32(a)(1))

The new HOEPA rule extends coverage to purchase-money mortgage loans and HELOCs. As a result, creditors that extend purchase-money mortgage loans or HELOCs that are high-cost mortgages are required to provide borrowers with the special HOEPA disclosures described above. Both one-time and on-going costs are associated with this requirement.

³⁶ See 78 FR 6856 (January 31, 2013).

2. Receipt of Certification of Counseling for High-Cost Mortgages (Section 1026.34(a)(5)(i))

A creditor is prohibited from extending a high-cost mortgage unless the creditor receives written certification that the consumer has obtained counseling on the advisability of the mortgage from a counselor approved by the U.S. Department of Housing and Urban Development (HUD), or a State housing authority, if permitted by HUD. Both one-time and on-going costs are associated with this requirement.

3. Receipt of Documentation of Counseling for Negative Amortization Loans (Section 1026.36(k))

A creditor is prohibited from extending closed-end, dwelling-secured credit to a first-time borrower that has negative amortization (other than a reverse mortgage or a transaction secured by a timeshare plan interest), unless the creditor receives documentation that the consumer has obtained homeownership counseling from a counseling organization or counselor certified or approved by HUD.

The Board concurs with the CFPB that the burden associated with this requirement is minimal and therefore has not separately estimated paperwork burden for this requirement.³⁷

C. Higher-Priced Mortgage Loans (HPMLs)

1. Appraisal Requirements (226.43)

The Dodd-Frank Act amended TILA to impose special appraisal requirements for loans meeting APR thresholds for “higher-priced mortgage loans” (HPMLs).³⁸ Six federal agencies were required to issue joint rules implementing these provisions, and did so in February 2013.³⁹ A supplemental final rule providing for additional exemptions from the special HPML appraisal requirements was issued in December 2013.⁴⁰ The effective date for these rules was January 18, 2014.

Previously approved information collections associated with the HPML appraisal rule that need to be renewed are as follows:

- a. Initial Written Appraisal (Section 226.43(c)(1)).** Before consummating an HPML, a creditor must obtain a written appraisal performed by a certified

³⁷ In issuing its rule, the CFPB did not separately estimate the paperwork burden associated with this requirement. See 78 FR 6856, 6960 (January 31, 2013).

³⁸ See 15 U.S.C. § 1639h.

³⁹ See 78 FR 10368 (February 13, 2013).

⁴⁰ See 78 FR 78520 (December 26, 2013).

or licensed appraiser who conducts a physical visit of the interior of the property that will secure the transaction.

b. Safe Harbor (Section 226.43(c)(2)). The HPML appraisal rule provides a “safe harbor” to creditors for compliance with the written appraisal requirement. An information collection burden is associated with reviewing each appraisal obtained for adherence to the safe harbor elements, as specified in the rule text and Appendix N to the rule.

c. Additional Written Appraisal (Section 226.43(d)). A creditor is required to obtain a second appraisal for a HPML if (1) the seller acquired the property securing the loan 90 or fewer days prior to the date of the consumer’s agreement to acquire the property and the resale price exceeds the seller’s acquisition price by more than 10 percent or (2) the seller acquired the property securing the loan 91 to 180 days prior to the date of the consumer’s agreement to acquire the property and the resale price exceeds the seller’s acquisition price by more than 20 percent. The Additional Written Appraisal must meet the standards of the Initial Written Appraisal and contain additional analyses.

As with the Initial Written Appraisal, information collection burden associated with the Additional Written Appraisal requirement includes reviewing the appraisal for adherence with the safe harbor.

d. Copy of Appraisals (Section 1026.43(f)(1)). A creditor is required to provide a copy of the Initial Written Appraisal and the Additional Written Appraisal to the consumer.

V. Special Rules for Private Education Loans (Subpart F)⁴¹

Disclosures for private education loans must be given at different times in the loan origination process. The content requirements of the disclosures varies depending on the time at which they are provided. Generally, creditors must disclose, among other items, the interest rate, fees, repayment terms, cost estimates, eligibility requirements, and loan alternatives of the private education loan.

A. Application or Solicitation Disclosures (Section 1026.47(a))

Disclosures must be provided on or with any application or solicitation for a private education loan. The creditor may provide the disclosures orally in a telephone application or solicitation. Alternatively, if the creditor does not disclose the

⁴¹ Model forms for each of the following disclosures are available in Appendix H-18 for the application or solicitation disclosures required in section 1026.47(a), Appendix H-19 for the approval disclosures required in section 1026.47(b), and Appendix H-20 for the final disclosures required in section 1026.47(c).

information orally, the creditor generally must provide the disclosures or mail them no later than three business days after the consumer has applied for the credit.⁴²

B. Approval Disclosures (Section 1026.47(b))

Disclosures also must be provided before consummation on or with any notice to the consumer that the creditor has approved the consumer's application for a private education loan. If the creditor provides approval to the consumer by mail, the disclosures must be mailed at the same time as the approval. If the creditor provides approval by telephone, the creditor must mail the disclosures within three business days of the approval.

C. Final Disclosures (Section 1026.47(c))

Final disclosures must be provided to the consumer after the consumer accepts the private education loan. The creditor is prohibited from disbursing funds until at least three business days after the consumer receives the final disclosures.⁴³

VI. Advertising and Notification Requirements

Advertising rules in sections 1026.16 (for open-end credit) and 1026.24 (for closed-end credit) apply to all persons who promote the availability of open-end or closed-end credit through commercial messages in any form, including print or electronic media, direct mailings, and displays. With some variations, sections 1026.16 and 1026.24 both require advertisers to include certain basic credit information if the advertisement refers to specified credit terms or costs. Additional disclosures are required for advertisements of HELOCs (Section 1026.16(d)), open-end credit with a promotional rate (Section 1026.16(g)), open-end credit with a deferred interest or similar offer (Section 1026.16(h)), and closed-end credit secured by a consumer's principal dwelling (Section 1026.24(f)).

VII. Record Retention Requirements

Under section 1026.25(a), a creditor must retain evidence of compliance with Regulation Z (other than the advertising requirements under sections 1026.16 and 1026.24, for which no record retention rules apply) for a two-year period after the date the disclosures are required to be made or other action is required to be taken.

Generally, no paperwork burden is deemed to be associated with the recordkeeping requirement of Regulation Z (subpart D, section 1026.25) because the regulation does not specify records to be retained as evidence of compliance. Several new requirements

⁴² If the creditor either denies the consumer's application or provides or mails the approval disclosures no later than three business days after the consumer requests the credit, the creditor need not also provide the application disclosures.

⁴³ See 12 C.F.R. 1026.48(d).

issued by the CFPB specify particular records to be retained. These include record retention requirements associated with the QM/ability-to-repay verification and documentation requirements⁴⁴ and the new requirement to offer consumers an alternative to a loan with a prepayment penalty.⁴⁵ Specifically, Regulation Z amendments extended the time period creditors must retain evidence of compliance with the ability-to-repay and QM requirements, as well as the prepayment penalty provisions from two years to three years to make the record retention requirement consistent with the statute of limitations on claims allowed under those provisions.⁴⁶ The CFPB believes that any on-going burden associated with these record-keeping requirements will be minimal, reasoning that only information sufficient to reconstruct the required record is required to be retained.⁴⁷ The Board concurs.

Time Schedule for Information Collection

Information collection pursuant to Regulation Z is event-generated and must be provided to the borrower within the time periods established by the law and regulation as discussed above. Creditors must keep evidence of compliance for 24 months.

Legal Status

The Board's Legal Division has determined that the Reg Z information collection is authorized by the Truth in Lending Act (15 U.S.C. § 1601 *et seq.*), which directs the CFPB and, for certain lenders, the Board to issue regulations implementing the statute. Covered lenders are required to comply with the reporting, recordkeeping, and disclosure provisions of Regulation Z. Regulation Z is chiefly a disclosure regulation, so the issue of confidentiality does not normally arise. One aspect of the rule requires certain card issuers to submit annual reports to the CFPB, but no reports are filed with the Board.

Consultation Outside the Agency

On February 19, 2016, the Board published a notice in the *Federal Register* (81 FR 8492) requesting comment for 60 days on the Reg Z information collection. The comment period expired on April 19, 2016. The Board did not receive any comments. On May 5, 2016, the Board published a final notice in the *Federal Register* (81 FR 27130).

Estimate of Respondent Burden

The current total annual burden for the reporting, recordkeeping, and disclosure requirements of this information collection is estimated to be 1,525,822 hours and with the proposed revisions would decrease by 113,320 hours, for a total of 1,412,502 hours, including 14,089 hours of one time burden associated with regulation review and compliance set up. This net decrease is primarily due to the decrease in the reporting panel. These reporting,

⁴⁴ See 12 C.F.R. 1026.43(c)-(f).

⁴⁵ See 12 C.F.R. 1026.43(g).

⁴⁶ See 12 C.F.R. 1026.25(c)(2) and (3).

⁴⁷ See 78 FR 79730, 80100-80104 (December 31, 2013) and 78 FR 6408, 6582-6583 (January 30, 2013).

recordkeeping, and disclosure requirements represent 10.98 percent of the total Federal Reserve System paperwork burden.

Reg Z Current	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
Subpart B				
Open-end Credit (226.5-226.16)				
Credit and Charge cards				
Application and Solicitations (Section 226.5(a))	226	12	8 hours	21,696
Home-Equity Plans (Section 226.5(b))				
Application disclosure	651	790	1.5 min	12,857
Restriction disclosure	651	10	3 min	326
Account opening disclosures (Section 226.6)	878	1,150	1.5 min	25,243
Reg AA Cosigner disclosure (Section 227.14(b))	878	1,150	1 min	16,828
Change-in-terms disclosures (Section 226.9(c))	878	3,750	1 min	54,875
Periodic statements (Section 226.7)	1,077	12	8 hours	103,392
Periodic statements (Section 226.7) (for exempt transactions (226.3(b)(1)(i)))	1,077	1	8 hours	8,616
Subpart G				
Reporting and Marketing Rules for College Student Open-End Credit (Section 226.57(d)) and Internet posting of credit card agreements (college) (Section 226.58)	2,200	4	8 hours	70,400
Error resolution (Section 226.13)				
Credit cards	226	145	30 min	16,385
Other Open-end credit	1,077	2	30 min	1,077
Subpart C				
Closed-end Credit Disclosures (Section 226.17)	1,077	2,472	6.5 min	288,421
Section 226.18(s) and (t)(1)				
One-time (R-1366)	1,077	1	120 hours	129,240
Section 226.18 (s) and (t)(1)				
Ongoing (R-1366)	1,077	12	40 hours	516,960

Subpart E				
Pre-closing disclosure (Sections 226.31-226.45)	30	250	3 min	375
Mortgage transfer disclosure (Section 226.39)	68	12	8 hours	6,528
Valuation Independence (Section 226.42)				
One-time R-1394 Section 226.43 (R-1443)	567	1	40 hours	22,680
One-time update Initial appraisal	418	1	8 hours	3,344
Investigate and verify additional appraisal	418	24	15 min	2,508
Review and provide a copy of additional appraisal	418	24	15 min	2,508
	418	0.18	15 min	19
Subpart F				
Private student loan disclosures (Section 226.46)	1,075	12	17 hours	219,300
<u>Subparts B and C</u> (Sections 226.16 and 226.24)				
Advertising rules	1,077	5	25 min	<u>2,244</u>
<i>Total</i>				1,525,822

Reg Z Proposed	<i>Number of respondents⁴⁸</i>	<i>Annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
<u>Open-End</u>				
<u>(Not Home-Secured Credit):</u>				
Appendix A				
Applications and solicitations (Section 1026.60)	176	12	8 hours	16,896
Account opening disclosures (Section 1026.6(b))	176	1,150	1.5 minutes	5,060
Periodic statements (Section 1026.7(b))	992	12	8 hours	95,232
Change-in-terms disclosures (Section 1026.9)	992	3,750	1 minute	62,000
Timely settlement of estate debts policies (Section 1026.11(c)) one-time	992	1	8 hours	7,936
Timely settlement of estate debts policies (Section 1026.11(c)) ongoing	992	1	45 minutes	744
Ability to pay policies (Section 1026.51) one-time	176	1	8 hours	1,408
Ability to pay policies (Section 1026.51) ongoing	176	1	45 minutes	132

⁴⁸ Of the respondents, 121 for the Open-End (Not Home-Secured Credit) – applications and solicitations and account opening disclosures; 706 for the Open-End (Not Home-Secured Credit) – periodic statements, change-in-terms disclosures, timely settlement of estate debts policies (one-time), and timely settlement of estate debts policies (ongoing); 121 for the Open-End (Not Home-Secured Credit) – ability to pay policies (one-time), ability to pay policies (ongoing), and reporting and marketing rules for college student open-end credit and Internet posting of credit card agreements; 437 for Open-End Credit (Home Equity Plans) – application disclosures, account opening disclosures, periodic statements, change-in-terms disclosures, and notices to restrict credit; 121 for All Open-End Credit – Error Resolution: credit cards; 706 for All Open-End Credit – Error resolution: other open-end credit; 706 for Closed-End Credit (Non-Mortgage) – closed-end credit disclosures; 437 for Closed-End Credit (Mortgage) – interest rate and payment summary and “no-guarantee-to-refinance” statement; ARM disclosure (one-time), ARM disclosure (ongoing), initial rate adjustment notice (one-time), initial rate adjustment notice (ongoing), periodic statements (one-time), periodic statements (ongoing), and verification of documents for qualified mortgage (QM) and non-QM determination; 437 for Open and Closed-End Mortgage – prompt crediting & payoff statement (one-time), payoff statements (ongoing), and mortgage transfer disclosure; 4 for Certain Home Mortgage Types – reverse mortgage disclosures; 15 for Certain Home Mortgage Types – HOEPA disclosure (one-time), HOEPA disclosure (ongoing), HOEPA receipt of certification of counseling for high-cost mortgages (one-time), HOEPA receipt of certification of counseling for high-cost mortgages (ongoing), Appraisals for higher-priced mortgage loans, order and review initial appraisal, order and review additional appraisal, and provide copy of initial and additional appraisals; 0 for Private Education Loans – private student loan disclosure; 706 for Advertising Rules (all credit types) – advertising rules; and 437 for Record Retention are small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets)) www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards.

Reporting and marketing rules for college student open-end credit (Section 1026.57(d)) and Internet posting of credit card agreements (Section 1026.58)	176	4	8 hours	5,632
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Open-End Credit -- Home-Equity Plans:

Application disclosures (Section 1026.40)	634	790	1.5 minutes	12,522
Account opening disclosures (Section 1026.6)	634	1,150	1.5 minutes	18,228
Periodic statements (Section 1026.7(a))	634	12	8 hours	60,864
Change-in-terms disclosures (Section 1026.9(c)(1)(i) and (ii))	634	3,750	1 minute	39,625
Notices to restrict credit (Sections 1026.9(c)(1)(iii) and 1026.40(f)(3)(i))	634	10	3 minutes	317

All Open-End Credit:

Error resolution (Sections 1026.9(a) and 1026.13):				
Credit cards	176	145	30 minutes	12,760
Other open-end credit	992	2	30 minutes	992

Closed-End Credit – Non-Mortgage:

Closed-end Credit Disclosures (Section 1026.17 and 1026.18)	992	2,472	6.5 minutes	265,658
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Closed-End Credit – Mortgage:

Interest Rate and Payment Summary (Section 1026.18(s)) and “No-guarantee-to-refinance” statement (Section 1026.18(t)(1))	634	12	40 hours	304,320
ARM disclosure (Section 1026.20(c)) one-time	634	1	1.5 hours	951
ARM disclosures (Section 1026.20(c)) ongoing	634	600	17 minutes	107,780
Initial rate adjustment notice (Sections 1026.20(d) – one-time)	634	1	2 hours	1,268
Initial rate adjustment notice (Section 1026.20(d) – ongoing)	634	300	17 minutes	53,890
Periodic statements (Section 1026.41) one time	634	1	1 hour and 20 minutes	845

Periodic statements (Section 1026.41) ongoing	634	42,400	0.5 minutes	224,013
Verification of documents for Qualified Mortgage (QM) and non- QM determination (Section 1026.43) one time	634	1	42 minutes	444
Open and Closed-End Mortgage:				
Prompt crediting & payoff statement (Section 1026.36(c)(3)) one time	634	1	50 minutes	528
Payoff statements (Section 1026.36(c)(3)) ongoing	634	800	5 minutes	42,267
Mortgage transfer disclosure (Section 1026.39)	634	12	8 hours	60,864
Certain Home Mortgage Types:				
Reverse mortgage disclosures (Sections 1026.31(c)(2), and 1026.33)	15	250	3 minutes	188
HOEPA disclosures (Sections 1026.32(a)(1) and 1026.32(c) one time	25	1	20 hours	500
HOEPA disclosures (Sections 1026.32(a)(1) and 1026.32(c) ongoing	25	12	14 hours	4,200
HOEPA Receipt of certification of counseling for high-cost mortgages (Section 1026.34(a)(5)(i)) one time	25	1	45 minutes	19
HOEPA Receipt of certification of counseling for high-cost mortgages (Section 1026.34(a)(5)(i)) ongoing	25	1	1 hour	25
Appraisals for higher-priced mortgage loans (Sections 1026.43 (c)(1),(c)(2),(d), (e), and (f):				
Order and review initial appraisal	25	24	15 minutes	150
Order and review additional appraisal	25	24	15 minutes	150
Provide copy of initial and additional appraisals	25	0.18	15 minutes	1
Private Education Loans:				
Private student loan disclosures (Section 1026.46)	9	12	17 hours	1,836

Advertising Rules (all credit types):

(Sections 1026.2, 1026.16 & 1026.24)

Advertising rules	992	5	25 minutes	2,067
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Record Retention

(Section 1026.25(c)(3)) **one time**

	634	1	18 minutes	<u>190</u>
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<i>Total</i>				1,412,502
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<i>Change</i>				(113,320)
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The total annual cost to the public is estimated to be \$75,074,481.⁴⁹

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System is considered negligible.

⁴⁹ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$65, 15% Lawyers at \$66, and 10% Chief Executives at \$89). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2015*, published March 30, 2016 www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.