CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST—SUPPORTING STATEMENT
REAL ESTATE SETTLEMENT PROCEDURES ACT (REGULATION X)
12 CFR 1024
(OMB CONTROL NUMBER: 3170-0027)

OMB TERMS OF CLEARANCE:

When the Office of Management and Budget (OMB) last reviewed the information collections inventoried under OMB control number 3170-0027, no terms of clearance were provided (see OMB Notice of Action dated 04/26/2013).

ABSTRACT: The Dodd-Frank Act amended the Real Estate Settlement Procedures Act of 1974 (RESPA), 12 U.S.C. 2601 *et seq.*, and the Truth in Lending Act (TILA), 15 U.S.C. 1601 *et seq.*, by, among other things, mandating new mortgage servicing disclosures and procedures to improve protections for consumers with certain residential mortgages. 12 U.S.C. 2601 *et seq.*; 15 U.S.C. 1638a, 1638(f), 1639f, and 1639g. Through a final rule issued on January 17, 2013 (the 2013 RESPA Mortgage Servicing Final Rule), the Bureau of Consumer Financial Protection (the Bureau) revised Regulation X, which implements RESPA, to add a number of mortgage servicing requirements provided for in the Dodd-Frank Act's amendments to RESPA, as well as other requirements the Bureau adopted pursuant to its authority under RESPA and the Dodd-Frank Act. The Bureau is further amending Regulation X and the official interpretation of the regulation.[1]

The final rule amends and clarifies several existing servicer obligations under RESPA and Regulation X, including the obligation to attempt to establish contact with and provide written disclosures to delinquent borrowers, as defined under a new definition of delinquency; to provide certain disclosures regarding the identity of a mortgage's owner or assignee, and regarding the status of a borrower's hazard insurance coverage; to select a reasonable date by which borrowers should return documents to complete their loss mitigation applications; to not move for foreclosure judgment or order of sale, or conduct a foreclosure sale, after receiving a timely submitted complete loss mitigation application, unless one of the specified circumstances is met; and to complete evaluations of loss mitigation applications submitted immediately prior to servicing transfers. The final rule also includes several new servicer obligations, including the obligation to apply all of the Regulation X servicing rules to confirmed successors in interest; to provide written early intervention disclosures to certain borrowers in bankruptcy or who have invoked their cease communication rights under the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. 1692-1692p; to provide borrowers who apply for loss mitigation with notices that their applications are complete; to exercise reasonable diligence when attempting to obtain loss mitigation information from third parties and to provide a written notice to the borrower regarding the third-party information under certain circumstances; to provide a written

[1] In this rulemaking, the Bureau also amended Regulation Z, which implements TILA , and the official interpretation of the regulation. The Bureau is addressing the Regulation Z amendments in a separate filing.

notice to the borrower if the servicer offers a short-term forbearance program or short-term repayment plan based on an incomplete loss mitigation application; and to meet the loss mitigation requirements more than once in the life of a loan for borrowers who were able to bring the loan current at any time since the borrower's prior complete application. The final rule also amends the definition of small servicers that are exempt from many of the servicing rules in Regulation X. Concurrently with the final rule, the Bureau also issued an interpretive rule under the FDCPA, relating to servicers' compliance with certain mortgage servicing provisions in Regulation X, as amended by the final rule.[2] Most provisions of the final rule and interpretive rule take effect 12 months after publication in the *Federal Register*. The provisions relating to bankruptcy periodic statements and successors in interest take effect 18 months after publication in the *Federal Register*.

The Bureau is has divided the rules amending these portions of the Bureau's Regulations X and Z into two separate Information Collection Requests (ICRs) in OMB's system (accessible at www.reginfo.gov), OMB Control Numbers 3170-0027 and 3170-0028 respectively, to ease the public's ability to view and understand the individual final rules for discrete portions Regulation X and Regulation Z. Respondents should continue to use the 3170-0016 control number for Regulation X and the 3170-0015 control number for Regulation Z.

PART A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

Certain disclosures are required by RESPA, 12 U.S.C. 2601 *et seq*., as amended by Section 461 of the Housing and Urban-Rural Recovery Act of 1983 (HURRA), and other various amendments. The implementing regulations historically were published by the Department of Housing and Urban Development (HUD) at 24 CFR 3500. In light of the transfer of HUD's rulemaking authority for RESPA to the Bureau, the Bureau adopted an interim final rule (Interim Final Rule) recodifying HUD's Regulation X at 12 CFR 1024 to reflect the transfer of authority to the Bureau and certain other changes made by the Dodd-Frank Act. On April 27, 2016, the Bureau adopted the Interim Final Rule as final, subject to any intervening final rules published by the Bureau.[3]

The Dodd-Frank Act amended RESPA and TILA by, among other things, mandating new mortgage servicing disclosures and procedures to improve protections for consumers with certain residential mortgages. 12 U.S.C. 2601 *et seq.*; 15 U.S.C. 1638a, 1638(f), 1639f, and 1639g. Through the 2013 RESPA Mortgage Servicing Final Rule, the Bureau revised Regulation X to add a number of mortgage servicing requirements provided for in the Dodd-Frank Act's amendments to RESPA, as well as other requirements the Bureau adopted pursuant to its authority under RESPA and the Dodd-Frank Act. Section 1463 of the Dodd-Frank Act creates statutory mandates under new subsections (k), (l) and (m) of RESPA section 6. Section 1463 of

[2] The interpretive rule also relates to servicers' compliance with certain mortgage servicing provisions in Regulation Z, as amended by the final rule. The Bureau is addressing the Regulation Z amendments in a separate filing.
[3] 81 FR 25323 (Apr. 28, 2016).

the Dodd-Frank Act also amends certain consumer protection provisions set forth in section 6(e) through (g) of RESPA. Several of these requirements involve information collections.

Since January 10, 2014, the effective date of the Regulation X and Z mortgage servicing rules, the Bureau has continued to engage in ongoing outreach and monitoring with consumer advocacy groups, industry representatives, housing counselors, and other stakeholders. As a result, the Bureau identified further issues and issued a proposed rule on November 20, 2014.[4] On August 4, 2016, the Bureau issued a final rule that provides several amendments to revise regulatory provisions and official interpretations relating to the Regulation X and Z mortgage servicing rules. The amendments to Regulation X include a requirement to apply all of the Mortgage Servicing Rules to successors in interest once a servicer confirms the successor in interest's identity and ownership interest in the property, as well as rules relating to how a mortgage servicer confirms a successor in interest's status; a general definition of delinquency that applies to all of the servicing provisions of Regulation X; revisions to how a servicer responds to requests for information asking for loan ownership information; amendments to the required force-placed insurance disclosures to account for when a borrower has insufficient, rather than expiring or expired, hazard insurance coverage; clarifications to the early intervention live contact obligations and written early intervention notice obligations; and requirements that servicers provide written early intervention notices to certain borrowers who are in bankruptcy or who have invoked their cease communication rights under the FDCPA.

In addition, the final rule includes several amendments to the loss mitigation requirements in § 1024.41, including (1) a requirement that servicers meet the loss mitigation requirements more than once in the life of a loan for borrowers who become current on payments at any time between the borrower's prior complete loss mitigation application and a subsequent loss mitigation application; (2) a modification to the existing exception to the 120-day prohibition on foreclosure filing to allow a servicer to join the foreclosure action of a superior or subordinate lienholder; (3) a clarification of how servicers select the reasonable date by which a borrower should return documents and information to complete an application; (4) a clarification that, if the servicer has already made the first notice or filing, and a borrower timely submits a complete loss mitigation application: (i) the servicer must not move for foreclosure judgment or order or sale, or conduct a foreclosure sale, even where the sale proceedings are conducted by a third party, unless one of three specified circumstances are met (*i.e.*, the borrower's loss mitigation application is properly denied, withdrawn, or the borrower fails to perform on a loss mitigation agreement); (ii) that absent one of the specified circumstances, conduct of the sale violates the rule; (iii) that the servicer must instruct foreclosure counsel promptly not to make any further dispositive motion, to avoid a ruling or order on a pending dispositive motion, or to prevent conduct of a foreclosure sale, unless one of the specified circumstances is met; and (iv) that the servicer is not relieved from its obligations by counsel's actions or inactions; (5) a requirement that servicers send a written notice to a borrower within five days (excluding Saturdays, Sundays, and legal holidays) containing certain prescribed content after they receive a complete loss mitigation application; (6) requirements regarding how servicers must attempt to obtain information not in the borrower's control and evaluate a loss mitigation application while waiting for such third party information; a requirement that servicers exercise reasonable

[4] 79 FR 74175 (Dec. 15, 2014).

diligence to obtain the information and may not deny borrowers solely because the servicer lacks required information not in the borrower's control, except under certain circumstances; a requirement that servicers must complete all possible steps in the evaluation process within the 30 days, notwithstanding the lack of the required third-party information; a requirement that servicers promptly provide a written notice to the borrower if the servicer lacks required third party information 30 days after receiving the borrower's complete application and cannot evaluate the application in accordance with applicable requirements established by the owner or assignee of the mortgage loan; and a requirement that servicers must notify borrowers of their determination on the application in writing promptly upon receipt of the third party information it lacked; (7) a provision that permits servicers to offer a short-term repayment plan based upon an evaluation of an incomplete loss mitigation application; (8) a clarification that servicers may stop collecting documents and information from a borrower for a particular loss mitigation option after receiving information confirming that, pursuant to any requirements established by the owner or assignee, the borrower is ineligible for that option; and a clarification that servicers may not stop collecting documents and information for any loss mitigation option based solely upon the borrower's stated preference but may stop collecting documents and information for any loss mitigation option based on the borrower's stated preference in conjunction with other information, as prescribed by requirements established by the owner or assignee of the mortgage loan; and (9) requirements regarding how loss mitigation procedures and timelines apply to a transferred mortgage loan for which there is a loss mitigation application pending at the time of a servicing transfer.

Of the above amendments, the following six requirements involve information collections or changes to existing information collection requirements in Regulation X:

Successors in interest. That servicers communicate with potential successors in interest about their requirements for confirming a successor in interest's identity and interest in the property and that servicers treat successors in interest as borrowers for purposes of Regulation X's mortgage servicing rules, including certain existing requirements to provide notices to borrowers.

Force-placed insurance notices. Minor changes to force-placed insurance disclosures and model forms to address the circumstance in which a borrower's hazard insurance coverage is insufficient (rather than expired) and to permit the consumer's account number to be included on the notice.

Early intervention written notices to borrowers in bankruptcy or protected by FDCPA. That servicers provide early intervention written notices to certain borrowers in bankruptcy and to borrowers who have provided the servicer with a cease communications notice under the FDCPA.

Notice of complete application. That servicers provide a notice to borrowers when a loss mitigation application is complete.

Third-party information. That servicers provide a notice to borrowers if their determination with respect to a loss mitigation application is delayed beyond a date that is 30

days after receipt of a complete loss mitigation application because the servicer lacks information from third parties required to evaluate the application.

Multiple loss mitigation evaluations. That servicers comply with the loss mitigation provisions of RESPA with respect to multiple loss mitigation applications from the same borrower over the life of the loan under certain circumstances. Servicers that offer loss mitigation options in the ordinary course of business are required to follow certain procedures when evaluating loss mitigation applications, including (1) providing a notice telling the borrower if the loss mitigation application is incomplete, approved, or denied (and, for denials of loan modification requests, a more detailed notice of the specific reason for denial and appeal rights), (2) providing a notice of the appeal determination, and (3) providing servicers of senior or second liens encumbering the property that is the subject of the loss mitigation application copies of the loss mitigation application.

2. Use of the Information

The third party disclosures in this collection are required by statute and regulations. Borrowers use the disclosures required by RESPA and Regulation X to facilitate their informed use of credit terms as well as to protect themselves against inaccurate and unfair credit billing practices. Disclosures are not submitted to the federal government.

The Bureau is expanding the scope of servicers' obligation to provide certain disclosures, including:

Successors in interest. Requiring servicers to treat confirmed successors in interest as borrowers for purposes of Regulation X's mortgage servicing rules (including with respect to the provision of any disclosures servicers are currently required to provide to borrowers).

Early intervention written notices to borrowers in bankruptcy or protected by the FDCPA. Requiring servicers to provide early intervention written notices to certain borrowers in bankruptcy and to borrowers who have provided the servicer with a cease communications notice under the FDCPA.

Multiple loss mitigation evaluations. Requiring that servicers comply with the loss mitigation provisions of RESPA with respect to multiple loss mitigation applications from the same borrower in certain circumstances, including by providing a notice telling the borrower if the loss mitigation application is incomplete, approved, or denied; providing a notice of an appeal determination; and providing servicers of senior or second liens encumbering the property that is the subject of the loss mitigation application copies of the loss mitigation application.

In addition, the Bureau is adopting minor changes to force-placed insurance notices to address the circumstance in which a borrower's hazard insurance coverage is insufficient (rather than expired) and permit the consumer's account number to be included on the notice.

The following information collections are new requirements under the final rule:

Successors in interest. The requirement that servicers communicate with potential successors in interest about the servicer's requirements for confirming a successor in interest's identity and interest in the property.

Notice of complete application. The requirement that servicers provide a notice to borrowers when a loss mitigation application is complete.

Third-party information. The requirement that servicers provide a notice to borrowers if their determination with respect to a loss mitigation application is delayed beyond a date that is 30 days after receipt of a complete loss mitigation application because the servicer lacks information from third parties required to evaluate the application.

3. Use of Information Technology

The required disclosures may be provided in electronic form, subject to compliance with the consumer consent and other applicable provisions of the E-Sign Act Section 101(d).

4. Efforts to Identify Duplication

The early intervention and loss mitigation procedures in the final rule may overlap with existing Federal law. State laws do not duplicate these requirements, although some States may have other rules applicable to mortgage servicing. The Bureau is issuing minimum standards so that, to the extent the Bureau's requirements overlap with existing Federal law, the Bureau expects servicers would abide by the stricter standard in order to comply with all requirements. For borrowers in bankruptcy, the Bureau does not require a servicer to communicate with a borrower in a manner that would be inconsistent with applicable bankruptcy law or a court order in a bankruptcy case and, if necessary to comply with such law or court order, permits a servicer to adapt the early intervention requirements as appropriate. For borrowers that have specifically invoked the FDCPA's cease communication protections, the Bureau is providing servicers a safe harbor from liability under the FDCPA for compliance with the requirement to provide the written early intervention notice and for responding to borrower-initiated communications concerning loss mitigation. Similarly, the Bureau is providing a safe harbor from liability under FDCPA section 805(b) for servicers communicating with a confirmed successor in interest about a mortgage loan secured by property in which the confirmed successor in interest has an ownership interest, in compliance with Regulations X and Z.

Apart from this overlap, the Bureau is not aware of any other Federal law or regulations that currently duplicate, overlap, or conflict with the requirements of the final rule.

5. Efforts to Minimize Burdens on Small Entities

Under the final rule, the Bureau estimates that approximately 90 percent of respondents are small entities. In general, servicers that service 5,000 mortgage loans or less, all of which the servicer or an affiliate owns or originates, are exempt from most of the requirements of §§ 1024.37 through 1024.41. As such, small servicers are generally exempt from the

requirements necessitating data collection but must comply with certain disclosure requirements for reasons stated above.

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

This information is not submitted or collected by the Federal government. These third-party disclosures are required by statute, 12 U.S.C. 2601 *et seq*., and regulations. The burdens on respondents are the minimum necessary to ensure that (i) successors in interest receive information they need to protect their interest in their property, including information that may help prevent unnecessary foreclosure, (ii) borrowers receive accurate information about any force-placed insurance policies servicers may obtain on their property, (iii) borrowers who are in bankruptcy or who have invoked their cease communication rights under the FDCPA receive necessary information, (iv) borrowers know the status of their loss mitigation applications, and (v) borrowers who previously applied for a loss mitigation option have another opportunity to be evaluated for loss mitigation if they bring their loan current at any time since the prior complete application.

The burdens on respondents are also necessary to ensure that servicers have a reasonable basis for undertaking actions that may harm borrowers and that servicers satisfy their duties to borrowers with respect to servicing federally related mortgage loans.

7. Circumstances Requiring Special Information Collection

There are no circumstances requiring special information collection. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320. 5(d)(2).

8. Consultation Outside the Agency

In accordance with 5 CFR 1320.11, the Bureau published a notice of proposed rulemaking in the *Federal Register* on December 15, 2014, 79 FR 74175, inviting the public to comment on the information collection requirements contained in the proposed rule. The Bureau received two (2) comments that specifically addressed issues contemplated by the Paperwork Reduction Act of 1995 (PRA). These comments are summarized along with the Bureau's response to those comments in the PRA section of the Preamble to the Final Rule. Additionally, comments received in response to the notice of proposed rulemaking are available on the Regulations.gov website at https://www.regulations.gov/docket?D=CFPB-2014-0033.

In developing the proposed and final rules, the Bureau has considered the rule's potential benefits, costs, and impacts.[5] The preamble to the proposed rule set forth a preliminary analysis of these effects, and the Bureau requested comments on this topic.

[5] Specifically, section 1022(b)(2)(A) of the Dodd-Frank Act calls for the Bureau to consider the potential benefits and costs of a regulation to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services; the impact on depository institutions and credit unions with

In addition, the Bureau has consulted, or offered to consult, with the prudential regulators, HUD, FHFA, the Federal Trade Commission, and the Federal Emergency Management Agency, including regarding consistency with any prudential, market, or systemic objectives administered by such agencies. The Bureau also held discussions with and solicited feedback from the United States Department of Agriculture Rural Housing Service, the Federal Housing Administration, Ginnie Mae, and the Department of Veterans Affairs regarding the potential impacts of the rule on those entities' mortgage loan insurance or securitization programs. The Bureau also consulted with other stakeholders, including convening a roundtable with industry representatives and consumer advocacy groups to discuss the application of the mortgage servicing rules in the case of bankrupt borrowers and consulting with the U.S. Trustee Program.

9. Payments or Gifts to Respondents

Not applicable.

10. Assurances of Confidentiality

The Bureau does not collect any personally identifiable information under this collection and thus a Privacy Impact Assessment (PIA) and System of Records Notice (SORN) are not required.

There are no assurances of confidentiality provided to respondents.

11. Justification for Sensitive Questions

There is no information of a sensitive nature being requested.

12. Estimated Burden of Information Collection

The existing burden for the information collection is as follows

	Respondents	Disclosures Per Respondent	Hours burden per disclosure	Total burden hours
Ongoing:				
Notice of Mortgage Service Transfer	12,642	735	0.003	27,861
Force-Placed Insurance	12,642	86	0.003	3,261
Error Resolution & Response to Inquiries	12,642	45	0.170	97,187
Early intervention	1,023	31	0.253	7,975
Loss Mitigation	1,023	5,474	0.170	949,847
Total	12,642	1,311	0.066	1,086,131

The estimated new one-time and ongoing costs attributed to the information collections in the final rule are listed below.

$10 billion or less in total assets as described in section 1026 of the Dodd-Frank Act; and the impact on consumers in rural areas.

	Respondents	Disclosures per Respondent	Hours Burden per Disclosure	Total Burden Hours
Ongoing				
Successors in Interest—Regulation X	10,730	6	0.016	1,086
Force-Placed Insurance	10,730	0	0	0
Early Intervention Written Notices	592	1,260	0.003	2,239
Notice of Complete Loss Mitigation Application	592	0	0	0
Third-Party Information	592	44	0.003	67
Loss Mitigation—Subsequent Applications	592	709	0.144	60,571
Total	10,730	118	0.050	63,963
One-Time				
Successors in Interest—Regulation X	10,730	1	8.745	93,830
Force-Placed Insurance	10,730	1	1.272	13,653
Early Intervention Written Notices	592	1	9.514	5,632
Notice of Complete Loss Mitigation Application	592	1	10.277	6,084
Third-Party Information	592	1	10.327	6,114
Loss Mitigation—Subsequent Applications	592	1	4.505	2,667
Total	10,730			127,980

Under the final rule, the Bureau would account for the paperwork burden for all respondents under Regulation X. For purposes of this PRA analysis, the Bureau estimates that there are 9,868 depository institutions and credit unions subject to the final rule, and an additional 862 nondepository institutions. Therefore, the total number of respondents is 10,730.

The Bureau calculates labor costs by applying appropriate hourly cost figures to the burden hours described below. The hourly rates for lawyers and software developers are based upon the Bureau of Labor Statistics' national mean hourly wage estimates by occupational employment. The estimate for customer service agents reflects reports to the Bureau by market participants. To obtain fully-loaded hourly rates, the Bureau divides hourly wages by 67.5%. The fully-loaded hourly labor cost by occupation is given below.

In-house Costs Estimates

Occupation	Hourly Costs to Institutions
Customer Service Agents	$19
Lawyers	$93
Software developer	$74
Compliance officer	$47

Most servicers rely upon vendor servicing systems because the use of vendors substantially mitigates the cost of revising software and compliance systems as the efforts of a single vendor can address the needs of a large number of servicers. Based on discussions with a leading servicer technology provider, the CFPB believes that updates necessitated by new regulations would likely be included in regular annual updates for larger and medium sized institutions. These costs would not be passed on to the client servicers. Based on information

provided by small entity representatives that participated in the Small Business Review Panel process for the 2013 RESPA Servicing Final Rule, the Bureau estimates that vendors that work with smaller servicers will pass along the costs of any system upgrades.

Although most servicers rely on software and compliance systems provided by outside vendors, a small number of large entities maintain their own servicing platforms and will require software and information technology updates. The Bureau estimates that one large depository respondent and 29 large nondepository respondents operate in-house servicing platforms.

Based upon industry research, the Bureau applied a consistent methodology to estimate the ongoing costs incurred by large and small servicers. All respondents will have ongoing production and distribution costs from providing new or pre-existing modified disclosures. Production costs include deriving the information needed for disclosure, while distribution costs consist of printing and mailing. The Bureau believes that most large servicers (both depository and nondepository) employ vendors for the printing and distribution of their disclosures. Based upon talks with large servicers, the Bureau estimates the per response distribution cost for large servicers is approximately 30 cents. On the other hand, production costs are more likely to be handled internally at large servicers, which the Bureau estimates takes 0.003 hours of internal labor to produce.

A. Successors in Interest

Under the final rule, servicers are generally required (1) to respond to a written request that indicates that the person making the request may be a successor in interest by providing that person with a description of the documents the servicer reasonably requires to confirm the person's identity and ownership interest in the property and (2) to maintain certain policies and procedures with respect to successors in interest, which are generally intended to facilitate the process of confirming a person's status as a successor in interest and communicating with the person about the status. Servicers are also required to treat confirmed successors in interest as borrowers for purposes of Regulation X's mortgage servicing rules, including with respect to the provision of disclosures servicers are currently required to provide to borrowers, although additional copies of disclosures are generally not required where such disclosures are already being provided to another borrower on the loan.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.1 hours each to read and review the sections of the rule that describe the successors in interest provisions, based on the length of the sections. The Bureau also estimates that for small servicers, one lawyer would take 0.5 hours and one compliance officer would take 1.5 hours to develop a compliance plan, and that for non-small servicers, lawyers would take an aggregate of 6 hours and compliance officers would take an aggregate of 18 hours to develop a compliance plan. The burden allocated to the Bureau respondents is therefore 36,630 hours.

Certain respondents will have one-time burden in hours from training personnel in compliance with the requirement. The Bureau estimates that there are 52,000 customer service

agents that will require training, that each customer service agent will require one hour of training to comply with the disclosure requirements, and that the ratio of trainers to customer service agents is one to ten. The aggregate one-time burden associated with training is therefore 57,200.

ii. Ongoing burden

Based on discussions with servicers and its knowledge of the industry, the Bureau estimates that each year the number of successors in interest covered by the rule is 0.1% of all mortgage loans covered by Regulation X. The Bureau has previously estimated that the annual burden of complying with the servicing rules in Regulation X is 1,086,000 hours. The estimated annual burden of the successors in interest requirement is estimated to be 1,086 hours.

Successors in Interest	
Bureau share of respondents	10,730
Bureau share of responses	76,266
Average frequency per respondent	7
Annual Burden (hrs):	
Time per response (hours)	0.016
Total (hours)	1,086

B. Changes to Force-Placed Insurance Disclosures

The final rule makes minor changes to the content of certain force-placed insurance disclosures, which are required before a servicer may charge a borrower for force-placed insurance.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.13 hours each to read and review the sections of the rule that describe the force-placed insurance provision, based on the length of the sections. The Bureau also estimates that one lawyer would take 0.25 hours and one compliance officer would take 0.75 hours to develop a compliance plan. The burden allocated to the Bureau respondents is therefore estimated to be 13,400 hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 8 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is estimated to be 240 hours. The Bureau also estimates that small servicers will incur vendor costs of $72 each in connection with the change to the force-placed insurance disclosures.

ii. Ongoing burden

Because the content of the required notices do not change substantially under the final rule and the circumstances under which the disclosures are required do not change, there would not be an ongoing burden under the final rule.

Changes to Force-Placed Insurance Disclosures	
Bureau share of respondents	10,730
Bureau share of responses	0
Average frequency per respondent	0
Annual Burden (hrs):	
Time per response (hours)	0
Total (hours)	0

C. Early Intervention Written Notices

The final rule requires that servicers provide modified written early intervention notices to borrowers in bankruptcy and borrowers who have invoked their cease communication rights under the FDCPA. Servicers remain exempt from this requirement with respect to these borrowers if no loss mitigation option is available and if a borrower invokes the FDCPA's cease communication protections while any borrower on the mortgage loan is a debtor in bankruptcy. However, if these conditions are not met, the final rule requires that a servicer provide these two groups of borrowers with a modified version of the written early intervention notice that is generally required for other borrowers. Note that borrowers have rights under the FDCPA only with respect to accounts that were in default at the time the servicer acquired the servicing rights. Therefore, mortgage servicers that acquired a mortgage loan at the time that it was in default are subject to the FDCPA with respect to that mortgage loan.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.25 hours each to read and review the sections of the rule that describe the early intervention written notice provision, based on the length of the sections. The Bureau also estimates that one lawyer would take 2 hours and one compliance officer would take 6 hours to develop a compliance plan. The estimated burden allocated to the Bureau respondents is therefore 5,032 hours.

Covered persons that maintain their own software and compliance systems will incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 20 hours to update their systems. Therefore, the estimated aggregate one-time hourly burden from software and information technology updates is 600 hours.

ii. Ongoing burden

Respondents will have ongoing production and distribution costs from providing the new disclosure. The Bureau estimates the annual number of early intervention notices that will be sent to borrowers who are in bankruptcy or who have exercised their cease communication rights under the FDCPA to be 746,300. The Bureau estimates that large servicers will incur internal production costs of approximately 0.003 hours per disclosure, multiplied by 746,300 disclosures, resulting in 2,239 burden hours.

Early Intervention Written Notices	
Bureau share of respondents	592
Bureau share of responses	746,300
Average frequency per respondent	1,261
Annual Burden (hrs):	
Time per response (hours)	0.003
Total (hours)	2,239

D. Notice of Complete Loss Mitigation Application

The final rule requires a servicer to provide a written notice to a borrower within five days (excluding Saturdays, Sundays, or legal holidays) after receiving the borrower's complete application. The Bureau understands that the practice of providing borrowers with a written notice informing them that their loss mitigation application is complete is a common business practice (*i.e.*, a "usual and customary" business practice) today for most mortgage servicers. However, the Bureau understands that the specific content required under the final rule for these notices may not reflect common practices.

i. *One-time burden*

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.13 hours each to read and review the sections of the rule that describe the early intervention written notice provision, based on the length of the sections. The Bureau also estimates that one lawyer would take 2 hours and one compliance officer would take 6 hours to develop a compliance plan. The burden allocated to the Bureau respondents is therefore 4,884 hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 40 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is 1,200 hours.

ii. Ongoing burden

The Bureau believes that the majority of covered mortgage servicers currently send a written notice to borrowers notifying them that their loss mitigation application is complete, meaning that the provision of such written notices is usual and customary for covered mortgage servicers. Therefore, while the final rule would likely change the content of such required disclosures and therefore impose one-time costs, there would be no ongoing costs associated with the disclosure requirement.

Notice of Complete Loss Mitigation Application	
Bureau share of respondents	592
Bureau share of responses	0
Average frequency per respondent	0
Annual Burden (hrs):	
Time per response (hours)	0
Total (hours)	0

E. Notice Regarding Outstanding Third-Party Information

The final rule requires that servicers promptly provide a written notice to the borrower if the servicer lacks required third party information 30 days after receiving the borrower's complete application and cannot evaluate the application in accordance with applicable requirements established by the owner or assignee or the mortgage loan.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.15 hours each to read and review the sections of the rule that describe the third-party information provision, based on the length of the sections. The Bureau also estimates that one lawyer would take 2 hours and one compliance officer would take 6 hours to develop a compliance plan. The burden allocated to the Bureau respondents is therefore 4,914 hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 40 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is 1,200 hours.

ii. Ongoing burden

Respondents will have ongoing production and distribution costs from providing the new disclosure. The Bureau estimates the annual number of notices that would be sent to borrowers under the provision to be 22,270. The Bureau estimates that large servicers will incur internal production costs of approximately 0.003 hours per disclosure, multiplied by 22,270 disclosures, resulting in 67 burden hours.

Notice Regarding Outstanding Third-Party Information	
Bureau share of respondents	592
Bureau share of responses	22,270
Average frequency per respondent	38
Annual Burden (hrs):	
Time per response (hours)	0.003
Total (hours)	67

F. Requirement to Evaluate Multiple Loss Mitigation Applications

Currently, servicers (other than small servicers) are required to comply with the loss mitigation provisions of § 1024.41 only once during the life of a loan, including the provision of up to three notices per loss mitigation application. Under the final rule, servicers are required to meet the loss mitigation requirements more than once in the life of a loan for borrowers who become current on payments at any time between the borrower's prior complete loss mitigation application and a subsequent loss mitigation.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.05 hours each to read and review the sections of the rule that describe the loss mitigation provision, based on the length of the sections. The Bureau also estimates that one lawyer would take 1 hour and one compliance officer would take 3 hours to develop a compliance plan. The estimated burden allocated to the Bureau respondents is therefore =2,427 hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 8 hours to update their systems. Therefore, the estimated aggregate one-time hourly burden from software and information technology updates is 240 hours.

ii. Ongoing burden

The Bureau estimates the annual number of notices that would be sent to borrowers under the provision to be 357,000. The Bureau assumes that the average loss mitigation action will involve 10 minutes of staff time, for an estimated aggregate industry burden of =59,500 hours. Respondents will also have ongoing production and distribution costs from providing additional disclosure. The Bureau estimates that large servicers will incur internal production costs of approximately 0.003 hours per disclosure, multiplied by 357,000 disclosures, resulting in 1,071 burden hours.

Requirement to Evaluate Multiple Loss Mitigation Applications	
Bureau share of respondents	592
Bureau share of responses	357,000
Average frequency per respondent	603
Annual Burden (hrs):	
Time per response (hours)	0.144
Total (hours)	60,571

G. Summary

The Bureau's previous estimates of the ongoing hourly costs for each information collection prior to application of the rules are listed below.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

Information Collection	Per Unit Costs	Quantity	Costs
Successors in Interest—Regulation X			$4,731
Early Intervention Written Notices	$0.30	746300	$223,890
Third-Party Information	$0.30	22,270	$6,681
Loss Mitigation—Subsequent Applications	$0.30	357,000	$107,100
Total Burden Costs:	//////////////////////	//////////////////	**$342,402**

The Bureau estimates that covered persons will incur total vendor costs of $342,000 associated with producing and mailing the aforementioned disclosures. The Bureau has previously estimated that the annual vendor costs of complying with certain of the servicing rules in Regulation X is $4,731,000. Because the successors in interest requirements would increase this burden by an estimated 0.1%, the estimated vendor costs of the successors in interest requirements is $4,731. For written notices, the Bureau estimates that large servicers incur a cost of $0.30 per disclosure to distribute the notices. The estimated total annual cost burden to respondents of the early intervention written notice requirement is therefore approximately $0.30 per notice for a total cost of $223,890; for third-party information notices, approximately $0.30 per notice for a total cost of $6,681; and for subsequent loss mitigation applications, approximately $0.30 per notice for a total cost of $107,100.

14. Estimated Cost to the Federal Government

Because the Bureau does not collect any information, the cost to the Bureau is negligible.

15. Program Changes or Adjustments

Summary of Burden Changes

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
New Burden Requested	10,730	17,854,170	1,179,078	7,393,918
Current OMB Inventory	12,642	16,585,152	1,115,115	7,051,516
Difference (+/-)	-1,912	+1,269,018	+63,963	+342,402
Program Change	-1,912	+1,269,018	+63,963	+342,402
Discretionary	-1,912	+1,269,018	+63,963	+342,402
New Statute				
Violation				
Adjustment				

The Bureau is making adjustments to disclosures currently required by Regulation X's mortgage servicing rules. As described above, this collection is an existing information collection under Regulation X. For a more detailed description, see the previous response to A.1 (Justification).

The information collections for the Bureau's disclosures with respect to successors in interest, notices of complete application, and notices of delayed evaluation pending receipt of third-party information are new requirements under the final rule. The agency is therefore increasing the burden by 63,963 hours and imposing $342,402 in new costs by requiring additional disclosures under this rule change. We have also decreased our estimate of affected respondents from 12,642 to 10,730 For a more detailed explanation of these adjustments, see the previous response to A.1 (Justification).

16. Plans for Tabulation, Statistical Analysis, and Publication

The information collections are third-party disclosures. There is no publication of the information.

17. Display of Expiration Date

The OMB number will be displayed in the PRA section of the notice of final rulemaking and in the codified version of the Code of Federal Regulations. Further, the OMB control number and expiration date will be displayed on OMB's public PRA docket at www.reginfo.gov and on any official guidance or compliance guides issued with this rule.

18. Exceptions to the Certification Requirement

The Bureau certifies that this collection of information is consistent with the requirements

of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3) and is not seeking an exemption to these certification requirements.

PART B. STATISTICAL METHODS

This collection of information does not involve a survey or otherwise employ statistical methods.

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