

Federal Trade Commission
Supporting Statement for Information Collection
Provisions of Regulation B
(Equal Credit Opportunity Act)
12 C.F.R. 202; 12 C.F.R. 1002
(OMB Control Number: 3084-0087)

1. Necessity for Collecting the Information

The Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. 1691 *et seq.*, was enacted to ensure that credit is made available to all creditworthy applicants without discrimination on the basis of sex, marital status, race, color, religion, national origin, or age. The ECOA also prohibits discrimination because an applicant’s income is derived from a public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

The ECOA applies to anyone who regularly extends or arranges for the extension of credit and to an assignee who participates in the decision to extend credit, including mortgage lenders, mortgage brokers, finance companies and others.¹ Subject to the discussion below, the Federal Trade Commission (“FTC” or “Commission”) enforces the ECOA as to all creditors except those (such as federally chartered or insured depository institutions) that are subject to the regulatory authority of another federal agency. The ECOA also contains a private right of action with a five-year statute of limitations for aggrieved applicants.

The Board of Governors of the Federal Reserve System (“Board”) promulgated the original Regulation B (12 C.F.R. Part 202) to implement the ECOA, as required by the statute. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), Pub. L. 111-203, 124 Stat. 1376 (2010), however, almost all rulemaking authority for the ECOA transferred from the Board to the Bureau of Consumer Financial Protection (“BCFP” or “CFPB”) on July 21, 2011 (“transfer date”). Although the Dodd-Frank Act transferred most rulemaking authority under ECOA to the BCFP, the Board retained rulemaking authority for certain motor vehicle dealers.² The BCFP’s regulations for entities under its jurisdiction for Regulation B appear in 12 C.F.R. Part 1002.³

¹ The law applies to a person who, in the normal course of business, regularly participates in a credit decision, including setting the terms of credit. *See* 12 C.F.R. 202.2(l); 12 C.F.R. 1002.2(l). It includes all persons participating in the credit decision. It may include an assignee or potential purchaser of the obligation who influences the credit decision by indicating whether or not it will purchase the obligation if the transaction is consummated. Section 202.2(l)-1 of the Board Official Staff Commentary; Section 1002.2(l)-1 of the BCFP Official Staff Commentary.

² Generally, these are dealers “predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both.” *See* Dodd-Frank Act, § 1029(a), -(c).

³ Because both the Board and the BCFP have certain rulemaking authority under Regulation B – as discussed further below – citations to both aspects of the regulation are included in this document. Hence, 12 C.F.R. 202 refers to the Board-issued Regulation B; 12 C.F.R. 1002 refers to the BCFP-issued Regulation B. Generally, these two aspects of

As a result of the Dodd-Frank Act, the FTC and the BCFP generally share the authority to enforce Regulation B for entities for which the FTC had enforcement authority before the Act, except for certain motor vehicle dealers⁴ and certain state-chartered credit unions.⁵ The FTC generally has sole authority to enforce Regulation B regarding motor vehicle dealers predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both.⁶

Recordkeeping

Sections 202.12(b)/1002.12(b) of Regulation B require creditors to retain records relating to consumer credit applications for 25 months from the date that the applicant is notified of the action taken on the application or, where notice is not required, for 25 months from the date of the application. When a creditor takes adverse action on an existing account, the creditor must retain records for 25 months after the applicant is notified of the action taken. Records of business credit applications must be retained for comparable 12-month periods, with certain exceptions. Regulation B also requires creditors who have been informed that they are the subject of an investigation by the FTC (or another agency) regarding their compliance with the ECOA to retain such records until the agency or a court informs the creditor that retention is no longer necessary. Regulation B also requires creditors to retain certain prescreened solicitation materials for 25 months after the date on which an offer of credit is made to potential customers (12 months for business credit, with certain exceptions).⁷ Moreover, Regulation B requires creditors to retain all written or recorded information about a self-test (including corrective action), as defined in Sections 202.15/1002.15 of Regulation B, for 25 months after a self-test has been completed (and longer under some circumstances).

Sections 202.13/1002.13 of Regulation B requires that creditors who receive applications for certain mortgage credit requests, as part of the application process, obtain information about the applicant's race/national origin, sex, marital status, and age. The applicant is asked but not

Regulation B are virtually identical, other than occasional minor technical differences, and citations.

⁴ See Dodd-Frank Act § 1029(a), as limited by subsection (b) as to motor vehicle dealers. Subsection (b) does not preclude BCFP regulatory oversight regarding, among others, businesses that extend retail credit or retail leases for motor vehicles in which the credit or lease offered is provided directly from those businesses to consumers, where the contract is not routinely assigned to unaffiliated third parties. .

⁵ The FTC's enforcement authority includes state-chartered credit unions. In varying ways, other federal agencies also have enforcement authority over state-chartered credit unions. For example, for large credit unions (exceeding \$10 billion in assets), the BCFP has certain authority. The National Credit Union Administration also has certain authority for state-chartered federally insured credit unions, and it additionally provides insurance for certain state-chartered credit unions through the National Credit Union Share Insurance Fund and examines state-chartered credit unions for various purposes. See generally Dodd-Frank Act, §§ 1061, 1025, 1026.

⁶ See Dodd-Frank Act, § 1029(a), -(c).

⁷ The records generally are already retained by creditors in connection with their business operations in part due to the credit extension that will be made to responding applicants.

required to supply the information. If the applicant chooses not to provide the information or any part of it, the creditor must note that fact on the form and must note the applicant's race/national origin and sex, to the extent that it is possible to determine these characteristics based on a visual observation or a surname. The creditor is required to inform the applicant that the information is sought by the federal government to help monitor compliance with federal statutes that prohibit creditors from discriminating against applicants based on the above-noted factors.⁸

The recordkeeping requirement ensures that records that might contain evidence of violations of the ECOA remain available to the FTC, other agencies, and private litigants.

Disclosure⁹

Sections 202.9/1002.9 of Regulation B requires creditors to provide notice (within specified time periods) to applicants for credit against whom adverse action is taken.¹⁰ Generally, the required notice must be in writing and contain: a statement of the action taken; the name and address of the creditor; a statement describing the anti-discrimination provisions of the ECOA; the name and address of the federal agency that administers compliance as to the creditor; and either a statement of specific reasons for the action taken or a notice of the applicant's right to obtain such a statement.

Sections 202.10/1002.10 of Regulation B requires creditors that furnish credit information to consumer reporting agencies to designate accounts to reflect the participation of both spouses, if the applicant's spouse is permitted to use or is contractually liable on the account.

Sections 202.14/1002.14 of Regulation B requires that creditors provide applicants for a mortgage loan with a first lien on the dwelling a copy of the appraisal report or other written valuation prepared in connection with an application.¹¹ The material must be furnished promptly but no later than three business days prior to consummation of the transaction (closed-end credit) or account opening (open-end credit), whichever is earlier. The requirement that the creditor provide a copy of the appraisal report or other written valuation, for a loan secured by a first lien on a dwelling, is statutorily mandated by Section 1691(e) of the ECOA.

⁸ Section 1071 of the Dodd-Frank Act amended the ECOA to require financial institutions to collect and report information concerning credit applications by women- or minority-owned businesses and small businesses, effective on the July 21, 2011 transfer date. Both the Board and BCFP have exempted affected entities from complying with this requirement until a date set by the prospective final rules these agencies issue to implement it. The Commission will address PRA burden for its enforcement of the requirement after the Board and BCFP have issued the associated final rules.

⁹ Regulation B permits many disclosures to be made orally. Any required written disclosures must be made clearly and conspicuously and in a form the applicant can retain.

¹⁰ For incomplete applications, creditors may initially provide the adverse action notice or a notice of incompleteness.

¹¹ While the rule also requires the creditor to provide a short written disclosure regarding the appraisal process, the disclosure is now provided by the BCFP, and is thus not a "collection of information" for PRA purposes. *See* 5 C.F.R. 1320.3(c)(2). Accordingly, it is not included in burden estimates below.

Under Sections 202.5(b)/1002.5(b) and 202.15/1002.15 of Regulation B, creditors that collect applicant characteristics for purposes of conducting a self-test under Regulation B must disclose, orally or in writing, that providing the information is optional, that the creditor will not take into account the information in any aspect of the credit transactions, and, if applicable, that the information will be noted by visual observation or surname, if the applicant chooses not to provide it.

The requirement that spousal credit history information on shared accounts be reported under both spouses' names (if it is reported at all) is intended to ensure that each spouse has the benefit of that shared credit history from which to seek and obtain further credit. The requirement that a notice of adverse action be provided assists applicants in detecting unlawful discrimination, correcting errors that may have occurred in the evaluation of their applications, and learning how to become more creditworthy. The requirement that information about the race/national origin, sex, marital status, and age of applicants be collected helps the FTC, other enforcement agencies, and private litigants to determine whether creditors discriminated against applicants on those bases. The collateral requirement that applicants be notified of the purpose for collecting this information helps to ensure that the information is provided. The applicants' copy of the appraisal or other written valuation allows applicants to determine the role that the appraisal played in the credit decision. The self-testing disclosure helps applicants understand the nature of the information collection process.

The Board and BCFP have issued model forms that may be used to comply with the notice requirements of the ECOA and Regulation B. *See* Appendices B and C to 12 C.F.R. 202/1002. Correct use of these model forms insulates creditors from liability for the respective requirements under the ECOA and Regulation B. *Id.*

2. Use of the Information

The FTC, other agencies, and private litigants use recordkeeping information to compare accepted and rejected applicants in order to determine whether applicants are treated less favorably on the basis of race, sex, age, or other prohibited bases under the ECOA. Information derived from these records has been the primary evidence of law violations in most of the ECOA enforcement actions brought by the FTC. Self-testing records (including for corrective action) are used by creditors to identify potential violations and reflect their efforts to correct the problem. Absent the Regulation B requirement that creditors retain monitoring information, the FTC's ability to detect unlawful discrimination and enforce the ECOA would be significantly impaired.

The adverse action notice requirement apprises applicants of their rights under the ECOA and of the basis for a creditor's decision. Applicants use their copy of the appraisal to review (and possibly challenge) the accuracy and/or fairness of the information contained within, and to determine the role that the appraisal played in the credit decision. Applicants use the self-testing disclosure to facilitate understanding of creditors' information collection, including its optionality. These disclosures are necessary for the FTC and private litigants to enforce the ECOA.

3. Consideration of the Use of Improved Information Technology

The Board and BCFP have issued rules to establish uniform standards for using electronic communication to deliver disclosures required under Regulation B, within the context of the Electronic Signatures in Global and National Commerce Act (“ESIGN”), 15 U.S.C. 7001 *et seq.*, and Sections 202.4(d)/1002.4(d) of Regulation B. These rules enable businesses to utilize electronic disclosures and compliance, consistent with the requirements of ESIGN. Use of such electronic communications is also consistent with the Government Paperwork Elimination Act (“GPEA”), codified at 44 U.S.C. 3504, note. ESIGN and GPEA serve to reduce businesses’ compliance burden related to federal requirements, including Regulation B, by enabling creditors to utilize more efficient electronic media for disclosures and compliance.

Regulation B also permits a creditor to retain records as “carbon copies, photocopies, microfilm or microfiche copies, or copies produced by any other accurate retrieval system, such as documents stored and reproduced by computer.” Section 202.12(b)-1 of the Board Commentary; Section 1002.12(b)-1 of the BCFP Commentary. In addition, Regulation B permits a creditor to record the information required for monitoring purposes “by recording on paper or by means of computer” Section 202.13(b)-2 of the Board Commentary; Section 1002.13(b)-2 of the BCFP Commentary.

4. Efforts to Identify Duplication/Availability of Similar Information

The recordkeeping requirement of Regulation B preserves the information considered by the creditor in deciding whether to extend credit or terminate an existing credit account. The creditor is the only source of this information, and no other federal law mandates its retention. State laws do not duplicate these requirements.¹² Similarly, the creditor is the only source of the information provided by appraisal reports, adverse action notices, and self-testing information, and no other federal law mandates provision of the report (in a fully duplicative manner) or the disclosure nor is staff aware of any state law mandating this information.¹³

¹² Regarding prescreened solicitations, Section 615(d) of the Fair Credit Reporting Act (“FCRA”) requires retention of some, but not identical, information required by the ECOA. Among other things, the FCRA requires persons who use information in consumer reports to select consumers to receive certain offers of credit to maintain the criteria used to select the consumer, for three years from the date the credit offer is made. The ECOA focuses on creditors, includes certain business applicants, and also addresses the solicitation including the text and any related complaints. The Board and BCFP issued these rules to ensure that creditors would retain all necessary information for enforcement and avoidance of circumvention of the ECOA.

¹³ The requirement in ECOA to provide applicants with copies of written appraisals, in part, duplicates a requirement in the Truth in Lending Act (“TILA”) to provide copies of written appraisals for certain higher-priced mortgage loans, 15 U.S.C. 1639h. The Dodd-Frank Act amended both ECOA and TILA to add the appraisal rules that overlap only in part. For example, the ECOA appraisal rule applies to those transactions that meet all of the following conditions: (1) first liens; (2) involving business or consumer transactions; and (3) that are open-end or closed-end mortgages. The TILA appraisal rule applies to those loans that meet all of the following conditions: (1) any lien; (2) involving consumer transactions; and (3) that are higher-priced mortgage loans (HPMLs) (a type of closed-end credit) under TILA and that are not exempt under those rules (such as bridge loans, reverse mortgages, loans for \$25,000 or less as indexed each year for inflation, and any mortgage that constitutes a qualified mortgage under TILA or that meets rules

Regulation C under the Home Mortgage Disclosure Act (“HMDA”) requires mortgage lenders subject to that Act to collect and report information about the race or national origin and sex of applicants. The data collection requirements of HMDA are similar, but not identical to, those of the ECOA. However, the FTC has no enforcement authority for HMDA, and ordinarily has no right to obtain this information except to the extent that it becomes publicly available. Moreover, the HMDA information released publicly does not include identifying information about individual applicants. Thus, the HMDA monitoring information is less useful to FTC staff in its enforcement efforts than is the ECOA monitoring information. The creditor is also the only source of the credit history reporting information regarding the applicant’s spouse.

5. Efforts to Minimize Burdens on Small Businesses

The ECOA and Regulation B accord special treatment to creditors that receive fewer than 150 applications each year. Sections 202.9(d)/1002.9(d) of the Regulation states that such creditors may provide required notices to rejected applicants orally rather than in writing. Where fewer written records are required to be created, the recordkeeping burden is correspondingly reduced. In addition, Sections 202.3(c)/1002.3(c) of the Regulation exempts providers of incidental credit, such as a doctor or lawyer who allows a patient or client to defer payment of a bill, from many requirements including notifications under Sections 202.9/1002.9 of the Regulation and recordkeeping. The requirements to collect monitoring information and to provide a copy of the appraisal report apply to all creditors who extend applicable mortgage credit. There is no exception based on creditor size.

Additionally, as noted above, Regulation B provides model forms that may be used in compliance with its requirements. Correct use of these forms insulates creditors from liability from the respective requirements.

6. Consequences of Conducting Collection Less Frequently

The current record retention period of 25 months supports the five-year statute of limitations for private actions, and the FTC’s (and other administrative agencies’) need for sufficient time to bring enforcement actions regarding ECOA issues. If the retention period were shortened, applicants who sue under the ECOA, and administrative agencies that enforce the ECOA, might find that the records needed to prove ECOA violations no longer exist.

Were the requirement that creditors provide notice of adverse action eliminated, applicants

on qualified mortgages issued by the U.S. Dept. of Housing and Urban Development, U.S. Dept. of Agriculture, or U.S. Dept. of Veterans Affairs). However, where duplicative requirements apply (*e.g.*, for consumer credit that involves first lien, closed-end HPMLs that are also non-exempt under the TILA appraisal rules), creditors can provide one appraisal, based upon the applicable rules. *See* CFPB, Equal Credit Opportunity Act (ECOA) Valuations Rule, Small Entity Compliance Guide (Jan. 13, 2014), and CFPB, TILA Higher-Priced Mortgage Loans (HPML) Appraisal Rule, Small Entity Compliance Guide (Jan. 13, 2014). This approach ensures that applicants will receive a copy of the required appraisal, and it also limits burden to creditors.

could be deprived of the right to receive timely notice of the creditor's decision, the reasons for any adverse action by the creditor, and the applicants' rights under the ECOA. Eliminating the requirement that creditors provide a copy of the appraisal report or notice of its availability would greatly impair applicants' ability to assess the report's impact on the creditor's decision and to challenge it in timely fashion. Were the requirement that creditors collect information about an applicant's race or national origin eliminated or changed, the creditor would still have access to this information when obtained through a face-to-face interview with the applicant and could use the information to discriminate. However, the FTC and others seeking to enforce compliance with the ECOA would not have that information and would thereby be disadvantaged. Eliminating the self-test disclosure could disadvantage consumers who may then not understand the purpose of the information being collected, or their option not to provide it. Finally, eliminating the credit history reporting requirement regarding spouses with shared accounts would undermine the goal of affording both spouses the benefit of that shared credit history in seeking further credit.

7. Circumstances Requiring Collection Inconsistent with Guidelines

Regulation B's recordkeeping and disclosure requirements are consistent with the guidelines contained in 5 C.F.R. 1320.5(d)(2).

8. Consultation Outside the Agency

Both the recordkeeping and the notice requirements of Regulation B were issued by the Board and BCFP. Before the regulation was initially issued and prior to each amendment, the amendments were published for public comment in the Federal Register.

More recently, the Commission sought public comment in connection with its latest Paperwork Reduction Act ("PRA") clearance request for these regulations, in accordance with 5 C.F.R. 1320.8(d). *See* 83 Fed. Reg. 14,273 (April 3, 2018). No relevant comments were received. Consistent with 5 C.F.R. 1320.12(c), the FTC is again seeking public comment contemporaneously with this submission.

9. Payments or Gifts to Respondents

Not applicable.

10. & 11. Assurances of Confidentiality/Matters of a Sensitive Nature

The required recordkeeping and written disclosures contain private financial information about applicants for consumer credit. This information is protected by the Right to Financial Privacy Act, 12 U.S.C. 3401 *et seq.* Such records may also constitute confidential customer lists. Any of these records provided to the FTC would be covered by the protections of Sections 6(f) and 21 of the FTC Act, 15 U.S.C. 46(f) and 57b-2, by Section 4.10 of the Commission's Rules of Practice, 16 C.F.R. 4.10, and by the applicable exemptions of the Freedom of Information Act, 5 U.S.C. 552(b).

12. Estimated Hours and Labor Cost Burden

Estimated Hours Burden: 1,797,798 (708,886 recordkeeping hours: 631,281 + 77,605 carve-out + 1,088,912 disclosure hours: 961,224 + 127,688 carve-out)

Given their generally shared enforcement jurisdiction for Regulation B,¹⁴ the BCFP and the FTC have divided the FTC's previously cleared PRA burden estimates between them, except that the FTC has assumed all of the burden estimates associated with motor vehicle dealers and now is also doing so, when appropriate, regarding estimated burden for state-chartered credit unions (these respective assumptions of burden estimation are reflected in the burden summaries below and immediately above as a "carve-out").¹⁵ The division of PRA burden hours not attributable to motor vehicle dealers and, when appropriate, to state-chartered credit unions, is reflected in the BCFP's PRA clearance requests to OMB,¹⁶ as well as in the FTC's burden estimates below.

The following discussion and ensuing tables present the FTC's estimates of PRA recordkeeping and disclosure burden (average time and labor costs) for this very broad spectrum of covered entities. These estimates exclude time and labor costs that the FTC believes those entities incur customarily in the normal course of business¹⁷ as well as information compiled and produced in response to FTC law enforcement investigations or prosecutions.¹⁸

Recordkeeping

FTC staff estimates that Regulation B's general recordkeeping requirements affect 530,762 credit firms subject to the Commission's jurisdiction, at an average annual burden of 1.25 hours per firm for a total of 663,453 hours.¹⁹ Staff also estimates that the requirement that

¹⁴ See *supra* notes 4 and 5 and accompanying text.

¹⁵ As of the third quarter of 2017, there was approximately the following number of state-chartered credit unions: 2,347 state-chartered credit unions - 2,106 federally insured, 125 privately insured, and 116 in Puerto Rico insured by a quasi-governmental entity. Because of the difficulty in parsing out PRA burden for such entities in view of agencies' overlapping enforcement authority (see *supra* note 5 and accompanying text), the FTC's estimates include PRA burden for all state-chartered credit unions (rounded to 2,300). Similarly, because it is not practicable for PRA purposes to estimate the portion of motor vehicle dealers that engage in one form of financing versus another (and that would or would not be subject to BCFP oversight), the FTC staff's "carve-out" for this PRA burden analysis reflects a general estimated volume of motor vehicle dealers. These attributions of burden estimation for motor vehicle dealers and state-chartered credit unions do not bear on actual enforcement authority.

¹⁶ OMB Control Number 3170-0013 (Regulation B).

¹⁷ PRA "burden" does not include "time, effort, and financial resources" expended in the normal course of business, regardless of any regulatory requirements. See 5 C.F.R. 1320.3(b)(2).

¹⁸ See 5 C.F.R. 1320.4(a) (excluding information collected in response to, among other things, a federal civil action or "during the conduct of an administrative action, investigation, or audit involving an agency against specific individuals or entities") pertinent to this PRA submission.

¹⁹ Section 1071 of the Dodd-Frank Act amended the ECOA to require financial institutions to collect and report information concerning credit applications by women- or minority-owned businesses and small businesses, effective

mortgage creditors monitor information about race/national origin, sex, age, and marital status imposes a maximum burden of one minute each (of skilled technical time) for approximately 2.6 million credit applications (based on industry data regarding the approximate number of mortgage purchase and refinance originations), for a total of 43,333 hours.²⁰ Staff also estimates that recordkeeping of self-testing subject to the regulation would affect 1,500 firms, with an average annual burden of one hour (of skilled technical time) per firm, for a total of 1,500 hours, and that recordkeeping of any corrective action as a result of self-testing would affect 10% of them, i.e., 150 firms, with an average annual burden of four hours (of skilled technical time) per firm, for a total of 600 hours.²¹ Keeping associated records of race/national origin, sex, age, and marital status requires an estimated one minute of skilled technical time.

Disclosure

Regulation B requires that creditors (i.e., entities that regularly participate in the decision whether to extend credit under Regulation B) provide notices whenever they take adverse action, such as denial of a credit application. It requires entities that extend mortgage credit with first liens to provide a copy of the appraisal report or other written valuation to applicants.²² Regulation B also requires that for accounts that spouses may use or for which they are contractually liable, creditors who report credit history must do so in a manner reflecting both spouses' participation. Further, it requires creditors that collect applicant characteristics for purposes of conducting a self-test to disclose to those applicants that: (1) providing the information is optional; (2) the creditor will not take the information into account in any aspect of the credit transactions; and (3) if applicable, the information will be noted by visual observation or surname if the applicant chooses not to provide it.²³

on the July 21, 2011 transfer date. Both the BCFP and the Board have exempted affected entities from complying with this requirement until a date set by the prospective final rules these agencies issue to implement it. The Commission will address PRA burden for its enforcement of the requirement after the BCFP and the Board have issued the associated final rules.

²⁰ Regulation B contains model forms that creditors may use to gather and retain the required information.

²¹ In contrast to banks, for example, entities under FTC jurisdiction are not subject to audits by the FTC for compliance with Regulation B; rather they may be subject to FTC investigations and enforcement actions. This may impact the level of self-testing (as specifically defined by Regulation B) in a given year, and staff has sought to address such factors in its burden estimates.

²² See *supra* note 11.

²³ The model form provided by Regulation B assists creditors in providing the written disclosure, which helps to reduce burden.

Regulation B: Disclosures – Burden Hours

Disclosures	Respondents	----- Setup/Monitoring ¹ -----		Number of Transactions	----- Transaction-related ² -----		
		Average Burden per Respondent (hours)	Total Setup/Monitoring Burden (hours)		Average Burden per Transaction (minutes)	Total Transaction Burden (hours)	Total Burden (hours)
Credit history reporting	133,553	.25	33,388	60,098,850	.25	250,412	283,800
Adverse action notices	530,762	.75	398,072	92,883,350	.25	387,014	785,086
Appraisal reports/written valuations	4,650	1	5,650	1,725,150	.50	14,376	19,026
Self-test disclosures	1,500	.5	750	60,000	.25	250	1,000
Total							1,088,912

¹ The estimates assume that all applicable entities would be affected, with respect to appraisal reports and other written valuations. These entities have decreased slightly, while the estimated number of entities affected by credit history, adverse action and self-testing disclosure burden have increased slightly, from prior FTC estimates, based on market changes.

² Applicable transactions have increased for appraisal reports; however, credit history, adverse action and self-test transactions have decreased, based on market changes. Taken together, the overall total disclosure burden has decreased.

Associated labor cost: \$62,104,304 (\$14,845,512 recordkeeping costs: \$13,316,477 + \$1,529,035 carve-out + \$47,258,792 disclosure costs: (\$41,717,144 + \$5,541,648 carve-out))

Staff calculated labor costs by applying appropriate hourly cost figures to the burden hours described above. The hourly rates used below (\$56 for managerial or professional time, \$42 for skilled technical time, and \$17 for clerical time) are averages.²⁴

Recordkeeping

Staff estimates that the general recordkeeping responsibility of one hour per creditor would involve approximately 90 percent clerical time and 10 percent skilled technical time. Keeping records of race/national origin, sex, age, and marital status requires an estimated one minute of skilled technical time. Keeping records of the self-test responsibility and of any corrective actions requires an estimated one hour and four hours, respectively, of skilled technical time. As shown below, the total recordkeeping cost is \$14,845,512.

Disclosure

For each notice or information item listed, staff estimates that the burden hours consist of 10 percent managerial or professional time and 90 percent skilled technical time. As shown below, the total disclosure cost is \$47,258,792.

²⁴ These inputs are based broadly on mean hourly data found within the “Bureau of Labor Statistics, Economic News Release,” March 31, 2017, Table 1, “National employment and wage data from the Occupational Employment Statistics survey by occupation, May 2016.” <http://www.bls.gov/news.release/ocwage.t01.htm>.

Regulation B: Recordkeeping and Disclosures – Cost

Required Task	-----Managerial-----		-----Skilled Technical-----		-----Clerical-----		Total Cost (\$)
	Time (hours)	Cost (\$56/hr.)	Time (hours)	Cost (\$42/hr.)	Time (hours)	Cost (\$17/hr.)	
General recordkeeping	0	\$0	66,345	\$2,786,490	597,108	\$10,150,836	\$12,937,326
Other recordkeeping	0	\$0	43,333	\$1,819,986	0	\$0	\$1,819,986
Recordkeeping of self-test	0	\$0	1,500	\$63,000	0	\$0	\$63,000
Recordkeeping of corrective action	0	\$0	600	\$25,200	0	\$0	\$25,200
Total Recordkeeping							\$14,845,512
Disclosures:							
Credit history reporting	28,380	\$1,589,280	255,420	\$10,727,640	0	\$0	\$12,316,920
Adverse action notices	78,509	\$4,396,504	706,577	\$29,676,234	0	\$0	\$34,072,738
Appraisal reports	1,903	\$106,568	17,123	\$719,166	0	\$0	\$825,734
Self-test disclosure	100	\$5,600	900	\$37,800	0	\$0	\$43,400
Total Disclosures							\$47,258,792
Total Recordkeeping and Disclosures							\$62,104,304

13. Estimated Capital and Other Non-Labor Costs

The applicable requirements impose minimal start-up costs, as lenders generally have or obtain necessary equipment for other business purposes. For the same reason, staff believes that the cost of printing and copying needed to comply with Regulation B is minimal. Staff anticipates that the above requirements necessitate ongoing, regular training so that lenders stay current and have a clear understanding of federal mandates. This training, however, would be a small portion of and subsumed within the normal training that employees receive apart from that associated with collecting information to comply with Regulation B.

14. Estimated Cost to the Federal Government

The Board and BCFP issued the recordkeeping requirement of Regulation B, so there is no cost to the FTC for that purpose. Enforcement of the recordkeeping requirements of Regulation B is incidental to overall enforcement of the ECOA. In the course of compliance investigations, staff routinely requests records of credit applications. If the records requested are not available, it indicates that records are not being retained as required. Staff estimates that enforcing this requirement will cost the FTC Bureau of Consumer Protection no more than \$86,805, which is a representative year's cost of enforcing Regulation B's requirements during the three-year clearance period sought. This estimate is based on the assumption that one-half of one attorney work year will be expended. Clerical and other support services are included in this estimate.

The Board and BCFP issued the Regulation B disclosure requirements, so there is no cost to the FTC for that purpose. Regarding enforcement, staff estimates that the cost to the FTC Bureau of Consumer Protection for this requirement will approximate \$260,415. This estimate is based on the assumption that 1.5 attorney work years will be expended to enforce various aspects of these rules. Clerical and other support services are also included in this estimate.

15. Program Changes or Adjustments

Overall, estimated total burden is reduced from 1,879,423 hours to 1,797,798 hours. This is the net effect of various increases and decreases in FTC staff estimates, tied to market changes, regarding the number of entities and transactions subject to Regulation B disclosure requirements. (See the Disclosure Hours Burden table above.) Recordkeeping estimates are virtually unchanged from the previously cleared burden estimates.

16. Publishing Results of the Collection of Information

Not applicable.

17. Display of Expiration Date for OMB Approval

Not applicable.

18. Exceptions to the Certification for PRA Submissions

Not applicable.