Federal Trade Commission
Supporting Statement for Information Collection
Provisions of Regulation Z
(Truth in Lending Act)
12 C.F.R. 226; 12 C.F.R. 1026
(OMB Control Number: 3084-0088)

1. Necessity for Collecting the Information

The Truth in Lending Act ("TILA"), 15 U.S.C. 1601 *et seq*., was enacted to foster comparison credit shopping and informed credit decision making by requiring accurate disclosure of the costs and terms of credit to consumers. Creditors and others are subject to calculation and disclosure requirements that apply to open-end credit (*e.g*., revolving credit or credit lines) and closed-end credit (*e.g.*, installment financing) up to $55,800 plus an annual adjustment (except for private education loans and credit secured by real property, which are covered regardless of dollar amount).[1]

The TILA imposes disclosure requirements on all types of creditors in connection with consumer credit, including mortgage companies, finance companies, retailers, credit card issuers, and private education loan companies, to ensure that consumers are fully apprised of the terms of financing It also imposes advertising disclosure requirements on advertisers of consumer credit. It also requires acquirers of mortgage loans to disclose the change in the ownership of the loan to the borrower, and requires creditors and others to report appraiser misconduct to state licensing authorities. The TILA requires institutions of higher education to disclose their agreements regarding the marketing of credit cards and requires credit card issuers to annual submit reports of credit card agreements. The TILA also requires credit card issuers to post credit card agreements on their web sites. The TILA also establishes procedures for billing error resolution and limits consumer liability for the unauthorized use of credit cards. It also requires credit card issuers to establish written policies and procedures to ensure that an administrator of an estate of a deceased account holder can ascertain the amount of an account balance in a timely fashion. An amendment to the TILA, the Home Ownership and Equity Protection Act ("HOEPA"), imposes, among other things, various disclosure and other requirements on creditors offering certain high-rate, high-fee mortgage loans to consumers; various requirements also apply to certain higher priced mortgages.

Subject to the discussion below, the Federal Trade Commission ("FTC" or "Commission") enforces the TILA as to all creditors and others and advertisers except those (such as federally chartered or insured depository institutions) that are subject to the regulatory authority of another federal agency. The TILA also contains a private right of action with a one-year statute of limitations for consumers; for certain mortgage actions, TILA now provides a three-year statute of limitations.

The Board of Governors of the Federal Reserve System ("Board") promulgated the original Regulation Z (12 C.F.R. Part 226) to implement the TILA, as required by the statute. Under the Dodd-Frank Act, however, almost all rulemaking authority for the TILA 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 TILA to the BCFP, the Board

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[1] The change in coverage based on the dollar amount was made by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), Pub. L. 111-203, 124 Stat 1376 (2010).

retained rulemaking authority for certain motor vehicle dealers.[2] The BCFP's regulations for entities under its jurisdiction for Regulation Z appear in 12 C.F.R. Part 1026.[3]

As a result of the Dodd-Frank Act, the FTC and BCFP generally share the authority to enforce Regulation Z for entities for which the FTC had enforcement authority before the Act, except for certain motor vehicle dealers[4] and certain state-chartered credit unions.[5] The FTC generally has sole authority to enforce Regulation Z 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 226.25(a)/1026.25(a) of Regulation Z requires creditors to retain evidence of compliance with the regulation (other than the advertising requirements) for two years after the date disclosures are required to be made or other action is required to be taken. Regulation Z also provides that the FTC (and other administrative agencies responsible for enforcing the TILA) may require creditors under their jurisdictions to retain records for a longer period if necessary to carry out their enforcement responsibilities under the TILA. The recordkeeping requirement ensures that records that might contain evidence of violations of the TILA remain available to the FTC and other agencies, as well as to private litigants.

Disclosure

The disclosures required by Regulation Z are derived from statutory provisions under the TILA. *See e.g.*, 12 C.F.R. 226.5a, 12 C.F.R. 1026.6(a)**,** 15 U.S.C. 1637(c)-(g); 12 C.F.R. 226.5b, 12 C.F.R. 1026.40, 15 U.S.C. 1637a and 1647; 12 C.F.R. 226.6, 12 C.F.R. 1026.6, 15 U.S.C. 1637(a); 12 C.F.R. 226.7, 12 C.F.R. 1026.7, 15 U.S.C. 1637(b) (various open-end disclosures); 12 C.F.R. 226.11(c); 12

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[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 BCFP have certain rulemaking authority under Regulation Z – as discussed further below – citations to both aspects of the regulation are included in this document. Hence, 12 C.F.R. 226 refers to the Board-issued Regulation Z; 12 C.F.R. 1026 refers to the BCFP-issued Regulation Z. Generally, these two aspects of Regulation Z are similar in many respects, other than citations. However, the BCFP-issued Regulation Z includes certain mortgage and other requirements mandated by the Dodd-Frank Act and various other statutory changes; the Board-issued Regulation Z does not.

[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).

C.F.R. 1026.11(c); 15 U.S.C. 1651 (timely settlement of estate of deceased obligors); 12 C.F.R. 226.18, 12 C.F.R. 1026.18, 15 U.S.C. 1638; 12 C.F.R. 226.33, 12 C.F.R.1026.33, 15 U.S.C. 1648 (various closed-end credit and reverse mortgage disclosures);[7] 12 C.F.R. 226.32 and 226.34, 12 C.F.R. 1026.32 and 1026.34, 15 U.S.C. 1639 (various high-rate, high-fee closed-end credit disclosures); 12 C.F.R. 1026.36, and 1026.41, 15 U.S.C. 1638(f), 1638a, 1639f, 1639g (mortgage servicing); 12 C.F.R. 226.39; 12 C.F.R. 1026.39; 15 U.S.C. 1641(g) (disclosure of change in mortgage loan ownership); 12 C.F.R. 226.42(g); 12 C.F.R. 1026.42(g); 15 U.S.C. 1639e (appraisal independence requirements); 12 C.F.R. 1026.36, 15 U.S.C. 1639b (loan originator requirements); 12 C.F.R. 1026.36, 15 U.S.C. 1639b(a)(2) (ability to pay requirements); 12 C.F.R. 226.57(b); 12 C.F.R. 1026.57(b); 15 USC 1650(f) (disclosure of credit card marketing agreements by institutions of higher education); 12 C.F.R. 226.57(d); 12 C.F.R. 1026.57(d); 15 U.S.C. 1637(r)(2) (annual reporting by credit card issuers of agreements with institutions of higher education and others); 12 C.F.R. 226.58; 12 C.F.R. 1026.58; 15 U.S.C. 1632(d)(1) (internet posting of credit card agreements).[8]

The Board and BCFP have issued model forms and clauses that can be used to comply with the written disclosure (non-advertising) requirements of the TILA and Regulation Z. *See, e.g.*, Appendices D-H and K-L 12 to C.F.R. Part 226; Appendices D-H and K-L to 12 C.F.R. Part 1026. Correct use of these model forms and clauses insulates creditors from liability under the TILA and Regulation Z. *See* Board Official Staff Commentary to Regulation Z ("Board Commentary"), Appendixes G and H, Comment 1; 12 C.F.R. 226, Appendixes G and H, Supp. 1; BCFP Official Staff Commentary to Regulation Z ("BCFP Commentary"), Appendixes G and H, Comment 1; 12 C.F.R. 226, Appendixes G and H, Supp. 1.

2. <u>Use of the Information</u>

As noted above, consumers rely on the disclosures required by the TILA and Regulation Z to comparison credit shop and to facilitate informed credit decision making. Without this information, consumers would be severely hindered in their ability to assess the true costs and terms of financing offered. Also, without the special billing error information and other credit card provisions, such as limitation of consumer liability for unauthorized use of credit, consumers would be unable to detect and correct errors on their credit card accounts and fraudulent charges. The FTC, other agencies, and private litigants use the recordkeeping information to ascertain whether accurate and complete disclosures of the cost of credit have been provided to consumers prior to consummation of the credit obligation and, in some instances, during the loan term. The information also is used to determine whether other actions required under the TILA, including complying with billing error resolution procedures and limitation of consumer liability for unauthorized use of credit, have been met. The information retained provides the primary evidence of law violations in TILA enforcement actions brought by the FTC. Without the Regulation Z recordkeeping requirement and the required disclosures, the FTC's (and consumers') ability to enforce the TILA would be significantly impaired. *See* 15 U.S.C. 1607, 1640.

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[7] Integrated mortgage disclosures for certain closed-end mortgage loans are also required. *See, e.g.*, 12 C.F.R. 1026.19(e)-(f), based on the Dodd-Frank Act, §§ 1032(f), 1098, and 1100A.

[8] On May 24, 2018, President Trump signed the Economic Growth, Regulatory Relief, and Consumer Protection Act (Act), Pub. L. No. 115-174. Among other things, the Act amends the TILA in several respects, and will be implemented by the BCFP through amendments to Regulation Z. The Commission will address PRA burden for its enforcement of the requirements after the BCFP has issued the associated final rules.

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 Z, within the context of the Electronic Signatures in Global and National Commerce Act ("ESIGN"), 15 U.S.C. 7001 *et seq*.; and Sections 226.5(a)/1026.5(a) and 226.17(a)/1026.17(a) of Regulation Z. 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 Z, by enabling businesses to utilize more efficient electronic media for disclosures and compliance.

Regulation Z also permits creditors to retain records on microfilm or microfiche or any other method that reproduces records accurately, including computer programs. Creditors need only retain enough information to reconstruct the required disclosure or other records. Section 226.25(a)-2 of the Board Commentary, 12 C.F.R. 226.25(a)-2; Section 1026.25(a)-2 of the BCFP Commentary, 12 C.F.R. 1026.25(a)-2.

4. Efforts to Identify Duplication/Availability of Similar Information

The recordkeeping requirement of Regulation Z preserves the information utilized by the creditor in making disclosures (and underlying calculations) of the terms of consumer credit and other required actions. The creditor is the only source of this information. No other federal law mandates these disclosures (in a fully duplicative manner) and other required actions.[9] No state law known to staff imposes these requirements, although some states may have other rules applicable to consumer credit transactions.

Similarly, the disclosures required by the TILA and Regulation Z are not otherwise available. Although some credit cost information is contained in contractual documents, the information is not standardized. As a result, consumers cannot use it efficiently to comparison shop or to fully appreciate the

[9] The TILA requirement to provide applicants with copies of written appraisals for certain higher-priced mortgage loans, 15 U.S.C. 1639h, in part overlaps with the ECOA requirement to provide applicants with copies of written appraisals. The Dodd-Frank Act amended both ECOA and TILA to add the appraisal rules that overlap only in part. For example, 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 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 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). 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. 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, TILA Higher-Priced Mortgage Loans (HPML) Appraisal Rule, Small Entity Compliance Guide (Jan. 13, 2014), and CFPB, Equal Credit Opportunity Act (ECOA) Valuations 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.

credit terms. The creditor (and/or advertiser) is the only source of this information. No other federal law mandates these disclosures. State laws do not duplicate these requirements, although some states may have other rules applicable to consumer credit transactions.

5. Efforts to Minimize Burdens on Small Businesses

The TILA and Regulation Z recordkeeping and disclosure requirements are imposed (in most instances) on creditors. The recordkeeping requirement is mandated by Regulation Z. The disclosure requirements are mandated jointly by the TILA and Regulation Z. As previously noted, the FTC's role in this area is limited to enforcement, because the TILA vested rulemaking authority in the Board and BCFP.

Additionally, as noted above, Regulation Z provides model forms and clauses that may be used in compliance with its requirements. Correct use of these forms and clauses insulates a creditor from liability as to proper format.

6. Consequences of Conducting Collection Less Frequently

The current record retention period of two years in most instances, with three years for loan originator requirements and certain ability to pay requirements, three years for integrated mortgage requirements, and five years for integrated mortgage requirements concerning completed closing disclosures, supports the general one-year statute of limitations and the three-year statute of limitations (for loan originator, ability to pay, and high cost mortgages) for private actions. In addition, because consumers can assert violations of TILA in an action to collect the debt that was brought more than one year after the violation, as a matter of defense by recoupment or set-off in that action unless prohibited by state law, the three-year and five-year recordkeeping requirements support the consumer's ability to assert violations over a longer period. The retention periods also support the FTC's (and other administrative agencies') need for sufficient time to bring enforcement actions regarding credit transactions. If the retention period were shortened, consumers who sue under the TILA or who seek to raise violations by recoupment or set-off in collection actions, and the administrative agencies, might find that records needed to prove violations of the TILA no longer exist.

As noted, the disclosure requirements are needed to facilitate comparison cost shopping and to spur informed credit decision-making. Without these requirements, consumers would not have access to this critical information. Their right to sue under the TILA would be undermined, and the FTC (and other administrative agencies) could not fulfill their mandate to enforce the TILA.

7. Circumstances Requiring Collection Inconsistent with Guidelines

Regulation Z's recordkeeping and disclosure requirements are generally consistent with the applicable guidelines in 5 C.F.R. 1320.5(d)(2). While Regulation Z has lengthened retention periods for integrated mortgage disclosures, the longer periods derive from Regulation X, which implements the Real Estate Settlement Procedures Act ("RESPA"). When the BCFP merged certain mortgage disclosures required by TILA and RESPA into integrated mortgage disclosures, as required by the Dodd-Frank Act, it applied the Regulation X extended retention period to the new record retention requirements.[10] Thus, the

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[10] The five-year recordkeeping requirement under Regulation X became effective in 1992. *See* 57 Fed. Reg. 49,600,

requirement to retain for three years many aspects of integrated mortgage disclosures, and for five years integrated mortgage disclosures related to completed closing disclosures, derives from previously existing periods under Regulation X. The documents to be retained serve as both the record of all fees associated with the transaction and as part of the official disbursement record. In addition, the lengthened recordkeeping requirement ensures that there will be an available record for use regarding state and local real property laws that may depend on the information being available for five years.

8. Consultation Outside the Agency

The recordkeeping and disclosure requirements of Regulation Z 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 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 disclosures also contain private financial information about persons who use consumer credit that 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), as applicable.

12. Estimated Hours and Labor Cost Burden

Estimated Hours Burden: 8,416,441 hours (561,866 recordkeeping hours: 484,961 + 76,905 carve-out + 7,854,575 disclosure hours: 6,838,256 + 1,016,319 carve-out)

Given their generally shared enforcement jurisdiction for Regulation Z,[11] the BCFP and FTC have divided the FTC's previously cleared PRA burden between them, except that the FTC has wholly assumed the part of that burden 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").[12] The division of PRA

49,607 (Nov. 2, 1992).

[11] *See supra* notes 4 and 5 and accompanying text.

[12] As of the third quarter of 2017, there were approximately the following number of state-chartered credit unions:

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,[13] as well as in the FTC's burden estimates below.

The following discussion and tables present FTC estimates under the PRA of recordkeeping and disclosure average time and labor costs, excluding that which the FTC believes entities incur customarily in the normal course of business[14] and information compiled and produced in response to FTC law enforcement investigations or prosecutions.[15]

Recordkeeping

FTC staff estimates that Regulation Z's recordkeeping requirements affect approximately 430,762 entities subject to the Commission's jurisdiction, at an average annual burden of 1.25 hours per entity, with .25 additional hours per entity for 3,650 entities (ability to pay), and 5 additional hours per entity for 4,500 entities (loan originators).

Disclosure

Regulation Z disclosure requirements pertain to open-end and closed-end credit. It applies to various types of entities, including mortgage companies; finance companies; auto dealerships; private education loan companies; merchants who extend credit for goods or services, credit advertisers; acquirers of mortgages; and others. Additional requirements also exist in the mortgage area, including for high cost mortgages, higher-priced mortgage loans,[16] ability to pay of mortgage consumers, mortgage servicing, loan originators, and certain integrated mortgage disclosures, and for prepaid accounts with certain credit features. Below is staff's best estimate of burden applicable to this very spectrum of covered entities.

Regulation Z: Disclosures – Burden Hours

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 4 and accompanying text), the FTC's figures 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.

[13] OMB Control Number 3170-0015 (Regulation Z).

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

[15] *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").

[16] While Regulation Z also requires the creditor to provide a short written disclosure regarding the appraisal process for higher-priced mortgage loans, the disclosure is provided by the BCFP. As a result, it is not a "collection of information" for PRA purposes (see 5 C.F.R. 1320.3(c)(2)). It is thus excluded from the burden estimates below.

Disclosures[1]	Respondents	---- Setup/Monitoring ---- Average Burden per Respondent (hours)	Total Setup/ Monitoring Burden (hours)	---- Transaction-related ---- Number of Transactions	Average Burden per Transaction (minutes)	Total Transaction Burden (hours)	Total Burden (hours)
Open-end credit:							
Initial terms	23,650	.75	17,738	10,500,600	.375	65,629	83,367
Initial terms – prepaid accounts	3	4x1[2]	12	3x78,667[3]	.125	492	504
Rescission notices	750	.5	375	3,750	.25	16	391
Subsequent disclosures	4,650	.75	3,488	23,250,000	.188	72,850	76,338
Subsequent disclosures – prepaid accounts	3	4x1[4]	12	3x78,667[5]	.0625	246	258
Periodic statements	23,650	.75	17,738	788,325,450	.0938	1,232,415	1,250,153
Periodic statements – prepaid accounts	3	40x1[6]	120	3x944,000[7]	.03125	1,475	1,595
Error resolution	23,650	.75	17,738	2,104,850	6	210,485	228,223
Error resolution – prepaid accounts followup	3	4x1[8]	12	3x1,180[9]	15	885	897
Credit and charge card accounts	10,250	.75	7,688	5,125,000	.375	32,031	39,719
Credit and charge card accounts – prepaid accounts	3	4x1[10]	12	3x12[11]	240	144	156
Settlement of estate debts	23,650	.75	17,738	496,650	.375	3,104	20,842
Special credit card requirements	10,250	.75	7,688	5,125,000	.375	32,031	39,719
Home equity lines of credit	750	.5	375	5,250	.25	22	397
Home equity lines of credit high-cost mortgages	250	2	500	1,500	2	50	550
College student credit card marketing – ed. institutions	1,350	.5	675	81,000	.25	338	1,013
College student credit card marketing – card issuer reports	150	.75	113	4,500	.75	56	169
Posting and reporting of credit card agreements	10,250	.75	7,688	5,125,000	.375	32,031	39,719
Posting and reporting of prepaid account agreements	3	.75x1[12]	2	3x5[13]	2.5	1	3
Advertising	38,650	.75	28,988	115,950	.75	1,449	30,437
Advertising – prepaid accounts	3	20x1[14]	60	N/A			60
Advertising – prepaid accounts Updates	3	0.2 x 5[15]	3	N/A			3
Sale, transfer, or assignment of mortgages	500	.5	250	500,000	.25	2,083	2,333
Appraiser misconduct reporting	301,150	.75	225,863	6,023,000	.375	37,644	263,507
Mortgage servicing[16]	1,500	.75	1,125	150,000	.5	1,250	2,375
Loan originators	2,250	2	4,500	22,500	5	1,875	6,375
Closed-end credit:							
Credit disclosures	280,762	.75	210,572	112,304,800	2.25	4,211,430	4,422,002
Rescission notices	3,650	.5	1,825	5,475,000	1	91,250	93,075
Redisclosures	101,150	.5	50,575	505,750	2.25	18,966	69,541
Integrated mortgage disclosures	3,650	10	36,500	10,950,000	3.5	638,750	675,250
Variable rate mortgages	3,650	1	3,650	365,000	1.75	10,646	14,296
High cost mortgages	`1,750	1	1,750	43,750	2	1,458	3,208
Higher priced mortgages	1,750	1	1,750	14,000	2	467	2,217
Reverse mortgages	3,025	.5	1,513	15,125	1	252	1,765
Advertising	205,762	.5	102,881	2,057,620	1	34,294	137,175
Private education loans	75	.5	38	30,000	1.5	750	788
Sale, transfer, or assignment of mortgages	48,850	.5	24,425	2,442,500	.25	10,177	34,602
Ability to pay/qualified mortgage	3,650	.75	2,738	0	0	0	2,738
Appraiser misconduct reporting	301,150	.75	225,863	6,023,000	.375	37,644	263,507
Mortgage servicing[17]	3,650	1.5	5,475	730,000	2.75	33,458	38,933
Loan originators	2,250	2	4,500	22,500	5	1,875	6,375
Total open-end credit							2,089,103

Total closed-end credit	5,765,472
Total credit	7,854,575

[1] Regulation Z requires disclosures for closed-end and open-end credit. TILA and Regulation Z now cover credit up to $55,800 plus an annual adjustment (except that real estate credit and private education loans are covered regardless of amount). For most disclosure types listed in this table, FTC staff has reduced prior PRA burden estimates due to business shifts and other market changes. In the case of mortgage servicing (open- and closed-credit), however, staff has increased burden estimates per respondent due to amendments to Regulation Z. In addition, due to Regulation Z's new requirements for prepaid accounts with certain credit aspects, staff has added burden estimates for these items. However, the overall effect of these competing factors yields a net decrease from the FTC's prior reported estimate for open-end credit and for closed-end credit.
[2] Burden hours are on a per program basis. Individual burden hours are listed first, followed by the number of programs.
[3] This figure lists the number of entities followed by the number of responses or programs each.
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[16] Regulation Z has expanded various mortgage servicing requirements for successors-in-interest, which in some instances can affect open-end credit, increasing burden per respondent. However, the estimated number of entities and transactions under FTC jurisdiction is reduced, thereby reducing aggregate estimated burden compared to prior FTC estimates.
[17] Regulation Z has expanded various mortgage servicing requirements for successors-in-interest, and periodic statement requirements including for consumers in bankruptcy, among other things, affecting closed-end credit, increasing burden per respondent. However, the estimated number of entities and transactions under FTC jurisdiction is reduced, thereby reducing aggregate estimated burden compared to prior FTC estimates.

Associated labor costs: $329,558,129 ($10,956,397 recordkeeping costs: $9,456,749 + $1,499,648 carve-out + $318,601,732 disclosure costs: $274,493,500 + $44,108,232 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 drawn from Bureau of Labor Statistics data.[17]

Recordkeeping

For the 561,866 recordkeeping hours, staff estimates that 10 percent of the burden hours require skilled technical time and 90 percent require clerical time. As shown below, the total recordkeeping cost is $10,956,397.

Disclosure

For each notice or information item listed, staff estimates that 10 percent of the burden hours require managerial or professional time and 90 percent require skilled technical time. As shown below, the total disclosure cost is $318,601,732.

[17] 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 Z: Recordkeeping and Disclosures – Cost

Required Task	------Managerial------		-----Skilled Technical-----		--------Clerical--------		Total
	Time (hours)	Cost ($56/hr.)	Time (hours)	Cost ($42/hr.)	Time (hours)	Cost ($17/hr.)	Cost ($)
Recordkeeping	0	0	56,187	2,359,854	505,679	$8,596,543	$10,956,397
Open-end credit Disclosures:							
Initial terms	8,337	$466,872	75,030	$3,151,260	0	$0	$3,618,132
Initial terms – prepaid accounts	50	$2,800	454	$19,068	0	$0	$21,868
Rescission notices	39	$2,184	352	$14,784	0	$0	$16,968
Subsequent disclosures	7,634	$427,504	68,704	$2,885,568	0	$0	$3,313,072
Subsequent disclosures – prepaid accounts	26	$1.456	232	$9,744	0	$0	$11,200
Periodic statements	125,015	$7,000,840	1,125,138	$47,255,796	0	$0	$54,256,636
Periodic statements – prepaid accounts	159	$8,904	1436	60,312	0	$0	$69.216
Error resolution	22,822	$1,278,032	205,401	$8,626,842	0	$0	$9,904,874
Error resolution – prepaid accounts followup	90	5,040	807	33.894	0	$0	$38,934
Credit and charge card accounts	3,972	$222,432	35,747	$1,501,374	0	$0	$1,723,806
Credit and charge card accounts - prepaid accounts	16	896	140	5,880	0	$0	$6,776
Settlement of estate debts	2,084	$116,704	18,758	$787,836	0	$0	$904,540
Special credit card requirements	3,972	$222,432	35,747	$1,501,374	0	$0	$1,723,806
Home equity lines of credit	40	$2,240	357	$14,994	0	$0	$17,234
Home equity lines of credit –high cost mortgages	55	$3,080	495	$20,790	0	$0	$23,870
College student credit card marketing – ed institutions	101	$5,656	912	$38,304	0	$0	$43,960
College student credit card marketing – card issuer reports	17	$952	152	$6,384	0	$0	$7,336
Posting and reporting of credit card agreements	3,972	$222,432	35,747	$1,501,374	0	$0	$1,723,806
Posting and reporting of prepaid accounts	1	$56	2	$84	0	$0	$140
Advertising	3,044	$170,464	27,393	$1,150,506	0	$0	$1,320,970
Advertising – prepaid accounts	6	$336	54	$2,268	0	$0	$2,604
Advertising – prepaid accounts Updates	1	$56	2	$84	0	$0	$140
Sale, transfer, or assignment of mortgages	233	$13,048	2,100	$88,200	0	$0	$101,248
Appraiser misconduct reporting	26,351	$1,475,656	237,156	$9,960,552	0	$0	$11,436,208
Mortgage servicing	238	$13,328	2,137	$89,754	0	$0	$103,082
Loan originators	638	$35,728	5,737	$240,954	0	$0	$276,682
Total open-end credit							$90,667,108
Closed-end credit Disclosures:							
Credit disclosures	442,200	$2,476,300	3,979,802	$167,151,684	0	$0	$169,627,984
Rescission notices	9,308	$521,248	83,767	$3,518,214	0	$0	$4,039,462
Redisclosures	6,954	$389,424	62,587	$2,628,654	0	$0	$3,018,078
Integrated mortgage disclosures	67,525	$3,781,400	607,725	$25,524,450	0	$0	$29,305,850
Variable rate mortgages	1,430	$80,080	12,866	$540,372	0	$0	$620,452
High cost mortgages	321	$17,976	2,887	$121,254	0	$0	$139,230
Higher priced mortgages	222	$12,432	1,995	$83,790	0	$0	$96,222
Reverse mortgages	177	$9,912	1,588	$66,696	0	$0	$76,608
Advertising	13,718	$768,208	123,457	$5,185,194	0	$0	$5,953,402
Private education loans	79	$4,424	709	$29,778	0	$0	$34,202
Sale, transfer, or assignment of mortgages	3,460	$193,760	31,142	$1,307,964	0	$0	$1,501,724
Ability to pay/qualified mortgage	274	$15,344	2,464	$103,488	0	$0	$118,832
Appraiser misconduct reporting	26,351	$1,475,656	237,156	$9,960,552	0	$0	$11,436,208
Mortgage servicing	3,893	$218,008	35,040	$1,471,680	0	$0	$1,689,688
Loan originators	638	35,728	5,737	$240,954	0	$0	$276,682

Total closed-end credit	$227,934,624
Total Disclosures	$318,601,732
Total Recordkeeping and Disclosures	$329,558,129

13. Estimated Capital and Other Non-Labor Costs

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

14. Estimated Cost to Federal Government

The Board and BCFP issued the recordkeeping requirement of Regulation Z, so there is no cost to the FTC for that purpose. Enforcement of the recordkeeping requirements of Regulation Z is incidental to overall enforcement of the TILA. Staff estimates that enforcing the recordkeeping requirement will cost the FTC Bureau of Consumer Protection approximately $86,805, which is a representative year's cost of enforcing Regulation Z'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 disclosure requirements of Regulation Z, so there is no cost to the FTC for that purpose. Regarding enforcement of the disclosure requirements, staff estimates that the cost to the FTC Bureau of Consumer Protection of administering all TILA requirements will approximate $1.39 million. This estimate is based on the assumption that eight full 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

Due to business shifts and other market changes, FTC staff has substantially adjusted downward its prior overall burden estimate by 5,280,861 hours (from 13,697,302 to 8,416,441 hours). Examples of these changing conditions include, but are not limited to merger consolidations, credit business shifting to entities outside of FTC jurisdiction, declines both in credit and the diverse types of mortgages (e.g., reverse mortgages, occasioned in part by changes related to home equity conversion mortgages underwritten by HUD), declines in variable rate transactions (either because fixed rates declined or held at low levels), and declines in high cost mortgages and higher priced mortgages (fewer people opted for them and mortgage creditors reduced emphasis on such mortgages, with some of those creditors having left that market altogether).

16. Publishing Results of the Collection of Information

Not applicable.

17. Display of Expiration Date for OMB Approval

Not applicable.

18. Exceptions to the Certifications for PRA Submissions

Not applicable.