

CONSUMER FINANCIAL PROTECTION BUREAU

INFORMATION COLLECTION REQUEST

SUPPORTING STATEMENT PART A

REAL ESTATE SETTLEMENT PROCEDURES ACT (REGULATION X) 12 CFR 1024

(OMB CONTROL NUMBER: 3170-0016)

OMB TERMS OF CLEARANCE:

When the Office of Management and Budget (OMB) reviewed the information collections inventoried under OMB Control Number 3170-0016 in 2015 it noted, “Pursuant to the previous terms of clearance, with publication of the final rule associated with this collection, the previous agreement between [Department of Housing and Urban Development] and [Consumer Financial Protection Bureau] to permit regulated industries to use either the [Department of Housing and Urban Development] Control Number (2502-0265) associated with this information collection, or the [Consumer Financial Protection Bureau] Control Number, is no longer applicable. Regulated entities now should only use this [Consumer Financial Protection Bureau] OMB Control Number for the information collections instruments previously associated with the [Department of Housing and Urban Development] (2502-0265) forms. CFPB should work with HUD to ensure that HUD's related collection is discontinued.” Department of Housing and Urban Development (HUD)’s Control Number for this collection was not renewed and expired on September 30, 2015.

In addition, while not a formal term of clearance, OMB approved certain amendments to Regulation X under two other OMB Control Numbers (Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act, OMB No. 3170-0025 on December 11, 2012, and Mortgage Servicing Amendment, OMB No. 3170-0027 on December 16, 2012). This was done to facilitate public understanding of multiple overlapping rulemakings associated with those amendments. However, the public and regulated entities were informed to continue OMB No. 3170-0016 for the information collection requirements contained in Regulation X. Further, OMB’s expectation was that those Control Numbers would be re-integrated into a single Control Number covering the entire regulation as soon as it was practical. The Bureau, in consultation with OMB, previously transferred the information collections and associated burdens previously approved under OMB Nos. 3170-0025 and 3170-0027 into this OMB number. This renewal request reflects the reintegration of the Bureau into all Regulation X collections into this one OMB Control Number.

ABSTRACT:

The Real Estate Settlement Procedures Act of 1974 (RESPA), 12 U.S.C. 2601 et seq., as amended,

requires lenders, mortgage brokers, or servicers of certain home loans to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the real estate settlement process, as well as servicing, including escrowing.. The Act also prohibits specific practices, such as kickbacks, and places limitations upon the use of escrow accounts. , among other things the purposes of RESPA include, in part, providing consumers with more effective advance disclosure of settlement costs and eliminating certain abusive practices that tend to increase unnecessarily the costs of settlement services.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) amended RESPA by, among other things, requiring a single, integrated disclosure for mortgage loan transactions, mandating new disclosures and protections concerning force-placed hazard insurance, revising requirements for home buying information booklets, reducing response times to borrower inquiries, and settling time limits on refunds of escrow account balances at payoff. for consumers with certain residential mortgages, 12 U.S.C. 2603, 2604, and 2605.

Regulation X, 12 CFR 1024.1-41, implements RESPA. Regulation X contains information collections in the form of various disclosure and recordkeeping requirements. The disclosures in this collection are required by the statute and implementing regulations. Consumers use the disclosures required by RESPA and Regulation X to inform their choice of settlement service providers, review the final terms of a settlement, understand who to contact about questions concerning their mortgage loan, and identify and protect themselves against inaccurate or questionable loan servicing practices.

The information collections discussed in this supporting statement are required in Regulation X, but to the extent that compliance with requirements in Regulation Z (12 CFR 1026) provides an exemption from compliance with similar requirements in Regulation X, the information collection burden is accounted for in OMB Control Number 3170-0015.

JUSTIFICATION

1. Circumstances Necessitating the Data Collection

The original RESPA implementing regulations were issued by the Department of Housing and Urban Development (HUD), and previously were published at 24 CFR part 3500. In light of the transfer of HUD's authority for RESPA to the Consumer Financial Protection Bureau (Bureau or CFPB), the Bureau has assumed authority for the information collections in Regulation X and the associated burdens.

The Dodd-Frank Act amended RESPA by, among other things, mandating new mortgage disclosures and procedures to improve protections for consumers with certain residential mortgages. Among other things, the Bureau revised Regulation X to implement the mortgage servicing requirements provided for in the Dodd-Frank Act's amendments to RESPA in 12 CFR 1024.30-41. Section 1463 of the Dodd-Frank Act creates statutory mandates under new subsections (k), (l) and (m) of RESPA section 6, 12 U.S.C. §2605(k)-(m). Section 1463 of the Dodd-Frank Act also amends certain consumer protection provisions set forth in section 6(e) through (g) of RESPA, 12 U.S.C. 2605(e)-(g). Several of these requirements involve information collections.

2. Use of the Information

Regulation X requires that several disclosures be made to a consumer during the process of applying for and consummating a federally related mortgage loan. Such disclosures may include an estimate of settlement costs, information relating to the settlement process, a statement of actual settlement costs, information about escrow accounts and mortgage servicing, and statements concerning certain business relationships. With regard to the mortgage servicing disclosure mandates, Regulation X requires that mortgage servicers provide certain disclosures and statements to borrowers as circumstances may dictate during the course of a loan. These include successor in interest notifications, mortgage servicing transfer notice, certain written and oral disclosures to certain delinquent borrowers, responses in writing to certain notices of error and requests for information submitted by borrowers, force-placed insurance notices, written notices in response to borrower's submission of loss mitigation applications, and the outstanding third-party information notice. The disclosures contained in 12 CFR 1024 (Regulation X) are required by statute, as implemented by the regulation. Consumers use the disclosures required by RESPA and Regulation X to inform their choice of settlement service providers, review the final terms of a settlement, understand whom to contact about questions concerning their mortgage loan, and identify and protect themselves against inaccurate or questionable loan servicing practices.

Disclosures are not submitted to the federal government. However, Regulation X does require retention of disclosures provided to consumers in two instances. First, most disclosures provided to consumers must be retained for five years to aid the Bureau and other regulators in ensuring compliance with Regulation X. Additionally, servicers are generally required to retain records of actions taken with response to a borrower's mortgage loan account until one year after the date the loan is discharged or servicing of the loan is transferred by the servicer to another servicer.

3. Use of Information Technology

12 CFR 1024.3 allows that "The disclosures required by this part may be provided in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 *et seq.*)"

4. Efforts to Identify Duplication

The early intervention and loss mitigation procedures may overlap with existing Federal law, as described in this section. In general, the minimum mortgage servicing rules in Regulation X preempt State laws (§1204.33(d)); however, some States may have rules applicable to mortgage servicing that set standards beyond the Bureau's Rule to which servicers in those States must adhere. Additionally, the Bureau issued 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 (12 CFR 1024.39 comment 39(c)-1).

For borrowers that have specifically invoked the Fair Debt Collection Practices Act's (FDCPA's) cease communication protections, the Bureau provides 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 provides 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 Regulation X.¹

Apart from these overlaps, the Bureau is not aware of any other Federal law or regulations that currently duplicate, overlap, or conflict with the requirements of Regulation X.

5. Efforts to Minimize Burdens on Small Entities

The Bureau estimates that approximately 90 percent of respondents are small entities. In general, servicers that service 5,000 mortgage loans or fewer, all of which the servicer or an affiliate owns or originates; are housing finance agencies, are nonprofit entities that service 5,000 or fewer loans, or are a qualified lender as defined in 12 CFR 617.7000 are exempt from the disclosures required by §§1024.38 through 1024.41, which include the early intervention notices and loss mitigation notices (§1024.30(b)). As such, small servicers are generally exempt from some requirements of Regulation X, but they must comply with certain disclosure requirements.

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

This information is not submitted to or collected by the Federal government. These disclosures are required by statute, 12 U.S.C. 2601 *et seq.*, and regulations and are necessary to inform consumers about important information about each covered transactions. For other required post consummation notices the burdens on respondents are the minimum necessary to ensure that: (i) borrowers 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; and (iv) borrowers know the status of their loss mitigation applications.

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

Sections 1024.10, 1024.14 and 1024.15 all require that covered persons retain documents provided to borrowers at settlement, and certain other required disclosures for five years after the transaction is completed. The Bureau and other agencies inspect such documents to ensure compliance with this regulation, and the extended recordkeeping period is therefore necessary to ensure compliance.

¹ See, Safe Harbors From Liability Under the Fair Debt Collection Practices Act for Certain Actions Taken in Compliance With Mortgage Servicing Rules Under the Real Estate Settlement Procedures Act (Regulation X) and Truth in Lending Act (Regulation Z), 81 Fed. Reg. 71977 (Oct. 19, 2016)

Additionally, Regulation X requires that certain information be retained for one year following the discharge of the loan or the transfer of the loan. This ensures that borrowers and sellers have information relevant to tracking the servicing of mortgage loans. Other than these provisions, 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 §1320.8(d)(1), the Bureau published a notice in the *Federal Register* allowing the public 60 days to comment on the proposed extension (renewal) of this currently approved collection of information on April 8, 2019, 84 FR 13911. The comment period closed on June 7, 2019, and as of June 8, 2019 the Bureau had received no comments. Additionally, in accordance with 5 CFR §1320.5(a)(1)(iv) the Bureau published a notice in the *Federal Register* allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

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 Bureau accounts for the paperwork burden for all respondents under Regulation X as described in the abstract. Respondents, depending on the disclosure, may be the lender, mortgage broker, mortgage servicer, or other settlement service provider. For purposes of this burden analysis, the Bureau estimates that there are 9,868 depository institutions and credit unions subject to Regulation X, and an additional 862 non-depository institutions. Therefore, the total number of respondents for all provisions is 10,730. Certain disclosures are required only if specified events occur during the life of the loan (1024.39(b)(1), 1024.41, 1024.41). The Bureau estimates those events occur in loans made by only a fraction of the total respondents for these information collections. Therefore the Bureau estimates that each of these information collections has 592 distinct respondents. The number of respondents for these three information collections is estimated to be 1,776. Therefore, the total number of respondents for all provisions is estimated to be 12,506.

All respondents will have ongoing production and distribution costs from providing 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

non-depository) employ vendors for the printing and distribution of their disclosures. Based on talks with servicers, the Bureau estimates the per-response distribution cost is approximately 30 cents. The Bureau estimates that, in general, it takes 0.003 hours of internal labor to produce one disclosure. Any deviation from the .003 hour burden assumption are described as footnotes to the burden table.

The special information booklet (§ 1024.6) is superseded by requirements in Regulation Z, and therefore accounted for in 3170-0015. This is the case for the Good Faith Estimate (§ 1024.7) and HUD-1 or HUD-1A forms (§§ 1024.8 and 1024.10(e)) as well, except for in the case of reverse mortgages. The burden for reverse mortgages associated with these provisions are accounted for in this Control Number, but all other burden for these collections is accounted for in 3170-0015. The Homeownership Counseling list required by §1024.20 is also required by Regulation Z, and burden is calculated in 3170-0015.

The Bureau also requires that certain records be kept for five years after the consummation of transactions in order to facilitate the Bureau’s inspection and enforcement of these requirements. The Bureau believes that most, if not all, of these records are now kept electronically, and therefore the respondents incur only a *de minimis* burden in retaining these records for an additional period of time.

The existing burden for the information collection is as follows.

Information Collection	Respondents	Frequency	Annual Number of Responses	Burden per disclosure (hours)	Total Annual Burden Hours
Subpart B					
§1024.14(h) 5-year recordkeeping requirements for documentation related to fees and referrals ²	0	0	0	0	0

² The Bureau believes that records kept pursuant to 1024.14(h) are electronic, and therefore the burden is *de minimis*. The Bureau invited comment during the 60-day comment period, and did not receive any responses on this estimate.

Information Collection	Respondents	Frequency	Annual Number of Responses	Burden per disclosure (hours)	Total Annual Burden Hours
§1024.15(b)(1) Providing Affiliated Business Arrangement Disclosure Statement ³	*	*	*	*	*
§1024.15(d) 5-Year recordkeeping requirement for Affiliated Business Arrangement Disclosure Statement ⁴	0	0	0	0	0
§1024.17(g) Initial escrow account statement	10,730	525	5,641,608	.003	17,139
§1024.17(h) Short year escrow account statement ⁵					
§1024.17(i) Annual escrow account statement	10,730	3,546	38,052,911	.003	114,158
§1024.7 Good Faith Estimate for reverse mortgages	10,730	6	60,000	.003	180

³ As stated below, the Bureau does not have data to estimate the burden of the Affiliated Business Arrangement Disclosure Statement, and requests public comment on the burden of this disclosure.

⁴ The Bureau believes that records kept pursuant to 1024.15(d) are electronic, and therefore the burden is *de minimis*. The Bureau invited comment during the 60-day comment period, and did not receive any responses on this estimate.

⁵ Burden for 1024.17(h) intentionally left blank. See discussion below.

Information Collection	Respondents	Frequency	Annual Number of Responses	Burden per disclosure (hours)	Total Annual Burden Hours
§1024.8 Use of HUD-1 or HUD-1A for reverse mortgages	10,730	18	120,000	.003	356
§1024.10(e) HUD-1 or HUD-1A waiver for reverse mortgages	10,730	*	*	*	*
<i>Subtotal Part B</i>	<i>10,730</i>	<i>////////////////////</i>	<i>43,874,519</i>	<i>////////////////////</i>	<i>131,833</i>
Subpart C⁶					
§1024.32(c)(iv) Required notice Successor in Interest must send to servicer to receive successor in interest notifications	10,730	6	64,380	.017 ⁷	1,100
§1024.32 Servicer Successor-in-Interest recognition to consumer ⁸	10,730	6	64,380	.017	1,100

⁶ All information collections in Subpart C are being transferred from 3170-0027.

⁷ Based on previous discussion with servicers and the Bureau's industry knowledge the Bureau estimates that servicers receive the required Successor in Interest notice on .1% of all mortgage loans covered by Regulation X (See Supporting Statement for 3170-0027 approved on 3/13/2018, available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201610-3170-001). Therefore, the Bureau estimated .1% of all Regulation X covered mortgage loans and found .1% of the total Regulation X burden. By dividing the estimated number of burden hours for §1024.32(c)(iv) by the total number of responses provides the estimated burden per response. 1,200 estimated total hours ÷ 64,380 responses = .017 hours per response.

⁸ These recognitions are triggered by the notice sent to servicer. See note 5.

Information Collection	Respondents	Frequency	Annual Number of Responses	Burden per disclosure (hours)	Total Annual Burden Hours
§1024.33 Mortgage servicing transfer notice	10,730	735	7,886,550	.003	23,659
§1024.39(b)(1) Early and Written intervention for delinquent borrowers notices	592	1,627	963,364	.003	2,900
§1024.35-36 Error-resolution and requests for information	10,730	45	481,682	.170 ⁹	81,885
§1024.37 Force-placed insurance notice	10,730	86	922,780	.003	2,768
§1024.41 Loss mitigation notices	592	8,373	4,956,816	.170 ¹⁰	842,658
§1024.41 Outstanding third-party information notice	592	44	26,048	.003	78
<i>Subtotal Part C</i>	592	44	15,366,000	.003	956,148
Total	12,506	//////////	59,240,519	//////////	1,087,981

⁹ In general, the Bureau assumes that the receipt of an error notice or application and subsequent review requires, on average, 10 minutes per response.

¹⁰ See, note 7.

Information Collection	Respondents	Frequency	Annual Number of Responses	Burden per disclosure (hours)	Total Annual Burden Hours
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An asterisk (*) indicates that the Bureau does not have data necessary to estimate the information collection's burden, and requested comment on this estimate during the 60-day comment period. The Bureau did not receive additional information to update these burden estimates. Thus, the Bureau is unable to estimate the burden of these information collections.

Five-year recordkeeping requirements for documentation related to fees and referrals

The Bureau believes that records kept pursuant to 1024.14(h) are electronic, and therefore the burden is *de minimis*.

Affiliated Business Arrangement Disclosure Statement & recordkeeping requirement

The Bureau understands that many firms use affiliated business arrangements, but it does not have data needed to accurately estimate the burden associated with §1024.15(b) and (b)(1) and §1024.15(d). The Bureau invited comment from covered persons in its *Federal Register* notice. The Bureau did not receive any comment on the burden associated with this information collection is unable to estimate its burden.

Initial escrow account statement

Using 2018 HMDA filings of 2017 mortgage originations, the Bureau identified 7,141,276 mortgage originations covered by Regulation X as federally related mortgage loans.^{11,12} CoreLogic, a company that aggregates and provides a large amount of mortgage data, estimates that 79% of mortgages have escrow accounts.¹³ The Bureau estimates an annual number of escrow mortgage originations (7,141,276 x .79) to be 5,641,608. These 5.6 million originations require the initial escrow account statement. The Bureau believes that, on average, these disclosures take .003 hours to create and send resulting in 17,139 burden hours. The average covered person will be responsible for providing 525 of these initial escrow account statements (5,641,608 / 10,703).

Short year and annual escrow account statement

Pursuant to §1024.17(i) servicers are generally required to provide annual escrow statements within 30 days of the completion of the escrow account computation year, and §1024.17(i)(4) permits the servicer provide short-year statements but requires such a statement when servicing is transferred or the mortgage is paid off. However, when a short-year statement is provided to a borrower, then the

¹¹ See, 12 CFR 1024.2(b) for definition of federally related mortgage loan.

¹² The Bureau recognizes that although the burden estimate is calculated using originations initial escrow statements can be given at any time. Without data to understand if the estimate is over- or under-counted the Bureau uses the number of originations to estimate the number of responses.

¹³ See, <https://www.corelogic.com/blog/2017/06/escrow-vs-non-escrow-mortgages-the-trend-is-clear.aspx>

escrow account computation year under 1024.17(i) is adjusted to begin on the month selected by the servicer. The Bureau believes that, in general, the typical consumer will receive, on average, one such disclosure per twelve-month period over any three year period.

In 2017 there were 48,168,243 households with mortgages.¹⁴ Using CoreLogic's estimate that 79% of mortgages have an escrow account, then the Bureau estimates that 38,052,911 households receive either the short year or annual escrow account statement in a given year (48,168,243 * .79). The Bureau estimates that, on average, these disclosures take .003 hours to create and mail resulting in 114,158 total burden hours (38,052,911 * .003).

Good Faith Estimate for reverse mortgages

Regulation X generally requires that applicants must be provided a Good Faith Estimate (GFE) no later than 3 business days after a lender receives an application (§ 1024.7(a)(a)). Much of this burden is accounted for in OMB Control Number 3170-0015, but the Bureau states the burden of GFE for reverse mortgages in this Control Number.

The Bureau estimates that there were about 60,000 new reverse mortgage applications in 2017,¹⁵ and that providing each disclosure requires .003 hours to provide to the borrower. Therefore, the Bureau estimates that providing this disclosure amounts to 180 burden hours per year industry wide (60,000 x .003).

Use of HUD-1 or HUD-1A and waivers for reverse mortgages

Regulation X generally requires that the settlement agent provide a settlement statement to the buyer and seller (§ 1024.8). Additionally, § 1024.10(e) allows for the buyer to waive their right to the settlement statement.

In general, the settlement agent must provide two settlement statements to each the buyer and seller if there is a seller in the transaction. Therefore, the Bureau estimates 120,000 responses (60,000 reverse mortgages x 2 statements) that require .003 hours to prepare. Therefore, the Bureau assumes 356 burden hours per year industry wide (120,000 x .003). The Bureau does not have access to data describing the number of HUD-1 or HUD-1A waivers submitted by buyers, and requested comment in its 60-day *Federal Register* notice. The Bureau did not receive comment.

Successor in interest information sent to servicer to receive notifications and disclosures

Under Regulation X, 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

¹⁴ See,

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_DP04&prodType=table

¹⁵ The Bureau estimates that there were about 60,000 reverse mortgage transactions in 2017 per the National Reverse Mortgage Lenders Association.

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.

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 estimates 64,380 responses, with a total annual burden of 1,100 hours.

Mortgage servicing transfer notice

Regulation X requires that servicers provide borrowers with a notice of whether their loan may be sold or transferred for reverse mortgages and for closed-end first and subordinated lien mortgages.

The Bureau estimates that each of the 10,730 respondents provides an average of 735 mortgage transfer notices a year, resulting in approximately 7,886,550 (10,730 * 735) notices industry-wide. The Bureau estimates that these notices require .003 hours, resulting in 23,659 total burden hours.

Early intervention notice for delinquent borrowers

In general, servicers are required to provide certain written early intervention notices as prescribed in §1024.39 to certain borrowers by the 45th day of the borrower's delinquency. These notices generally must include information on contacting the servicer, information available on loss mitigation options, if available, and information on the Bureau or HUD list of homeownership counselors.

Respondents have ongoing production and distribution costs from providing this notice. The Bureau estimates that about 2% of mortgage loans are 30-59 days delinquent.¹⁶ There are approximately 48 million households with mortgages,¹⁷ and applying this delinquency rate generates 963,364 estimated responses (48,168,243 x .02). The Bureau assumes that many of these disclosures are pre-populated forms, and thus require only .003 hours of staff time. Therefore, the Bureau estimates about 2,900 burden hours associated with this information collection.

Error-resolution and requests for information

Regulation X's provision for error resolution and requests for information generally requires written acknowledgement of receiving a notice of error or an information request, written notification of correction of error, and oral or written provision of the information requested by the borrower or a written notification that the information requested is not available to the servicer. These activities are information collections.

Respondents have ongoing production and distribution costs from providing responses to alleged errors asserted by the borrower in writing. Based on conversations with large servicers, the Bureau believes 1% of mortgagees allege an error in a year. Therefore, the Bureau estimates 481,682 errors

¹⁶ Q4 2018 estimate from National Delinquency Survey from the Mortgage Bankers' Association.

¹⁷ See, note 18

(1% x 48,168,243) will be alleged annually. Based on conversations with servicers, the Bureau believes that addressing the average error allegation will require approximately 10 (0.17 hours) minutes of staff time. This gives an aggregate industry burden of 81,885 hours.

Force-placed insurance notice

Under Regulation X, servicers are generally required to deliver to the borrower or place in the mail two related notices: one at least 45 days and the other at least 15 days before charging the borrower for force-placed insurance. In addition to the two notices, the Bureau requires servicers to provide borrowers a written notice before charging a borrower for renewing or replacing existing force-placed insurance on an annual basis.

The Bureau believes that that respondents will have ongoing production and distribution costs from providing the disclosures. The Bureau estimates the annual number of disclosures for renewing or replacing existing force-placed insurance as 922,780. The Bureau estimates that large and small servicers will incur production costs of approximately .003 hours resulting in 2,768 total burden hours.

Loss mitigation evaluation and notices

Under Regulation X servicers that offer loss mitigation options in the ordinary course of business are required to follow certain procedures when evaluating loss mitigation applications including providing a notice telling the borrower if the loss mitigation is incomplete (including the documents and information that the borrower should submit to make the application complete), approved, or denied (and, for denials, a more detailed notice of the specific reason for the denial and appeal rights); (2) a notice of the appeal determination; (3) a copy of the loss mitigation application to owners of senior or subordinate liens on the property; and, (4) a notice within five days (excluding Saturdays, Sundays, or legal holidays) after receiving a complete loss mitigation application. Regulation X also generally requires that servicers are required to comply with loss mitigation provisions more than once in a life of a loan for borrowers who become current on payment at any time between the borrower's prior complete loss mitigation application and a subsequent loss mitigation application.

According to HUD's most recent Housing Scorecard (December 2016) nearly 15.9 million loss mitigation actions occurred between April 2009 and December 2016. The Bureau recognizes that not all loss mitigation actions are accepted, and to estimate the actual loss mitigation actions, assumes for every accepted modification one is rejected by the borrower. The annualized number of modifications of these seven years is 2.3 million. Applying the 50% modification rate, the Bureau estimates there are approximately 4.6 million loss mitigation actions in a given year. Additionally, the Bureau estimates that the number of borrowers who apply for multiple loan modifications after bringing a loan current to be 357,000 annually. Therefore, the total number of loss mitigation actions per year to be 4,957,000. The Bureau assumes that the average loss mitigation action will require 10 minutes (0.17 hours) of staff time for an aggregate industry burden of 842,690 hours.

Outstanding third-party information notice

Regulation X 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 loss mitigation application and cannot evaluate the application in accordance with applicable requirements established by the owner or assignee or the mortgage loan.

Respondents have ongoing production and distribution costs from providing this disclosure. The Bureau estimates the annual number of notices that would be sent to borrowers under the provision to be 26,048. The Bureau estimates that servicers will incur internal production costs of approximately 0.003 hours per disclosure, multiplied by 22,270 disclosures, resulting in 78 burden hours.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

Information Collection	Per Unit Costs (USD)	Quantity	Total Cost (USD)
1024.17(g) Reproducing and Mailing initial escrow account statements ¹⁸	.30	5,641,608	1,692,482
1024.17(h) Reproducing and Mailing Short year escrow account statements ¹⁹			
1024.17(i) Reproducing and Mailing annual escrow account statements	.30	38,052,911	11,415,873
1024.7 Good Faith Estimate for reverse mortgages	.30	60,000	18,000
1024.8 Use of HUD-1 or HUD-1A for reverse mortgages	.30	120,000	36,000
1024.32 Successors in Interest—Regulation X	0.30	64,380	19,314
1024.33 Mortgage servicing transfer notice	0.30	7,886,550	2,365,965
1024.33 and 1024.39 Early intervention written notices	0.30	963,364	289,009
1024.35-36 Error-resolution and requests for information	0.30	481,682	144,504
1024.37 Force-placed insurance notice	0.30	922,780	276,834
1024.41 Loss mitigation evaluations and notices	0.30	4,957,000	1,487,100
1024.41 Third-Party Information	0.30	26,048	7,814
Total Burden Costs:	////////////////////	////////////////////	17,752,895

The Bureau estimates that the printing and mailing costs to be about \$0.30 per disclosure. This results in a total cost of Regulation X requirements to be about \$17,752,895.

¹⁸ This disclosure may be combined with the TRID disclosure and the burden for providing it is taken in 3170-0015.

¹⁹ See discussion regarding 1024.17(h) above.

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

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
New Burden Requested	12,506	59,240,519	1,087,981	17,752,895
Current OMB Inventory	14,989	25,026,566	7,683,928	7,532,623
Difference (+/-)	-2,483	+34,213,953	-6,595,947	+10,220,272
Program Change				
Discretionary				
New Statute				
Violation				
Adjustment	-2,483	+34,213,953	-6,595,947	+10,220,272

The Bureau updated burden allocations to better reflect the burden of the January 10, 2013. Final Rule and the August 4, 2016 Final Rule which amended Regulation X. The above burden allocation accounts for all parts of Regulation X. Further, the Integrated Discloser Rule removed a significant amount of burden previously associated with this rule and reallocated it to Regulation Z (TILA). Finally the Bureau identified additional information collections in the regulation which had not been previously accounted for, for which it is now taking burden.

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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