

**SUPPORTING STATEMENT FOR
REGISTRATION OF MORTGAGE LOAN ORIGINATORS
(REGULATION G)
OMB CONTROL NUMBER: 3170-0005**

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Regulation G implements the S.A.F.E. Act's federal registration requirement with respect to any covered financial institutions, and their employees who act as residential mortgage loan originators (MLOs), to register with the Nationwide Mortgage Licensing System and Registry (NMLSR), obtain a unique identifier, maintain this registration, and disclose to consumers the unique identifier. The rule also requires the covered financial institutions employing these MLOs to adopt and follow written policies and procedures to ensure their employees comply with these requirements and to disclose the unique identifiers of their MLOs.

NMLSR was created by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators. It is operated by the State Regulatory Registry LLC, a wholly owned subsidiary of Conference of State Bank Supervisors.

The S.A.F.E. Act provides that the objectives of this registration include:

- aggregating and improving the flow of information to and between regulators;
- providing increased accountability and tracking of mortgage loan originators (MLOs);
- enhancing consumer protections;
- supporting anti-fraud measures; and
- providing consumers with easily accessible information at no charge regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, MLOs.

The information is used by employers to ascertain whether MLOs are prohibited from being hired due to violations of other financial statutory requirements, or in general whether an individual is fit for employment by the institution. The information is also used by consumers, as described above. Finally, Federal regulatory agencies use this information to ascertain whether employers are meeting the requirements of using this system's information to make judgments on MLO hires; the information also gives agencies an improved means of tracking MLOs and taking appropriate action in cases of consumer harm.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

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The data collected in the registry are described in detail in 12 CFR Part 1007 as well as in the supplementary documents attached to this supporting statement and include information and supporting documentation to the extent required by the registry. In particular, the information collected includes specific identifying information including:

- name, home address, business contact information, social security number, gender, and date and place of birth;
- financial services-related employment history for the past ten years, including convictions and civil actions of the individual related to financial services-related activities;
- action orders regarding breaches of trust, dishonesty, or unfair or unethical actions; suspensions of authority to act as an attorney, accountant, or state or Federal contractor; and
- fingerprints of the individual for use in criminal history background checks.

The confidentiality of this information, except the information provided to the public, is secured by 12 USC 5111(a), which essentially extends any existing privacy protections provided by state or federal laws to the information submitted to NMLSR.

Part of the information is made available to general public, following S.A.F.E. Act's goal of providing consumers with information regarding individual MLOs. In accordance with 12 USC 5111(d), information available to the public includes:

- name,
- phone number,
- work address,
- employment history (including self-reported employment history not related to mortgage origination),
- currently held state licenses, and
- state regulatory actions, if any.

This information is submitted in electronic form from MLOs and their employers and reported to the NMLSR, a web-based system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage regulators jointly through the State Regulatory Registry LLC.

The information is used primarily by employers to ascertain whether MLOs are prohibited from being hired due to violations of other financial statutory requirements, or in general whether an individual is fit for employment by the institution. The information is also used by consumers, who are able to go onto the Consumer Access website for NMLSR and check the employment history and disciplinary records of MLOs, primarily in connection with one whom the consumer is considering using as an agent to obtain a mortgage. A secondary use is for Federal regulatory agencies to ascertain whether employers are meeting the requirements of using this system's information to make judgments on MLO hires, and gives them an improved means of tracking MLOs and taking appropriate action in cases of consumer harm.

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3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

Section 1502 of the S.A.F.E. Act (12 USC 5101) establishes the Nationwide Mortgage Licensing System and Registry, with a specific requirement that consumers have access to the Registry through the Internet. Although the Act does not specifically call for electronic means of registration, in practice all submissions of information collections are made using the web interface of the Nationwide Mortgage Licensing System and Registry, a web-based system developed and maintained by the State Regulatory Registry LLC. The electronic form is stored in a secured, centralized repository.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item A.2 above.

The information collected is not otherwise available.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

This collection of information imposes on covered entities, regardless of size, only the minimum burden necessary to accomplish the program objectives discussed in Questions 1 and 2. Though small entities will be required to take steps to ensure compliance with the rule, the rule does contain an exception from registration as a mortgage loan originator for an employee of any covered entity if (during the preceding 12 month period) the employee acted as a mortgage loan originator for five or fewer residential mortgage loans.

6. Describe the consequence to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Compliance with Regulation G requires timely registration, annual registration renewals, and maintaining the accuracy of the information supplied. A less frequent collection will undermine the quality of information. Currently, every effort is made to reduce the burden of information submission such as batch processing for employers as well as auto-completion of individual forms whereby an individual MLO needs to provide information only if material circumstances have changed.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

Regulation G's information collection components are consistent with the applicable guidelines contained in 5 CFR 1320.5(d)(2).

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection-of-information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In accordance with 5 CFR §1320.8(d)(1), the Bureau of Consumer Financial Protection (Bureau) has published a notice in the Federal Register¹ allowing the public 60 days to comment on this proposed extension (renewal) of this currently approved collection of information. The Bureau received one relevant comment on this information collection suggesting our burden estimate for

¹ 87 FR 7162 (2/8/2022).

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the collection was too low. The Bureau has re-evaluated its burden estimate based on past usage due to this comment and will not change its burden estimate.

Also, in accordance with 5 CFR §1320.5(a)(1)(iv) the Bureau has also published a notice in the Federal Register² allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

9. Explain any decision to provide any payments or gifts to respondents, other than remuneration of contractors or grantees

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Generally, the confidentiality of information collected by the Registry is provided by 12 USC 5111.

The respondents submit information directly into NMLSR while CFPB obtains data from NMLSR under an MOU agreement with the State Regulatory Registry LLC, an organization that maintains NMLSR. The current NMLSR user agreements and privacy policies can be found at <http://mortgage.nationwidelicencingsystem.org/about/Pages/Policies.aspx>.

Whenever CFPB receives information obtained through NMLSR, CFPB shall treat the information in accordance with applicable federal law, including but not limited to the Bureau's confidentiality rules, 12 CFR Part 1070 and the federal laws and regulations that apply to federal agencies for the protection of privacy, confidentiality, security and integrity.

The information collected under this information collection includes direct identifying personally identifiable information (PII) in order to meet objectives set by Regulation G. The NMLSR and the federal registry are authorized by the S.A.F.E. Act as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, Title X, Section 1100, codified at 12 USC 5101 *et seq.* The CFPB.019 Nationwide Mortgage Licensing System & Registry, 77 FR 35359 System of Records Notice (SORN), and the Nationwide Mortgage Licensing System & Registry Privacy Impact Assessment (PIA) cover the use of administrative data.

This information collection implicates privacy concerns because a breach of confidentiality could result in an individual suffering harm. To reduce the risk of breaches of confidentiality, CFPB uses appropriate security controls to protect information in the database and disclosed to consumers. There is risk related to misuse of information collected. Misuse might involve secondary types of use that are incompatible with the purposes of the initial collection, or a use of the information that individuals do not understand or to which they have not provided consent. To reduce the risk of misuse, the CFPB minimizes access to PII based on the need-to-know basis. The Bureau treats the information received through NMLSR in a manner consistent with

² 87 FR 31537 (5/24/2022).

our confidentiality regulations, and all data and analyses are subject to legal and privacy review prior to their release. The Bureau also evaluates the potential privacy risk and harm to individuals relative to the authorized purpose, and vets any research proposals using these data to ensure that they serve an authorized purpose. Disclosure conducted under any studies using these data will be consistent with the Privacy Act and the E-Government Act.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Questions regarding prior misconduct are the most sensitive among the data that is being collected. However, answers to these questions are essential for meeting the objectives of Regulation G. This information is used by employers to ascertain whether certain MLOs are prohibited from being hired due to violations of other financial statutory requirements, or in general whether an individual is fit for employment by the institution. The information is also used by consumers to ascertain the trustworthiness of the MLO they are transacting with. Finally, Federal regulatory agencies use this information to ascertain whether employers are meeting the requirements of using this system's information to make judgments on MLO hires.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. General, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

The following table summarizes the burden related to information collections required by Regulation G from institutions and individual MLOs. The counts of annual responses for each information collection are based on the actual records obtained from NMLSR. The average response time is based on interviews with industry experts.

Information collection requirement	No. of Respondents	Annual Frequency	Annual Responses	Average Response Time (hrs.)	Annual Burden Hours	Hourly Rate ³	Labor Costs	CFPB share ⁴
Federally registered institutions								
Initial registration	31	1	31	3.00	93	\$16.19	\$1,506	0.0% ⁵
New employee registration	4,282	10 ⁶	40,691	0.02	678	\$16.19	10,980	62.0%
Annual renewal	9,750	1	9,750	0.50	4,875	\$16.19	\$78,926	1.5% ⁷
Federally registered MLOs								
Initial registration	65,000	1	65,000	2.75	178,750	\$31.09	\$5,557,338	62.0%
Joining an institution	40,691	1	40,691	0.30	12,207	\$31.09	\$379,525	62.0%
Annual renewal	422,703	1	422,703	0.50	210,872	\$31.09	\$6,555,995	62.0%
Summary								
Total hours:	407,475						CFPB allocated hours	249,628
								\$7,753,569
Total labor cost:	\$12,584,269						CFPB allocated labor cost	69
No. of respondents - institutions	9,750						CFPB respondents - institutions	158
No. of respondents - MLOs	421,743						CFPB respondents - MLOs	261,480
No. of respondents - total	431,493						CFPB respondents - total	261,638

The CFPB estimates that the total ongoing recordkeeping and disclosure costs for the market under Regulation G are 407,745 hours, implying the associated labor cost of \$12,584,269. For purposes of PRA, the CFPB allocates to itself 249,628 hours, implying the associated labor cost of \$7,753,569. The CFPB share in the total burden is calculated as follows.

According to the Dodd-Frank Act assignment of supervisory authority, CFPB is allocated burden for 158 depository institutions (127 depository institutions with total assets of more than \$10 billion and 31 affiliates) over which CFPB has primary enforcement authority with respect to Regulation G. Working with data provided by NMLSR, we found that the share of individual federally registered MLOs for these institutions is 62% of the overall market. We apply this share to the total burden to obtain the burden allocated to CFPB.

13. Provide an estimate of the total annual cost burden to respondents or record

³ Hourly rate labor costs are the median hourly wages from the Bureau of Labor and Statistics (BLS) for affected occupational groups. Occupational groups for the PRA burden of regulation G are defined as loan officers (<http://www.bls.gov/ooh/business-and-financial/loan-officers.htm#tab-5>) and information clerks (<http://www.bls.gov/ooh/office-and-administrative-support/information-clerks.htm>).

⁴ CFPB allocated labor hours and costs are calculated by multiplying the share by the totals

⁵ All CFPB institutions are already in the system

⁶ Represents the average number of new hires per institution each year.

⁷ Reflects 158 out of total 9,750 federally registered institutions that are supervised by CFPB

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keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

NMLSR collects processing fees from both institutions and individual MLOs at various stages of the registration process and renewal. Using the available data and fee information, we calculate the approximate total cost to respondents, in the table below.

Description of costs	Unit Cost	Units	Total Cost
Federally registered institutions			
Initial registration fee	\$100	31	\$3,100
Annual processing fee	\$100	9,750	\$975,000
Federally registered MLOs			
Initial registration fee	\$60	65,000	\$3,900,000
Annual processing fee	\$30	421,743	\$12,652,290
Change of employment fee	\$30	40,691	\$1,220,730
Summary			
Total cost:	\$18,751,120		
CFPB share	62%		
CFPB costs	\$11,625,694		

The total annual non-labor cost burden to respondents is \$18,751,120. Using the same methodology as in 12, the CFPB allocates 62% of the total non-labor cost burden to itself, amounting to \$11,625,694.

14. Provide estimates of the annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 into a single table.

There are no additional costs to the Federal Government.

15. Explain the reasons for any program changes or adjustments.

The Bureau is not making any program changes or adjustments in this information collection request. The addition of 4,793 annual responses is due entirely to the correction of mathematical errors in the previous clearance.

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
Total Annual Burden Requested	261,638	578,866	249,628	\$11,625,694
Current OMB Inventory	261,638	574,073	249,628	\$11,625,694
Difference (+/-)	0	4,793	0	0
Program Change				

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Discretionary	0	0	0	0
New Statute			0	\$0
Violation			0	\$0
Adjustment	0	0	0	0

16. For collections of information whose results will be published, outline plans for tabulations, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The public will have access to information in the Registry about a MLOs employment history, work address, state regulatory actions.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The information collection is not collected in a manner that allows the display of the current expiration date. However, the expiration date can be found under the “Information Collections under Review” section of www.reginfo.gov (<https://www.reginfo.gov/public/do/PRAMain>).

18. Explain each exception to the certification statement.

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.