

**SUPPORTING STATEMENT FOR
REAL ESTATE SETTLEMENT PROCEDURES ACT (REGULATION X)
OMB CONTROL NO.: 3170-0016**

A. JUSTIFICATION

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.

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.

The Consumer Financial Protection Bureau's (CFPB's) 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.

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.

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.

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 include:

Initial escrow account statement

Servicers are required to provide an account statement regard a borrower's escrow account when opened

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.

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 CFPB states the burden of GFE for reverse mortgages in this Control Number.

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

This regulation 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.

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

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

Mortgage servicing transfer notice

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..

Early intervention notices 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 CFPB or HUD list of homeownership counselors.

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.

Force-placed insurance notice

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 CFPB requires servicers to provide borrowers a written notice before charging a borrower for renewing or replacing existing force-placed insurance on an annual basis.

Loss mitigation evaluation and notices

Servicers that offer loss mitigation options in the ordinary course of business are required to follow certain procedures when evaluating loss mitigation applications including:

- (1) providing a notice telling the borrower if the loss mitigation 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.

Outstanding third-party information notice

Servicers must 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.

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 CFPB 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.

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.

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.

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. 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 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 CFPB's Rule to which servicers in those States must adhere. Additionally, the CFPB issued minimum standards so that, to the extent the CFPB's requirements overlap with existing Federal law, the CFPB expects servicers would abide by the stricter standard in order to comply with all requirements.

For borrowers in bankruptcy, the CFPB 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 CFPB 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 CFPB 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 CFPB is not aware of any other Federal law or regulations that currently duplicate, overlap, or conflict with the requirements of Regulation X.

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

The CFPB 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. 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.

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.

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)

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.**

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 CFPB and other agencies inspect such documents to ensure compliance with this regulation, and the extended recordkeeping period is therefore necessary to ensure compliance.

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. 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 CFPB has published a notice in Federal Register that provides the public 60 calendar days to comment on the extension of reporting requirements contained within OMB Control No. 3170-0015.² No relevant comments were received.

Also, in accordance with 5 CFR §1320.5(a)(1)(iv), the CFPB has also published a notice in the Federal Register providing the public 30 days to comment on reporting requirements contained within this information collection request.

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

Not Applicable.

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

The CFPB 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. 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.

There is no information of a sensitive nature being requested.

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.**

² 88 FR 8262 (published on 02/08/2023).

The CFPB estimates the burden of this information collection as follows:

The CFPB accounts for the paperwork burden for all respondents under Regulation X. 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 CFPB 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. The CFPB estimates those events occur in loans made by only a fraction of the total respondents for these information collections. Therefore, the CFPB estimates that each of these information collections has 592 additional 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.

The CFPB 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 CFPB also requires that certain records be kept for five years after the consummation of transactions in order to facilitate the CFPB's inspection and enforcement of these requirements. The CFPB 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 burden for the information collection is as follows

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

§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
§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
Information Collection	Respondents	Frequency	Annual Number of Responses	Burden per disclosure (hours)	Total Annual Burden Hours

§1024.7 Good Faith Estimate for reverse mortgages	10,730	6	60,000	.003	180
§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	*	*	*	*
Subtotal Part B	10,730	////////////////	43,874,519	////////////////	131,833
Subpart C					
§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

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

An asterisk (*) indicates that the CFPB 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 CFPB did not receive additional information to update these burden estimates. Thus, the CFPB is unable to estimate the burden of these information collections.

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

³ the CFPB 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 CFPB believes that records kept pursuant to 1024.15(d) are electronic, and therefore the burden is *de minimis*

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

The CFPB 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 CFPB 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 CFPB invited comment from covered persons in its *Federal Register* notice. The CFPB did not receive any comment on the burden associated with this information collection is unable to estimate its burden.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

Information Collection	Per Unit Costs (USD)	Quantity	Total Cost (USD)
1024.17(g) Reproducing and Mailing initial escrow account statements ¹⁸³	.30	5,641,608	1,692,482
1024.17(h) Reproducing and Mailing Short year escrow account statements ¹⁹⁴			
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

³ This disclosure may be combined with the TRID disclosure and the burden for providing it is taken in 3170-0015.

⁴ See discussion regarding 1024.17(h) above.

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

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.

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

15. Explain the reasons for any 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	12,506	59,240,519	1,087,981	17,752,895
Difference (+/-)	0	0	0	0
Program Change				
Discretionary				
New Statute				
Violation				
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 information collections are third-party disclosures. There is no publication of the information.

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 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. Explain each exception to the certification statement.

The CFPB 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.