Supporting Statement for the
Recordkeeping and Disclosure Requirements Associated with CFPB’s Regulation Z  
(FR Z; OMB No. 7100-0199)

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Recordkeeping and Disclosure Requirements Associated with CFPB’s Regulation Z (FR Z; OMB No. 7100-0199).\(^1\) The Truth in Lending Act (TILA) and Regulation Z promote the informed use of credit by consumers for personal, family, or household purposes by requiring disclosures about its terms and costs, as well as ensuring that consumers are provided with timely information on the nature and costs of the residential real estate settlement process.\(^2\)

The estimated total annual burden for the FR Z is 387,079 hours.

Background and Justification

The Board was responsible for issuing regulations to implement TILA starting with the statute’s enactment in 1968; these regulations came to be memorialized as the Board’s Regulation Z. Since 2011, however, the CFPB has been responsible for issuing most of the TILA regulations that apply to institutions supervised by the Board, and accordingly recodified Regulation Z in substantially duplicated form in its regulations.\(^3\) The Board has rulemaking but not supervisory authority over certain motor vehicle dealers, as specified in section 1029 of the Dodd-Frank Act (1029 motor vehicle dealers).\(^4\)

TILA and Regulation Z require creditors to provide consumers with disclosures about the costs, terms, and related information regarding a wide range of credit products for personal, family, or household purposes. Depending on the credit product, required disclosures include information that must be provided at the time of the consumer’s application for credit, at consummation (for closed-end credit) or account-opening (for open-end credit), and throughout the term of the loan. TILA and Regulation Z also contain rules concerning recordkeeping and credit advertising.\(^5\)

Regulation Z does not apply to certain types of transactions,\(^6\) and generally does not apply to consumer credit transactions that exceed an annually adjusted threshold amount.

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\(^1\) The Truth in Lending Act (TILA) is codified at 15 U.S.C. § 1601 et seq. Regulation Z is published by the Board at 12 CFR Part 226 and by the CFPB at 12 CFR Part 1026. As explained elsewhere in this Supporting Statement, the CFPB’s Regulation Z applies to the institutions supervised by the Board.

\(^2\) In addition, Regulation Z contains requirements that are not considered information collections and thus are not addressed here.

\(^3\) See 76 FR 79768 (Dec. 22, 2011) (Interim Final Rule) and 81 FR 25323 (April 28, 2016) (Final Rule).


\(^5\) In addition, Regulation Z contains requirements that are not considered information collections and thus are not addressed here.

\(^6\) Exemptions include business or agricultural credit, public utility credit, securities or commodities accounts, home fuel budget plans, certain educational loan programs, and employer-sponsored retirement plans. See 12 CFR 1026.3.
($66,400 for 2023). However, regardless of the amount of credit extended, Regulation Z applies to (1) consumer credit secured by real property, (2) consumer credit secured by personal property used or expected to be used as the principal dwelling of the consumer, and (3) private education loans.

This information is not available from other sources.

**Description of Information Collection**

The recordkeeping and disclosure requirements of Regulation Z that are considered information collections applicable to Board-supervised institutions are described in the seven parts below. Part I addresses information collection requirements for open-end credit. Part II reviews information collection requirements for closed-end credit. Part III discusses information collection requirements that apply to both open- and closed-end mortgage credit. Part IV summarizes information collection requirements for specific residential mortgage types – namely, reverse mortgages and mortgage loans above certain price thresholds. Part V reviews information collection requirements for private education loans. Finally, Parts VI and VII discuss information collection requirements related to Regulation Z’s advertising and record retention requirements, respectively.

The frequency of response varies according to the level of credit activity by a creditor. No other federal law mandates these recordkeeping and disclosure requirements, although some states may have similar requirements. Not all information collections described below result in burden to Board-supervised institutions. In addition, the Board understands that respondents use information technology to comply with these disclosure provisions, which establish uniform standards for providing disclosures (including electronic disclosures) required under Regulation Z, within the context of the Electronic Signatures in Global and National Commerce Act (ESIGN). These rules enable businesses to utilize electronic disclosures, consistent with the requirements of ESIGN. Use of such electronic communications is also consistent with the Government Paperwork Elimination Act (GPEA). ESIGN and GPEA serve to reduce businesses’ compliance burden related to Federal requirements, including Regulation Z, by enabling businesses to use more efficient electronic media for disclosures and compliance.

**Part I. Open-end Credit Information Collections**

**A. Open-End (Not Home-Secured) Credit Plans**

1. **General Disclosure Rules for Open-End (Not Home-Secured) Credit Plans**

   a. **Credit and Charge Card Applications and Solicitations (Section 1026.60)**

   Generally, credit and charge card issuers must provide disclosures with applications and solicitations. When offering cards to consumers by direct mail solicitation, card

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7 See 87 FR 63671 (Oct. 20, 2022).
8 12 CFR 1026.3(b).
11 There are some exceptions to this rule, including for additions of a credit or charge card to an existing open-end plan or for consumer-initiated requests for applications. See 12 CFR 1026.60(a)(5).
issuers must disclose in a prescribed format the key terms of the account, such as the annual percentage rate (APR), information about variable rates and fees (e.g., annual fees), minimum finance charges, and transaction fees for purchases. Similar disclosure rules apply in telephone solicitations, as well as for “take-one” and magazine or catalog applications. Certain required disclosures that apply to credit cards do not apply to charge cards. Applications and solicitations for charge cards, but not for credit cards, are also required to include a statement that charges incurred by use of the charge card are due when the periodic statement is received.

b. Account-Opening Disclosures (Section 1026.6(b)) Creditors that offer open-end credit are required to inform consumers of costs and terms before they use the accounts. Account-opening information must include each periodic rate that may be used to compute the finance charge, charges imposed as part of an open-end (not home-secured) plan, a description of the method for calculating balances upon which a finance charge will be based, a statement of billing rights, and, if applicable, an acknowledgement of the fact that the creditor has or will acquire a security interest in property purchased under the plan or in other identified property. Certain terms must be presented in a tabular format.

c. Periodic Statements (Section 1026.7(b)) A written statement of activity on open-end accounts must be provided each billing cycle, which is typically monthly. The statement must be provided for each account that has a debit or credit balance of more than $1 or on which a finance charge is imposed, and it must include a description of activity on the account, opening and closing balances, finance charges imposed, and payment information.

D. Change-in-Term Disclosures (Section 1026.9)

Checks used to access a credit card account (Section 1026.9(b)(3)). A card issuer that provides checks that access a credit card account must disclose key terms in a summary table on the front of the page containing the checks if they are provided more than 30 days after the account-opening disclosures (or if the terms differ from the finance charges previously disclosed).

Significant changes (Section 1026.9(c)(2)). For open-end (not home-secured) plans, if the creditor makes a significant change in account terms, that creditor generally must provide written notice of the change at least 45 days prior to the effective date of the change. For certain significant changes, the creditor must provide the consumer a right to reject the change and provide disclosures regarding the right to reject, but the creditor may terminate or suspend further advances if the consumer rejects the change.12

Renewals (Section 1026.9(e)) If a card issuer has changed any annual or other periodic fee to renew a credit or charge card account or changed any terms required to

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12 See 12 CFR 1026.9(h).
be disclosed at account opening, and has not previously disclosed these changes to the consumer, the card issuer must mail or deliver written notice of the card renewal.

Credit Insurance (Section 1026.9(f)) A credit card issuer that plans to change its credit insurance provider must provide 30 days’ advance notice to cardholders with information on any increased cost or substantial decrease in coverage that would result. The notice must inform consumers about their right to cancel the insurance. No later than 30 days after the change, the issuer must provide the cardholder with the following information: the name and address of the new insurance provider; a copy of the new policy or group certificate; and a statement that the cardholder may discontinue the insurance.

Increase in interest rates due to delinquency or default or as a penalty (Section 1026.9(g)). Creditors must provide written notice to the consumer with specific information regarding an increased rate at least 45 days in advance of the rate increase due to delinquency or default or as a penalty.

2. Other Information Collections for Credit and Charge Cards

a. Timely Settlement of Estate Debts (Section 1026.11(c)) For credit card accounts under an open-end (not home-secured) plan, card issuers must adopt reasonable written policies and procedures designed to ensure that an administrator of an estate of a deceased accountholder can determine the amount of and pay any balance on the account in a timely matter. Upon request by the administrator of an estate, a card issuer must provide the administrator with the amount of the balance on a deceased consumer’s account in a timely manner.

b. Ability to Pay (Section 1026.51) Card issuers must establish and maintain reasonable written policies and procedures to consider the consumer’s ability to make the required minimum payments under the terms of the account based on a consumer’s income or assets and a consumer’s current obligations. For consumers less than 21 years old, the consumer must provide financial information indicating the consumer has an independent ability to pay and include a signed agreement of a cosigner, guarantor, or joint applicant who is at least 21 years old to be secondarily or jointly liable on the account prior to opening an account or increasing the credit line on the account.

c. Reporting and Marketing Rules for College Student Open-End Credit (Section 1026.57(d)) Card issuers that are a party to one or more college credit card agreements must submit annual reports to the CFPB regarding those agreements by the first business day on or after March 31 of each calendar year. The annual report must include the method or formula used to determine the amount of payments from an issuer to an institution of higher education or affiliated organization during the

13 Once contacted by an administrator of a deceased accountholder’s estate, card issuers generally may not impose any fees on the account or increase any annual percentage rate and must waive or rebate any additional charges due to a periodic interest rate if the administrator makes payment in full within 30 days of learning the decedent’s account balance from the card issuer.
reporting period. In addition, each annual report must include a copy of any memorandum of understanding that directly or indirectly relates to the college credit card agreement or that controls or directs any obligations or distribution of benefits between these entities.

d. Internet Posting of Credit Card Agreements (Section 1026.58) Any card issuer that issues credit cards and had 10,000 or more open credit card accounts as of the last business day of the calendar quarter must submit credit card agreements offered to the public to the CFPB quarterly for posting on the CFPB’s public website. These card issuers also must post on their websites the credit card agreements that they must submit to the CFPB. Regarding any open credit card account, a card issuer must either post and maintain the cardholder’s agreements on its website or promptly provide a copy of the agreements to the cardholder upon the cardholder’s request.

Based on supervisory information and consistent with the conclusions of the CFPB, the Board has determined that burden associated with these requirements is de minimis.

e. Hybrid Prepaid Credit Cards (1026.61) An issuer of a hybrid prepaid-credit card must, among other requirements, obtain a written authorization from the consumer to link certain credit features to the prepaid account. A hybrid prepaid-credit card is considered a “credit card” for purposes of Regulation Z and must comply with all the provisions governing credit cards under Regulation Z, including disclosure requirements.

None of the Board’s current respondents has been identified as an issuer of hybrid prepaid-credit cards; therefore, the Board considers the burden associated with this requirement to be de minimis or nonexistent.

B. Open-End Home-Equity Plans

Several disclosure requirements apply specifically to open-end credit plans secured by a dwelling, commonly referred to as HELOCs.

1. Application Disclosures (Section 1026.40) Creditors must provide to the consumer at the time of application a set of disclosures describing various features of a creditor’s HELOC plans, including, among other things, the length of the draw and repayment periods, how the minimum required payment is calculated, whether a balloon payment will be owed if a consumer makes only minimum required payments, payment examples, and what fees are charged by the creditor to open, use, and maintain the plan.

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14 See 12 CFR 1026.58(a) and (c).
15 See 12 CFR 1026.58(d).
16 See 12 CFR 1026.58(e).
2. Account Opening (Section 1026.6(a))

Before the first transaction on a HELOC, creditors must disclose to the consumer the costs and terms of the plan, including the circumstances under which a finance charge may be imposed and how it will be determined (e.g., interest, transaction charges, minimum charges, and each periodic rate of interest that may be applied to an outstanding balance) and the corresponding APR. In addition, creditors must disclose the amount of certain charges other than finance charges, such as a late payment charge.

3. Periodic Statements (Section 1026.7(a))

Creditors must provide periodic statements reflecting account activity for the billing cycle (typically, one month). In addition to identifying each transaction on the account, creditors must identify each finance charge and each other charge assessed against the account during the statement period. Creditors must disclose the periodic rate that applies to an outstanding balance and its corresponding APR. Creditors also must disclose an “effective” or “historical” APR for the billing cycle, which includes not just interest but also finance charges imposed in the form of fees.

4. Change-in-Terms Notices (Section 1026.9(c)(1)(i) and (ii))

Creditors must send, in most cases, notices 15 days before the effective date of certain changes in the account terms.

5. Notices to Restrict Credit (Sections 1026.9(c)(1)(iii), 1026.40(f)(3)(i) and (f)(3)(vi))

If a creditor prohibits additional extensions of credit or reduces the credit limit as permitted under Regulation Z, the creditor must mail or deliver written notice to each consumer who is affected. The notice must be provided no later than three business days after the action is taken and must contain the specific reasons for the action. If the creditor requires the consumer to request reinstatement of the line, the notice also must state that fact.

C. Rules Applicable to All Open-End Credit

1. Billing Rights and Error Resolution (Sections 1026.9(a) and 1026.13)

   a. Billing Rights (Section 1026.9(a)) Creditors extending open-end credit must notify consumers about their rights and responsibilities regarding billing problems. Creditors may provide either a complete statement of billing rights each year, or a summary on each periodic statement.18 The paperwork burden for the summary is included in the estimated burden for periodic statements.

   b. Error Resolution (Section 1026.13) When a consumer alleges a billing error, the creditor must provide an acknowledgment, within 30 days of receipt, that the creditor

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18 Regulation Z provides model language that creditors may use for the ongoing billing rights statement requirement at Appendices G-4 and G-4(A).
received the consumer’s error notice. Within two complete billing cycles (but in no event later than 90 days), the creditor must conduct an investigation and:

- If the alleged billing error did occur, the creditor must correct the billing error (including by crediting the account, as appropriate) and provide a correction notice to the consumer.
- If the billing error did not occur, the creditor must provide to the consumer an explanation as to why the creditor believes an error did not occur and provide documentary evidence to the consumer upon request. The creditor must also give notice of the portion of the disputed amount and related finance or other charges that the consumer still owes and notice of when payment is due.
- If a different billing error occurred than alleged, the creditor must correct the billing error and credit the consumer’s account with any disputed amount and related finance or other charges, as applicable.

Based on supervisory information, the Board has concluded that material burden associated with these requirements is limited to open-end (not home-secured) credit products.

Part II. Closed-End Credit Information Collections

A. Closed-End Credit Other than Real Estate, Home-Secured, and Private Education Loans (Sections 1026.17 and .18)

Generally, before consummation of a closed-end consumer credit transaction, the creditor must disclose to the consumer credit terms such as the amount financed, the APR, the finance charge, the payment schedule, and other information. Key information must be highlighted for consumers through the use of certain terminology and a specific format. Transactions for which the amount financed exceeds $69,500 for 2024 (adjusted annually based on increases in the consumer price index) are exempt unless they are private education loans or are secured by real property or a consumer’s dwelling.\(^{19}\)

B. Closed-End Mortgages

1. Application and Consummation Disclosures

Information collections under TILA for most closed-end mortgage loans are described below. The Loan Estimate and Closing Disclosure requirements under the TRID Rule (items (b) and (c), below) apply to consumer credit transactions secured by real property or a cooperative unit, other than reverse mortgage loans. These rules are contained in Regulation Z and Regulation X.\(^{20}\)

   a. Interest Rate and Payment Summary (Section 1026.18(s)), “No-Guarantee-to-Refinance” Statement (Section 1026.18(t)), and Good Faith Estimates (Section

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\(^{19}\) 88 FR 83322, 83323 (Nov. 29, 2023).

\(^{20}\) See 12 CFR part 1024. The final rule adding the disclosure requirements for closed-end consumer credit transactions to Regulation Z reduced information collections under Regulation X. See 78 FR 79730, 80103 (Dec. 31, 2013).
The requirements to provide consumers with the interest rate and payment summary disclosure and “no-guarantee to refinance” statement apply with respect to (1) closed-end loans secured by real property or a dwelling (other than a cooperative unit), and that are not also secured by real property; and (2) closed-end reverse mortgages.\textsuperscript{21}

Creditors for these loans generally must provide consumers with interest rate and monthly payment information before consummation.\textsuperscript{22} Regulation Z provides model forms clauses for these disclosures.\textsuperscript{23}

For closed-end reverse mortgage loans, good faith estimates of this information also must be delivered or placed in the mail not later than the third business day after the creditor receives the consumer’s written application.

In addition, creditors for these loans must disclose that there is no guarantee that the consumer can refinance the transaction to lower the interest rate or periodic payments. Regulation Z provides a model clause for this disclosure, so de minimis burden is associated with this aspect of these requirements.\textsuperscript{24}

b. Loan Estimate (Sections 1026.19(e) and 1026.37) For consumer credit transactions secured by real property or a cooperative unit, other than reverse mortgage loans, creditors must provide to consumers within three business days after receipt of the consumer’s application a Loan Estimate disclosure form. Creditors must provide a revised Loan Estimate (or, as appropriate, use the Closing Disclosure) in transactions where the closing costs are revised from the amounts previously disclosed on the initial Loan Estimate.\textsuperscript{25}

c. Closing Disclosure (Sections 1026.19(f) and 1026.38) For consumer credit transactions secured by real property or a cooperative unit, other than reverse mortgage loans, creditors must ensure that consumers receive a Closing Disclosure form at least three business days before consummation.

d. Receipt of Documentation of Counseling for Negative Amortization Loans (Section 1026.36(k)) A creditor is prohibited from extending closed-end, dwelling-secured credit to a first-time borrower that has negative amortization (other than a reverse mortgage or a transaction secured by a timeshare plan interest), unless the creditor receives documentation that the consumer has obtained homeownership

\begin{footnotesize}
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\item \textsuperscript{21} See, e.g., Official Staff Commentary, \textit{Section 1026.18-3 and .18(s)-4}. These disclosure requirements also apply to unsecured consumer credit and credit secured by personal property that is not a dwelling. See id.
\item \textsuperscript{22} See 12 CFR 1026.17(b).
\item \textsuperscript{23} See 12 CFR part 1026, App. H-4(E) through H-4(J).
\item \textsuperscript{24} See 12 CFR part 1026, App. H-4(K).
\item \textsuperscript{25} Consistent with a Regulation X requirement that had applied before the TRID Rule, the final rule also requires the creditor to provide the consumer with a written list of available settlement service providers when the consumer has a choice. See 12 CFR 1026.19(e)(1)(vi). The CFPB included the burden of this requirement in the burden calculation for the Loan Estimate, because the timing of this requirement coincides with the provision of the Loan Estimate. See 78 FR 79730, 80101 (Dec. 31, 2013).
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counseling from a counseling organization or counselor certified or approved by the U.S. Department of Housing and Urban Development (HUD).

The Board concurs with the CFPB that the burden associated with this requirement is de minimis – in part due to the scarcity of negative amortization loans.²⁶

2. Post-Consummation Disclosures

a. Disclosure of Rate Adjustments Resulting in Payment Changes (Section 1026.20(c)) Creditors, assignees, or servicers of adjustable rate mortgages (ARM) secured by a consumer’s principal dwelling are generally required to provide consumers with disclosures with specific information about the rate change and its timing prior to the adjustment of the interest rate on the mortgage, if the interest rate change will result in a payment change. The timing of the disclosures depends on the circumstances of the rate adjustment.

Disclosures under section 1026.20(c) are not required for: (1) ARMs with a term of one year or less or (2) the first interest rate adjustment to an ARM if the first payment at the adjusted level is due within 210 days of consummation and the rate disclosed at consummation (in compliance with section 1026.20(d), below) was not an estimate.

b. Disclosure of Initial Rate Change for ARMs (Section 1026.20(d)) Creditors, assignees, or servicers of ARMs secured by the consumer’s principal dwelling are generally required to provide consumers with certain information pertaining to the ARM’s initial rate change. This disclosure must be provided as a separate document between 210 and 240 days before the first payment at the adjusted rate is due. If the first payment at the adjusted rate is due within the first 210 days after consummation, the disclosures must be provided at consummation.

Disclosures required under this section must provide consumers with information related to the timing and nature of the rate change. These disclosures are not required for ARMs with a term of one year or less.

c. Periodic Statements (Section 1026.41) Creditors, assignees, or servicers of closed-end, dwelling-secured mortgages are generally required to provide consumers with periodic statements for each billing cycle. Servicers must provide consumers that are more than 45 days delinquent on past payments additional information regarding their accounts on their periodic statements.

Periodic statements are not required for the following transaction types: reverse mortgage transactions; mortgage loans secured by a consumer’s interest in a timeshare plan; fixed-rate loans where the servicer currently provides consumers with

²⁶ See 78 FR 6856, 6960 (Jan. 31, 2013).
coupon books that contain certain information; and creditors, assignees, or servicers that meet the “small servicer” exemption.\footnote{27}

Servicers are required to provide modified coupon books or periodic statements for certain consumers in bankruptcy, triggered by specified events.\footnote{28} If the mortgage loan has more than one primary obligor, the servicer, at its option, may provide the modified statement to any or all of the primary obligors, even if a primary obligor to whom the servicer provides the modified statement is not a debtor in bankruptcy. Sample disclosures are provided in Appendix H to Part 1026.\footnote{29}

d. Post-Consummation Disclosures for Confirmed Successors in Interest (Sections 1026.20(c), 1026.20(e), 1026.36, 1026.39(f), and 1026.41(g))

Servicers are required to comply with certain post-consummation disclosure requirements with respect to “confirmed successors in interest” – generally, individuals who assume ownership of the property securing a closed-end residential mortgage.\footnote{30} Specifically, servicers must provide successors in interest with ARM disclosures under sections 1026.20(c) and (d); escrow account cancellation notices under section 1026.20(e); payoff statements under section 1026.36; notification of the sale or transfer of the mortgage loans secured by the property of the successor in interest under section 1026.39; and periodic statements under section 1026.41.

Servicers have some flexibility with the disclosures, such as the option of customizing model forms to avoid confusing or misleading successors in interest who have not assumed the mortgage loan obligation. In addition, the rule gives servicers a process to be exempt from having to provide these disclosures to confirmed successors in interest - servicers are allowed (but not required) to provide confirmed successors in interest with an initial explanatory written notice and acknowledgment form. The notice must explain that the confirmed successor in interest is not liable on the mortgage unless and until the confirmed successor in interest assumes the mortgage loan obligation under State law. The notice must also state that the

\footnote{27} A small servicer is a servicer that (1) services, together with any affiliates, 5,000 or fewer mortgage loans, for all of which the servicer (or an affiliate) is the creditor or assignee, (2) is a Housing Finance Agency as defined in 24 CFR 266.5, or (3) is a nonprofit entity that services 5,000 or fewer mortgage loans, including any mortgage loans serviced on behalf of associated nonprofit entities, for all of which the servicer or an associated nonprofit entity is the creditor. In the October 2016 final rule, the CFPB added the following mortgage loans to the list of mortgage loans that may not be considered when determining whether a servicer qualifies for the small servicer exemption: 1) Mortgage loans serviced by the servicer for a non-affiliate for which the servicer does not receive compensation or fees and 2) transactions serviced for a seller finance that meets the criteria in 12 CFR 1026.36(a)(5). See 12 CFR 1026.41(e)(4); 81 FR 72160 (Oct. 19, 2016).

\footnote{28} A servicer need not provide the periodic statement or coupon book on the first date after these triggering events but must provide the appropriate periodic statements or coupon books thereafter. See 12 CFR 1026.41(e)(5)(iv)(B).

\footnote{29} See H-30(E) Sample Form of Periodic Statement for Consumer in Chapter 7 or Chapter 11 Bankruptcy; H-30(F) Sample Form of Periodic Statement for Consumer in Chapter 12 or Chapter 13 Bankruptcy.

\footnote{30} The October 2016 final rule addresses the process for confirming the status of a successor in interest under Regulation X, 12 CFR 1024.36(i) and 1024.38(b)(1)(vi). The CFPB accounts for paperwork burden associated with Regulation X for all industry respondents. See, e.g., 81 FR 72160, 72367-72369 (Oct. 19, 2016).
confirmed successor in interest must return the acknowledgment form in order to receive the relevant servicing notices.\textsuperscript{31}

3. Loan Originator Compensation (Section 1026.36)

The loan originator compensation rules in section 1026.36 apply to loan originators and loan originator organizations that receive compensation in connection with consumer credit transactions secured by a dwelling.

Institutions subject to these rules are required to conduct a credit check for loan originators and comply with certain recordkeeping requirements. The Board believes that credit checks of new employees are conducted in the normal course of business for financial services employers. Also, Board supervisory staff have observed that few new loan originators join creditors’ staffs each year, so any burden would be de minimis. Therefore, the Board does not include burden estimates for this requirement. The recordkeeping requirements associated with Regulation Z are addressed in Part VII, below.

4. Ability-to-Repay Requirements/Qualified Mortgages (QMs) (Section 1026.43)

Section 1026.43 requires lenders to make a reasonable and good faith determination, based on verified and documented information, of a borrower’s ability to repay a closed-end loan secured by a dwelling.\textsuperscript{32} Section 1026.43 also establishes a presumption of compliance with the ability-to-repay requirement for creditors that make QMs. These requirements apply generally to any loan secured by a dwelling, but do not include, for example, HELOCs, timeshares, or reverse mortgages.

Creditors’ reasonable and good faith determination of a borrower’s ability to repay a mortgage must be based on verified and documented information, accounting for multiple factors. Factors that must be considered include, for example, monthly mortgage payments, current and reasonably expected income or assets, employment status, and debt obligations. Creditors must verify the information relied upon to determine the borrower’s ability to repay using reliable third-party records. Special rules are provided for verification of a consumer’s income or assets. Creditors originating QMs must verify

\textsuperscript{31} See 12 CFR 1024.32(c), 1026.20(f), 1026.39(f), and 1026.41(g). If the servicer opts to use a compliant acknowledgement form, the servicer does not have to provide the disclosures until the confirmed successor in interest provides an executed acknowledgment that the person wants to receive the disclosures, or assumes the mortgage loan obligation under State law. See id.

\textsuperscript{32} See 12 CFR 1026.43(c); see also 78 FR 6408 (Jan. 30, 2013) (implementing TILA section 129C, 15 U.S.C. § 1638c). The CFPB issued several subsequent final rules to amend Regulation Z relating to the ability-to-repay requirement and QM standards, including final rules that (1) provided a new definition of QM for small creditors and an exemption for certain creditors and community-focused lending programs from the ability-to-repay requirement (78 FR 35430 (June 12, 2013)), (2) clarified certain ability-to-repay and QM criteria (78 FR 44686 (July 24, 2013) and 78 FR 60382 (October 1, 2013)), (3) established a cure mechanism to the points and fees limit applicable to QM loans (78 FR 65300 (Nov. 3, 2014)), and, most recently, (4) further expanded the definitions of small creditor and rural and underserved areas, which are terms that relate to the QM standards (80 FR 59943 (Oct. 2, 2015) and 81 FR 16074 (March 25, 2016)). The CFPB believed that these additional final rules would not comprise additional information collections.
the consumer’s income or assets; current debt, alimony, and child support obligations; and monthly debt-to-income ratio.

The CFPB determined that the verification and documentation requirements of the ability-to-repay and QM provisions do not result in ongoing burden for most entities covered by the rules. The CFPB reasoned that creditors generally have pre-existing underwriting policies and procedures and internal controls that require verification of the factors addressed in the ability-to-repay and QM provisions. The Board concurs.

Recordkeeping requirements for the ability-to-repay/QM rules are addressed in Part VII, below.

Part III. Open- and Closed-End Home Mortgage Loan Information Collections

A. Mortgage Servicing Disclosures

1. Payoff statements (Section 1026.36(c)(3))

For consumer credit transactions secured by a dwelling, a creditor, assignee, or servicer must provide an accurate statement of the total outstanding balance that would be required to pay the consumer’s obligation in full as of a specific date, generally no more than seven business days after receiving a written request from the consumer or person acting on behalf of the consumer.

2. Notification of the Sale or Transfer of Mortgage Loans (Section 1026.39)

A person that acquires title to a mortgage loan must mail or deliver a notification to the consumer on or before the 30th calendar day following the date of transfer. The notification requirements generally apply only to persons that acquire legal title to more than one existing consumer mortgage loan in any 12-month period.

The notification must identify the loan that was acquired or transferred and contain the following information (1) the identity, address, and telephone number of the person that acquired the mortgage loan, (2) the date of the transfer, (3) contact information that the consumer can use to reach an agent or party authorized to receive notice of the right to rescind and resolve issues concerning the consumer’s loan payments, and (4) the place where the transfer of the ownership of the debt is recorded or the fact that the transfer has not been recorded in public records at the time the disclosure is provided.

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33 See 78 FR 6408, 6582 (Jan. 30, 2013). In addition, the CFPB stated that, “in response to the [proposed ability-to-repay rule, 76 FR 27390 (May 11, 2011)], commenters stated that most creditors today are already complying with the full ability-to-repay underwriting standards. For these institutions, there would be no additional burden as a result of the verification requirements in the final rule, since those institutions collect the required information in the normal course of business.” Id.

34 A “mortgage loan” is defined for this requirement as an “open-end consumer credit transaction that is secured by the principal dwelling of a consumer” and a “closed-end consumer credit transaction secured by a dwelling or real property.” 12 CFR 1026.39(a)(2).
In addition, for closed-end consumer credit transactions secured by a dwelling or real property (other than a reverse mortgage), the disclosure must include certain specified information about the partial payment policy of the person acquiring the loan.\textsuperscript{35}

**Part IV. Special Rules for Certain Home Mortgage Types**

Certain types of mortgage products, such as reverse mortgages, high-cost mortgages, and “higher-priced mortgage loans,” trigger special disclosures.

**A. Reverse Mortgages (Sections 1026.31(c)(2) and 1026.33)\textsuperscript{36}**

A reverse mortgage transaction is a loan secured by the equity in a home, based on which disbursements are made to homeowners until the homeowner dies, moves permanently, or sells the home. The creditor relies on the home’s future sale value for repayment. Creditors offering reverse mortgages must provide the disclosures generally required by Regulation Z for open- and closed-end mortgage loans, as applicable.

In addition, Regulation Z requires reverse mortgage creditors to give consumers disclosures specific to reverse mortgage transactions at least three business days before loan consummation (for closed-end loans) or the first transaction (for open-end loans). These disclosures must include:

- Projected total cost of credit for specified loan periods (two years, actuarial life expectancy, or longer term), in a prescribed table format,
- Itemization of loan terms, charges, the age of the youngest borrower, and the appraised property value,
- An explanation of the table of total annual loan cost rates, and
- Notice that receiving disclosures or applying for the loan does not obligate the consumer to complete the transaction.

**B. Home Ownership and Equity Protection Act (HOEPA) Loans (Sections 1026.31, 1026.32, 1026.34, and 1026.36)**

In addition to providing the other disclosures required for consumer mortgages by Regulation Z, creditors offering mortgages with rates or fees above certain cost thresholds (“high-cost mortgages”) must provide cost disclosures and a notice at least three days before consummation for closed-end credit or account opening for open-end credit. Types of mortgage loans that can qualify for HOEPA protections include closed-end refinance and home equity loans, purchase-money mortgages, and HELOCs.\textsuperscript{37}

The high-cost mortgage disclosures include the APR; regular payment amount, minimum payment information for variable-rate loans, and the amount of any permitted balloon payment; and the total amount borrowed for closed-end loans or credit limit for open-end

\textsuperscript{35} As discussed earlier, the CFPB determined that additional burden associated with this disclosure is negligible. See 78 FR 79730, 80102 (Dec. 31, 2013).

\textsuperscript{36} For additional disclosures applicable to certain closed-end reverse mortgages, see Part II.B.1.d, above.

\textsuperscript{37} See 78 FR 6856 (Jan. 31, 2013).
loans. A notice must warn consumers about the potential of losing their home and remind consumers that they are not obligated to complete the transaction. If the creditor changes any terms that are to be reflected on the disclosures, the creditor generally must provide the consumer with new disclosures and allow the consumer another three days to consider the transaction before consummation.

Further, a creditor is prohibited from extending a high-cost mortgage unless the creditor receives written certification that the consumer has obtained counseling on the advisability of the mortgage from a counselor approved by HUD, or a state housing authority, if permitted by HUD.

C. Higher-Priced Mortgage Loans (HPMLs)

1. Appraisal Requirements (1026.35(c))

The Dodd-Frank Act amended TILA to impose special appraisal requirements for loans meeting APR thresholds for “higher-priced mortgage loans” (HPMLs).

   a. Initial Written Appraisal (Section 1026.35(c)(3)(i)) Before consummating an HPML, a creditor must obtain a written appraisal performed by a certified or licensed appraiser who conducts a physical visit of the interior of the property that will secure the transaction.

   b. Safe Harbor (Section 1026.35(c)(3)(ii)) The HPML appraisal rule provides a “safe harbor” to creditors for compliance with the written appraisal requirement. An information collection burden is associated with reviewing each appraisal obtained for adherence to the safe harbor elements, as specified in the rule text and Appendix N to the rule.

   c. Additional Written Appraisal (Section 1026.43(c)(4)) A creditor is required to obtain a second appraisal for a HPML if (1) the seller acquired the property securing the loan 90 or fewer days prior to the date of the consumer’s agreement to acquire the property and the resale price exceeds the seller’s acquisition price by more than 10 percent or (2) the seller acquired the property securing the loan 91 to 180 days prior to the date of the consumer’s agreement to acquire the property and the resale price exceeds the seller’s acquisition price by more than 20 percent. The Additional

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Some of the cost disclosures required for HOEPA loans overlap with items required to be disclosed on the Loan Estimate and Closing Disclosure (for closed-end credit) or HELOC disclosures (for open-end credit). However, there are distinctions, such as that the interest rate rather than the APR is required on the Loan Estimate and Closing Disclosure (e.g., 12 CFR 1026.32(c)(2) and 12 CFR 1026.37(b)(2)). For HELOCs, one distinction between the HOEPA rules and standard HELOC disclosure rules is that the HOEPA rules require cost estimates based on the total amount borrowed (12 CFR 1026.32(c)(2)), rather than on a $10,000 example (12 CFR 1026.40(d)(5)).

Board-supervised institutions are also covered by the Board’s version of the HPML appraisal rules in the Board’s Regulation Z at 12 CFR 226.43, which are substantially similar to the CFPB’s version at 12 CFR 1026.35(c).

See 15 U.S.C. § 1639h. Six federal agencies were required to issue joint rules implementing these provisions, and did so in February 2013. See 78 FR 10368 (Feb. 13, 2013) and 78 FR 78520 (Dec. 26, 2013). A supplemental final rule providing for additional exemptions from the special HPML appraisal requirements was issued in December 2013. See 78 FR 78520 (Dec. 26, 2013). The effective date for these rules was January 18, 2014.
Written Appraisal must meet the standards of the Initial Written Appraisal and contain additional analysis.

d. Copy of Appraisals (Section 1026.43(c)(6)) A creditor is required to provide a copy of the Initial Written Appraisal and the Additional Written Appraisal to the consumer.

Part V. Special Rules for Private Education Loans (Subpart F)\textsuperscript{41}

Disclosures for private education loans must be given at different times in the loan origination process. The content requirements of the disclosures varies depending on the time at which they are provided. Generally, creditors must disclose, among other items, the interest rate, fees, repayment terms, cost estimates, eligibility requirements, and loan alternatives of the private education loan.

A. Application or Solicitation Disclosures (Section 1026.46(d)(1))

Disclosures must be provided on or with any application or solicitation for a private education loan. The creditor may provide the disclosures orally in a telephone application or solicitation. Alternatively, if the creditor does not disclose the information orally, the creditor generally must provide the disclosures or mail them no later than three business days after the consumer has applied for the credit.\textsuperscript{42}

B. Approval Disclosures (Section 1026.46(d)(2))

Disclosures also must be provided before consummation on or with any notice to the consumer that the creditor has approved the consumer’s application for a private education loan. If the creditor provides approval to the consumer by mail, the disclosures must be mailed at the same time as the approval. If the creditor provides approval by telephone, the creditor must mail the disclosures within three business days of the approval.

C. Final Disclosures (Section 1026.46(d)(3))

Final disclosures must be provided to the consumer after the consumer accepts the private education loan. The creditor is prohibited from disbursing funds until at least three business days after the consumer receives the final disclosures.\textsuperscript{43}

\textsuperscript{41} Model forms for each of the following disclosures are available in Appendix H-18 for the application or solicitation disclosures required in section 1026.47(a), Appendix H-19 for the approval disclosures required in section 1026.47(b), and Appendix H-20 for the final disclosures required in section 1026.47(c). Content disclosure requirements for application or solicitation, approval, and final disclosures are available in 12 CFR 1026.47.

\textsuperscript{42} If the creditor either denies the consumer’s application or provides or mails the approval disclosures no later than three business days after the consumer requests the credit, the creditor need not also provide the application disclosures.

\textsuperscript{43} See 12 CFR 1026.48(d).
Part VI. Advertising Requirements (Sections 1026.16 and 1026.24)

Advertising rules for open-end credit in section 1026.16 and for closed-end credit in section 1026.24 apply to all persons who promote the availability of open-end or closed-end credit through commercial messages in any form, including print or electronic media, direct mailings, and displays. With some variations, sections 1026.16 and 1026.24 both require advertisers to include certain basic credit information if the advertisement refers to specified credit terms or costs. In addition, specified disclosures are required for advertisements of HELOCs (section 1026.16(d)), open-end credit with a promotional rate (section 1026.16(g)), open-end credit with a deferred interest or similar offer (section 1026.16(h)), and closed-end credit secured by a consumer’s principal dwelling (section 1026.24(f)).

Part VII. Record Retention Requirements (Section 1026.25)

A creditor generally must retain evidence of compliance with Regulation Z (other than the advertising requirements under sections 1026.16 and 1026.24, for which no record retention rules apply) for a two-year period after the date the disclosures are required to be made or other action is required to be taken. Generally, no paperwork burden is deemed to be associated with the recordkeeping requirement of Regulation Z (subpart D, section 1026.25) because the regulation does not specify the records to be retained as evidence of compliance.

More specific record retention requirements are as follows:

- Evidence of compliance with the integrated TILA-RESPA disclosure provisions of Regulation Z must be retained for three years after the later of the date of consummation, the date disclosures are required to be given, or the date on which action is required to be taken. The Closing Disclosure and all documents pertaining to the Closing Disclosure must be retained for five years after consummation.
- Evidence of compliance with the loan originator compensation provisions must be retained by the creditor for three years after the date of payment to the loan originator.
- Evidence of compliance with the ability-to-repay and QM provisions must be retained by the creditor for three years after consummation.

The Board has determined that the records required to be retained under Regulation Z are retained by creditors of consumer credit in the normal course of business, with no additional burden imposed by the regulatory requirements.

Respondent Panel

The FR Z panel comprises state member banks with assets of $10 billion or less that are not affiliated with an insured depository institution with assets over $10 billion (irrespective of the consolidated assets of any holding company); non-depository affiliates of such state member banks; and non-depository affiliates of bank holding companies that are not affiliated with an

44 See 12 CFR 1026.25(c)(1)(i) (regarding requirements under section 1026.19(e) and (f)).
45 See 12 CFR 1026.25(c)(1)(ii) (regarding requirements under section 1026.19(f)(1)(i) and (f)(4)(i)).
46 See 12 CFR 1026.25(c)(2) (regarding requirements under section 1026.36).
47 See 12 CFR 1026.25(c)(3) (regarding requirements under section 1026.43).
insured depository institution with assets over $10 billion. However, the CFPB and the Federal Trade Commission (FTC) also have administrative enforcement authority over nondepository institutions for Regulation Z. Accordingly, the CFPB allocates to itself half of the estimated burden to non-depository institutions, with the other half allocated to the FTC.

The Board’s ability to reduce regulatory burden for small entities under Regulation Z is limited because, as noted, the Dodd-Frank Act transferred rule writing authority for Board-supervised institutions under Regulation Z to the CFPB. Nonetheless, the Board has taken steps to minimize burden on small entities through tailored supervision, including through a risk-focused consumer compliance supervision program and an examination frequency policy that provides for lengthened time between examinations for institutions with a lower risk profile.

The Board allocates to itself all estimated burden to state member banks with assets of $10 billion or less that are not affiliated with an insured depository institution with assets over $10 billion.

**Frequency and Time Schedule**

FR Z is triggered by specific events, and disclosures must be provided to consumers within the time periods established by the TILA and regulation. There is no reporting form associated with FR Z.

**Public Availability of Data**

There are no data related to this information collection available to the public.

**Legal Status**

The FR Z recordkeeping and disclosure requirements are authorized by the TILA, which directs the CFPB and, for certain lenders, the Board to issue regulations implementing the statute. The obligation to respond is mandatory.

The disclosures, records, policies and procedures required by CFPB’s Regulation Z are not required to be submitted to the Board. To the extent such information is obtained by the Board through the examination process, it may be kept confidential under exemption 8 of the Freedom of Information Act, which protects information contained in or related to an examination of a financial institution.

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50 See, e.g., 78 FR 6408, 6481 (Jan. 30, 2013); 78 FR 11280, 11408 (Feb. 15, 2013); 78 FR 79730, 80100 (Dec. 31, 2013).
51 15 U.S.C. § 1604. The Board has rule writing but not supervisory authority over motor vehicle dealers specified in section 1029 of the Dodd-Frank Act (1029 motor vehicle dealers). The Board’s Regulation Z applies to 1029 motor vehicle dealers, but the Board does not account for burden associated with Regulation Z for those entities.
52 5 U.S.C. § 552(b)(8).
Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On June 7, 2024, the Board published an initial notice in the Federal Register (89 FR 48645) requesting public comment for 60 days on the extension, without revision, of the FR Z. The comment period for this notice expires on August 6, 2024.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Z is 387,079 hours. Respondent counts were determined based on institutions’ reporting of the specific types of loans on the 2022 Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036), with the following specific exceptions. Respondents for the Interest Rate and Payment Summary and “No-guarantee-to-refinance” statement were determined based on institutions reporting reverse mortgage lending activity on the 2022 Call Reports or having at least one manufactured home loan application in 2022 Home Mortgage Disclosure Act Loan/Application Register (FR HMDA LAR; OMB No. 7100-0247) data. Respondents for HOEPA disclosures and HOEPA receipt of certification of counseling for high-cost mortgages were determined based on 2022 Call Reports and 2022 HMDA data. Respondents for appraisals for higher-priced mortgage loans were determined based on 2022 Call Reports and 2022 HMDA data. These recordkeeping and disclosure requirements represent 5.75 percent of the Board’s total paperwork burden.
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Other sections:
- 1026.40 Application disclosures
- 1026.6(a) Account opening disclosures
- 1026.7(a) Periodic statements

53 Of the respondents to this information collection, the small entities as defined by the Small Business Administration (i.e., entities with less than $850 million in total assets) are as follows: 53 for the Open-End (Not Home-Secured Credit) – applications and solicitations, 238 for the Open-End (Not Home-Secured Credit) – account opening disclosures, periodic statements, change-in-terms disclosures, 53 for the Open-End (Not Home-Secured Credit) – timely settlement of estate debts policies, timely settlement of estate debts-account information to estate administrator, ability to pay policies, 301 for Open-End Credit (Home Equity Plans) – application disclosures, 301 for Open-End Credit (Home Equity Plans) – account opening disclosures, periodic statements, change-in-terms disclosures, and notices to restrict credit; 53 for All Open-End Credit – Error Resolution: credit cards; 145 for Closed-End Credit (Non-Mortgage) – closed-end credit disclosures; 86 for Closed-End Credit (Mortgage) – Interest rate and payment summary and “No-guarantee-to-refinance” statement, 423 for Closed-End Credit (Mortgage) – loan estimate, closing disclosure; Closed-End Credit (Mortgage) ARM disclosures, initial rate adjustment notice, periodic statements, periodic statements in bankruptcy, post consummation disclosure for successors in interest, Open and Closed-End Mortgage – payoff statements, and mortgage transfer disclosure; 1 for Certain Home Mortgage Types – reverse mortgage disclosures; 8 for Certain Home Mortgage Types – HOEPA disclosure and HOEPA receipt of certification of counseling for high-cost mortgages; 122 for Appraisals for higher-priced mortgage loans - review and provide copy of initial appraisal, Investigate and verify requirement for additional appraisal, and Review and provide copy of additional appraisal; 0 for Private Education Loans – private student loan disclosure; and 538 for Advertising Rules (all credit types) – advertising rules. Size standards effective March 17, 2023. See https://www.sba.gov/document/support--table-size-standards.
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1026.33
Reverse mortgage disclosures
Sections 1026.31, 1026.32, and 1026.36

HOEPA disclosures
Section 1026.34(a)(5)(i)
HOEPA receipt of certification of counseling for high-cost mortgages
Sections 1026.43 (c), (d), and (f)

Appraisals for higher-priced mortgage loans:
  Review and provide copy of initial appraisal
  Investigate and verify requirement for additional appraisal
  Review and provide copy of additional appraisal

Private education loans
Section 1026.47
Private student loan disclosures

Advertising rules (All credit types)
Sections 1026.16 and 1026.24

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The estimated total annual cost to the public for the FR Z is $25,643,984.54

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

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54 Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group’s hourly rate and then summed (30% Office & Administrative Support at $22, 45% Financial Managers at $80, 15% Lawyers at $79, and 10% Chief Executives at $118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2022, published April 25, 2023 [https://www.bls.gov/news.release/ocwage.t01.htm#](https://www.bls.gov/news.release/ocwage.t01.htm#). Occupations are defined using the BLS Standard Occupational Classification System, [https://www.bls.gov/soc/](https://www.bls.gov/soc/).
Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System is negligible.