

**Supporting Statement for the
Reporting, Recordkeeping, and Disclosure Requirements associated with
Regulation Z (Truth in Lending) and
Regulation AA (Unfair or Deceptive Acts or Practices)
(OMB No. 7100-0199)**

***Credit Card Accountability Responsibility and Disclosure Act of 2009, Part II
(Docket No. R-1370) (RIN 7100-AD42)***

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to revise the current recordkeeping and disclosure requirements of Regulation Z (Truth in Lending Act)¹ and Regulation AA (Unfair or Deceptive Acts or Practices). The Paperwork Reduction Act (PRA) classifies these requirements as an information collection.

On October 21, 2009, a notice of proposed rulemaking (NPRM) was published in the *Federal Register* for public comment to amend Regulation Z, which implements the Truth in Lending Act, in order to implement provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit Card Act). In general, the amendments would: (1) protect consumers from unexpected increases in credit card interest rates by generally prohibiting increases in a rate during the first year after an account is opened and increases in a rate that applies to an existing credit card balance, (2) prohibit creditors from issuing a credit card to a consumer who is under the age of 21 unless the consumer has the ability to make the required payments or obtains the signature of a parent or other cosigner with the ability to do so, (3) require creditors to obtain a consumer's consent before charging fees for transactions that exceed the credit limit, (4) limit the high fees associated with subprime credit cards, (5) ban creditors from using the "two-cycle" billing method to impose interest charges, and (6) prohibit creditors from allocating payments in ways that maximize interest charges. This NPRM represents the second stage of the Federal Reserve's implementation of the Credit Card Act that goes into effect on February 22, 2010. The comment period expired November 20, 2009.

TILA and Regulation Z ensure adequate disclosure of the costs and terms of credit to consumers. For open-end credit, creditors are required to disclose information about the initial costs and terms and to provide periodic statements of account activity, notices of changes-in-terms, and statements of rights concerning billing error procedures. The regulation also requires specific types of disclosures for credit and charge card accounts, and home-equity plans. For closed-end loans, such as mortgage and installment loans, cost disclosures are required to be provided prior to consummation. Special disclosures are required of certain products, such as reverse mortgages, certain variable-rate loans, and certain mortgages with rates and fees above specified thresholds. TILA and Regulation Z also contain rules concerning credit advertising.

¹ Regulation Z implements TILA. TILA was enacted in 1968 and substantially revised in 1980 by the Truth in Lending Simplification and Reform Act. TILA is codified at 15 U.S.C. 1601 et seq. Regulation Z is located at 12 CFR Part 226.

The information collection pursuant to Regulation Z is triggered by specific events. There are no required reporting forms associated with Regulation Z. To ease the burden and cost of complying with Regulation Z (particularly for small entities), the Federal Reserve provides model forms, which are appended to the regulation. Creditors are required to “retain evidence of compliance” for twenty-four months (subpart D, section 226.25), but the regulation does not specify the types of records that must be retained.

Under the PRA, the Federal Reserve accounts for the paperwork burden associated with Regulation Z for the state member banks (SMBs) and other creditors supervised by the Federal Reserve that engage in lending covered by Regulation Z and, therefore, are “respondents” under the PRA.² Other federal agencies account for the paperwork burden on other creditors. The current annual burden for 1,138 respondents³ is estimated to be 1,008,962 hours.

The Federal Reserve estimates the NPRM would impose a one-time increase in the total annual burden under Regulation Z for all respondents regulated by the Federal Reserve by 575,452 hours, from 1,008,962 to 1,584,414 hours. In addition, the Federal Reserve estimates that, on a continuing basis, the proposed revisions to the rules would increase the total annual burden from 1,008,962 to 1,079,362 hours. The total annual burden for the Regulation Z information collection is estimated to increase from 1,008,962 to 1,654,814 hours.

Additional information about the paperwork burden associated with Regulation Z, including statutory and regulatory history, a description of the reporting, recordkeeping, and disclosure requirements and how the estimated total annual burden was calculated, is discussed below.

Background and Justification

TILA and Regulation Z require creditors to disclose certain credit costs and terms to consumers, using a specified format and terminology, at or before the time consumers enter into a consumer credit transaction and when the availability of consumer credit on particular terms is advertised. The purpose of the disclosures is to promote the informed use of consumer credit.

Although TILA does not specifically authorize exemptions for small business, Regulation Z contains several provisions designed to minimize burdens on these entities. The definition of creditor, for example, is limited to persons who, in the preceding calendar year, extended credit more than twenty-five times or extended credit secured by a dwelling more than five times.

In 1994, Congress enacted HOEPA as an amendment to TILA, to address abusive practices involving certain home-secured loans with high rates or high fees.⁴ The Board also

² Appendix I – Federal Enforcement Agencies – of Regulation Z defines the Federal Reserve-regulated institutions as: State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act.

³ The number of Federal Reserve-supervised creditors was obtained from numbers published in the Board of Governors of the Federal Reserve System 94th Annual Report 2007: 878 State member banks, 258 Branches & agencies of foreign banks, and 2 Commercial lending companies.

⁴ 15 U.S.C. 1601 *et seq.*

added to a disclosure required three days before the closing of a HOEPA loan a statement of the total amount of the borrower's obligation and whether optional credit insurance or debt-cancellation coverage is included in that amount. Regulation Z Model Form H-16 illustrates this revised disclosure, which became mandatory on October 1, 2002.

In November 2007, the Board published a final rulemaking (72 FR 63462) that amended Regulation Z to address the timing and delivery of electronic disclosures, consistent with the requirements of the Electronic Signatures in Global and National Commerce Act (E-Sign Act). This rule provides that that certain disclosures may be provided to a consumer in electronic form without regard to the consumer consent and other provisions of the E-Sign Act; and that, when an advertisement is accessed by the consumer in electronic form, the disclosures must be provided in electronic form on or with the advertisement.

In July 2008, the Board published a final rulemaking (72 FR 44522) that amended Regulation Z. The goals of the amendments are to protect consumers in the mortgage market from unfair, abusive, or deceptive lending and servicing practices while preserving responsible lending and sustainable homeownership; ensure that advertisements for mortgage loans provide accurate and balanced information and do not contain misleading or deceptive representations; and provide consumers transaction specific disclosures early enough to use while shopping for a mortgage. The final rulemaking takes effect on October 1, 2009, with the single exception of the escrow requirement, which may be phased in during 2010 to allow lenders to establish new systems as needed.

On January 29, 2009, the Board published a final rulemaking (74 FR 5244) that amended open-end credit provisions of Regulation Z, with mandatory compliance July 1, 2010. The goal of the amendments to Regulation Z was to improve the effectiveness of the disclosures that creditors provide to consumers at application and throughout the life of an open-end (not home-secured) account. The Federal Reserve adopted changes to format, timing, and content requirements for the five main types of open-end credit disclosures governed by Regulation Z: (1) credit and charge card application and solicitation disclosures, (2) account-opening disclosures, (3) periodic statement disclosures, (4) change-in-terms notices, and (5) advertising provisions. In addition, the Federal Reserve revised and renamed the recordkeeping and disclosure requirements of Regulation Z, by adding the disclosure requirements in Section 227.14(b) of Regulation AA. Section 227.14 requires that a clear and conspicuous disclosure statement be given in writing to the cosigner of a loan prior to becoming obligated.

On May 19, 2009, the Board published a final rulemaking (74 FR 23289) that amended Regulation Z to implement provisions of the Mortgage Disclosure Improvement Act of 2008 (MDIA). MDIA requires early, transaction specific disclosures for mortgage loans secured by dwellings other than the consumer's principal dwelling and requires waiting periods between the time when disclosures are given and consummation of the mortgage transaction. The final rulemaking was effective on July 30, 2009.

On August 14, 2009, the Board published a final rulemaking (74 FR 41194) that amended Regulation Z to implement provisions of Higher Education Opportunity Act (HEOA).⁵ Title X

⁵ HEOA (Public Law 110-315; Sections 1021-1022) was enacted on August 14, 2008, and reauthorizes the HEA of 1965, as amended. <http://frwebgate.access.gpo.gov/cgi->

of the HEOA amends the TILA by adding disclosure and timing requirements that apply to private educational lenders making private education loans, which are defined as loans made expressly for postsecondary educational expenses. The HEOA's definition of private education loan excludes open-end credit, real estate-secured loans, and loans made, insured, or guaranteed by the federal government under title IV of the Higher Education Act of 1965 (20 USC 1070 et seq.). The HEOA also amends TILA by adding limitations on certain practices by private educational lenders and limitations on co-branding in the marketing of private student loans. Mandatory compliance with the final rulemaking is effective as of February 14, 2010.

Description of Information Collection

TILA and Regulation Z distinguish between two types of credit, with the specific disclosure requirements depending on the type of credit involved. Subpart B of the regulation prescribes disclosures for open-end credit, which includes most revolving credit lines, credit card accounts, home-equity lines of credit and overdraft lines of credit tied to checking accounts. Subpart C of the regulation prescribes the disclosures for closed-end credit. This category of credit refers generally to credit extended in a fixed amount for a specified period, typified by mortgages, installment loans, and credit sales. Subpart E of the regulation prescribes special disclosures for certain home mortgage transactions that carry rates or fees above a specified threshold and for reverse mortgages. The disclosure requirements associated with Regulation Z are described below. The frequency of response varies according to the level of credit activity by a creditor.

Open-end Credit Disclosures (Subpart B)

No other federal law mandates these disclosures and procedures for responding to error allegations, although some states may have similar requirements.

Initial and Change-in-Term Disclosures (Sections 226.6 and 226.9(c)) - Creditors that offer open-end credit are required to inform consumers of costs and terms before they use the accounts and in general to inform them of certain subsequent changes in the terms of the accounts. Initial information must include the finance charge and other charges, the annual percentage rate (APR), a description of how balances (on which a finance charge is based) will be calculated, and any collateral that will secure repayment.

If the creditor changes any term initially disclosed, or increases the minimum periodic payment, a written change-in-term notice generally must be provided to the consumer at least fifteen days prior to the effective date of the change. Special rules and restrictions govern changes in the terms of home-equity plans.

Unfair or deceptive practices involving cosigners (Reg AA, Section 227.14) - A clear and conspicuous disclosure statement shall be given in writing to the cosigner prior to becoming obligated. The disclosure statement shall be substantially similar to the following statement and shall either be a separate document or included in the documents evidencing the consumer credit obligation.

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility. You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount. The bank can collect this debt from you without first trying to collect from the borrower. The bank can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record. This notice is not the contract that makes you liable for the debt.

Periodic Statements (Sections 226.7) - A written statement of activity on open-end accounts must be provided each billing cycle (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.

Error Resolution Rules (Sections 226.13) - Creditors 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. The paperwork burden for the summary is included in the estimated burden for periodic statements.

When a consumer alleges a billing error, the creditor must provide an acknowledgment, within thirty days of receipt, that the creditor received the consumer's error notice, and must report on the results of its investigation within ninety days. If a billing error did not occur, the creditor must provide 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.

Credit and Charge Cards (Sections 226.5(a)) - Generally, card issuers must provide additional disclosures with solicitations, when an annual fee is to be charged, and when the issuer changes its credit insurance carrier.

Solicitations and applications. When offering cards to consumers by direct mail solicitation, card issuers must disclose in a highly-structured table key of terms of the account, such as the APR, information about variable rates, and fees such as annual fees, minimum finance charges, and transactions fees for purchases. Similar disclosure rules apply in telephone solicitations, and for "take-one" and magazine or catalog applications. Special rules apply for charge cards.

Annual fee. TILA also requires card issuers that charge an annual fee to notify a consumer at least thirty days before payment of the fee is due. The notice must include basic cost information for continued use of the card and how the consumer may close the account and avoid paying any fee.

Changes to insurance carriers. Card issuers that change credit insurance carriers must provide an advance notice to cardholders if increased cost or substantially decreased coverage would result from the switch in carriers. The notice must inform consumers about their right to cancel the insurance.

Home-Equity Plans (Sections 226.5(b)) - Creditors offering home-equity lines of credit must provide additional disclosures at application, when the credit plan is opened, and when consumers' use of the plan is restricted.

Applications. Lenders must provide, on or with applications for home-equity plans, generic disclosures about the plan, including the possibility of negative amortization, draw requirements, and the method of determining the minimum periodic payment. Additional disclosures about variable-rate plans, including information about interest rate caps and an historical example showing what the APR and payments would have been for the preceding 15 years.

Account opening. Some of the information given with the application must be repeated when the consumer opens the account. The paperwork burden associated with this second round of disclosures is considered negligible, since it involves disclosures that were previously made to the consumer.

Restricting use of the plan. A creditor may prohibit additional credit extensions or reduce the credit limit in certain instances, such as if there is a drop in the value of the loan security. However, in these instances, the creditor must give the consumer written notice not later than three business days after the action takes effect, explaining why the action was taken.

Closed-end Credit Disclosures (Subpart C, Section 226.17)

The requirements of Subpart C apply to any creditor that extends consumer credit (unless over \$25,000 and not secured by a dwelling) if the credit is payable in more than four installments or is subject to a finance charge, and is not open-end credit. The required disclosures include credit terms such as the APR and finance charge, which reflect the total credit cost in percentage and dollar terms, respectively. Key information is highlighted for consumers through the use of certain terminology and a specific format.

For certain variable-rate mortgages, generic disclosures similar to those required for home-equity lines of credit must be provided at application. In addition, creditors must send periodic statements when payments change or at least annually if rates change without changes to payment amounts.

Special Disclosures (Subpart E)

Certain types of mortgage products trigger special disclosures, such as reverse and high-cost mortgages; the requirements have a minimal effect on the paperwork burden for SMBs.

HEOA Subpart F Sections 226.38(a) - 226.38(c) ⁶

Disclosures for private education loans, which must be given at different times in the loan origination process:

- **Application or Solicitation Disclosures (Section 226.38(a))** – Specifies the information that a private educational lender must disclose to a consumer in any application for a private education loan or any solicitation for a private education loan that does not require an application. The Federal Reserve interprets the term “in” as used in § 226.38(a) to mean that the disclosures may be included either on the same document as the application or solicitation or on a separate document, as long as the private educational lender provides the required disclosures to the consumer at the same time as the application and solicitation documents.
- **Approval Disclosures (Section 226.38(b))** – Specifies the information that a private educational lender must disclose to a consumer at the time that the lender approves a private education loan for a consumer. Under the proposal, a private educational lender would be considered to have approved a loan when it has made a final determination to offer credit to a consumer on specified terms. A private educational lender would not be required to provide the approval disclosures if the lender has only conditionally approved a loan but requires further information from the consumer or the relevant covered educational institution before granting final approval. The private educational lender would have to provide to the consumer the approval disclosures at the same time that the private educational lender provides to the consumer any notice that the loan has been approved. The disclosures may be provided in the same document on which notice of the approval is communicated or on a separate document, as long as the private educational lender provides the disclosures to the consumer at the same time as the notice of approval.
- **Final Disclosures (Section 226.38(c))** – Requires the private educational lender to disclose to the consumer a third and final set of information after the consumer accepts the loan for which the consumer has been approved pursuant to § 226.38(b), and at least three business days before the loan funds are disbursed. Proposed § 226.38(c) implements TILA § 128(e)(4), which requires the private educational lender to provide this final set of information contemporaneously with consummation. As discussed further under § 226.38(c)(5), TILA § 128(e)(7) gives the consumer the right to cancel the loan within three business days of the date on which the loan is consummated. No loan funds may be disbursed during this three-business-day period.

Reverse Mortgages (Section 226.33) – Creditors offering “reverse mortgages” must provide rate disclosures and a notice to consumers at least three days before loan consummation or before the first transaction in an open-end plan. A reverse mortgage transaction is a loan secured by the equity in a home. Disbursements are made to homeowners until the homeowner dies, moves permanently, or sells the home. The creditor relies on the home’s future value for repayment. Creditors must disclose the projected total cost of credit for specified loan periods (short-term, life-expectancy, or long-term). Creditors must also furnish a notice to consumers

⁶ Model forms for each of the following three disclosures are available in Appendix H-17 for the application or solicitation disclosures required in § 226.38(a), Appendix H-18 for the approval disclosures required in § 226.38(b), and Appendix H-19 for the final disclosures required in § 226.38(c).

that receiving disclosures or applying for the loan does not obligate the consumer to complete the transaction.

Home Ownership and Equity Protection Act (HOEPA) Mortgages (Section 226.34)

Creditors offering mortgages with rates or fees above thresholds outlined in the HOEPA must provide cost disclosures and a notice at least three days before consummation. The cost disclosures include the APR, regular payment amount, the total amount borrowed and whether the total amount borrowed includes the cost of optional insurance. A notice warns consumers about losing their home and reminds consumers that they are not obligated to complete the transaction. In addition, if the creditor changes any terms that are to be reflected on the disclosures, the creditor must generally provide the consumer with new disclosures and allow the consumer another three days to consider the transaction before consummation.

Advertising Rules (Subpart B, Section 226.16) (Subpart C, Section 226.24)

These requirements 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, Subparts B (for open-end credit) and C (for closed-end credit) both require advertisers to include certain basic credit information if the advertisement refers to specified credit terms or costs. The purpose of the advertising rules is to provide potential credit shoppers with accurate information that they can use in deciding among various credit sources.

The frequency of response varies according to the level of credit advertising by a creditor. No other federal law requires advertisers of credit to include these specific credit terms and costs, although some states may have similar requirements.

Credit Card Act Proposed Amendments

The Federal Reserve proposes the following amendments:

- Under proposed § 226.7(b)(12), creditors are generally required to include on each periodic statement certain disclosures regarding repayment, such as a minimum payment warning statement, a minimum payment repayment estimate, and the monthly payment based on repayment in 36 months.
- Under proposed § 226.9(g)(3), if a rate is increased based on a consumer's failure to make a minimum periodic payment within 60 days from the due date, a creditor is required to provide notice containing a statement of the reason for the increase and that the increase will cease to apply if the creditor receives six consecutive required minimum period payments on or before the payment due date.
- Under proposed § 226.55(b)(3), a card issuer must disclose, prior to the commencement of a specified period of time, an increased annual percentage rate that would apply after the period as a condition for an exception to § 226.55(a).
- Under proposed § 226.55(b)(5), a card issuer must disclose, prior to commencement of the arrangement, the terms of a workout and temporary hardship arrangement as a condition for an exception to § 226.55(a).

- Under proposed § 226.57(b), an institution of higher education is required to publicly disclose any contract or other agreement made with a card issuer or creditor for the purpose of marketing a credit card.
- Under proposed § 226.57(d), creditors that are a party to one or more college credit card agreements would be required to register with the Federal Reserve and to submit annual reports to the Federal Reserve regarding those agreements. Creditor registration requirements would comprise primarily of contact information. In addition, creditors would be required to provide specific information related to the agreements.
- Under proposed § 226.58, a creditor is required to post agreements for open-end consumer credit card plans on the creditor's Web site and to submit those agreements to the Federal Reserve for posting in a publicly-available on-line repository established and maintained by the Federal Reserve. Creditors would be required to register with the Federal Reserve and submit to the Federal Reserve all agreements for open-end consumer credit card plans.

Time Schedule for Information Collection

Information collection pursuant to these recordkeeping and disclosure requirements is event-generated and must be provided to the borrower within the time periods established by the law and regulation as discussed above. Creditors must keep evidence of compliance for twenty-four months.

Consultation Outside of the Agency and Discussion of Public Comments

On October 21, 2009, a notice of proposed rulemaking was published in the *Federal Register* for public comment (74 FR 54124). The comment period expired November 20, 2009.

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Legal Status

The Board's Legal Division has confirmed that title I of the Consumer Credit Protection Act authorizes the Board to issue regulations to carry out the provisions of that Act (15 USC §§ 1601, 1604(a)). The information collections are mandatory. Since the Federal Reserve does not collect any information, no issue of confidentiality arises. Transaction- or account-specific disclosures and billing error allegations are not publicly available and are confidential between the creditor and the consumer. General disclosures of credit terms that appear in advertisements or take-one applications are available to the public.

Estimate of Respondent Burden

The current total annual burden for the disclosure requirements of this information collection is estimated to be 1,008,962 hours, as shown in the table below. The table provides the estimated annual burden for the 1,138⁷ creditors regulated by the Federal Reserve to which Regulation Z applies.

As mentioned earlier Federal Reserve proposes the following amendments to Regulation Z: Section 226.7(b)(12), creditors are generally required to include on each periodic statement certain disclosures regarding repayment, such as a minimum payment warning statement, a minimum payment repayment estimate, and the monthly payment based on repayment in 36 months. In an effort to reduce burden the Federal Reserve is proposing guidance in Appendix M1 on how to calculate repayment estimates. Appendix M2 to part 226 provides sample calculations of repayment estimates using guidance in Appendix M1. The Federal Reserve estimates that 1,138 respondents would take, on average, 80 hours (two business weeks) to update their systems to comply with the proposed disclosure requirements in § 226.7(b)(12). This one-time revision would increase the burden by 91,040 hours. The Federal Reserve does not anticipate any additional burden on a continuing basis.

Under proposed § 226.9(g)(3), if a rate is increased based on a consumer's failure to make a minimum periodic payment within 60 days from the due date, a creditor is required to provide notice containing a statement of the reason for the increase and that the increase will cease to apply if the creditor receives six consecutive required minimum period payments on or before the payment due date. The Federal Reserve anticipates that creditors, with little additional burden, will incorporate the proposed disclosure requirement with the disclosure already required under § 226.9(g). The Federal Reserve estimates that 1,138 respondents would take, on average, 8 hours to update their systems to comply with the proposed disclosure requirements in § 226.9(g)(3) and estimates the one-time burden to be 9,104 hours.

Under proposed § 226.55(b)(3), a card issuer must disclose, prior to the commencement of a specified period of time, an increased annual percentage rate that would apply after the period as a condition for an exception to § 226.55(a). However, § 226.9(c)(2)(v)(B) as adopted in the July 2009 Regulation Z interim final rulemaking already requires card issuers to disclose this information so the Federal Reserve does not anticipate any additional burden.

Under proposed § 226.55(b)(5), a card issuer must disclose, prior to commencement of the arrangement, the terms of a workout and temporary hardship arrangement as a condition for an exception to § 226.55(a). However, § 226.9(c)(2)(v)(D) and (g)(4)(i) as adopted in the July 2009 Regulation Z interim final rulemaking already require card issuers to disclose this information so the Federal Reserve does not anticipate any additional burden.

Under proposed § 226.57(b), an institution of higher education is required to publicly disclose any contract or other agreement made with a card issuer or creditor for the purpose of

⁷ The 1,138 Federal Reserve-supervised creditors were obtained from numbers published in the Board of Governors of the Federal Reserve System 94th Annual Report 2007: 878 State member banks, 258 Branches & agencies of foreign banks, and 2 commercial lending companies.

marketing a credit card. Since the regulation is silent on a required method for public disclosure the Federal Reserve estimates that 4,276 respondents⁸ would take, on average, 8 hours to comply with the proposed disclosure requirements and estimates the annual burden to be 34,208 hours.

Under proposed § 226.57(d), creditors that are a party to one or more college credit card agreements would be required to register with the Federal Reserve and to submit annual reports to the Federal Reserve regarding those agreements. Creditor registration requirements would comprise primarily of contact information. In addition, creditors would be required to provide specific information related to the agreements. The Federal Reserve estimates that 2,200 creditors⁹ would take, on average, 160 hours (one month) to comply with the proposed disclosure requirements in § 226.57(d) and estimates the one-time annual burden to be 352,000 hours. To avoid double counting the burden estimate for creditor registration and updates to all agreements is accounted for under proposed § 226.58.

Under proposed § 226.58, a creditor is required to post agreements for open-end consumer credit card plans on the creditor's Web site and to submit those agreements to the Federal Reserve for posting in a publicly-available on-line repository established and maintained by the Federal Reserve. Creditors would be required to register with the Federal Reserve and submit to the Federal Reserve all agreements for open-end consumer credit card plans. The Federal Reserve estimates that 2,200 creditors¹⁰ would take, on average, 30 minutes to register their contact information and estimates the one-time annual burden to be 1,100 hours. In addition, the Federal Reserve estimates that 2,200 creditors would take, on average, 40 hours (one business week) to comply with the proposed disclosure requirements in § 226.58 and estimates the annual burden to be 88,000 hours. On a continuing basis, the Federal Reserve estimates creditors would take, on average, 8 hours (quarterly) to update agreements and estimates the annual burden to be 70,400 hours.

Based on these adjustments to the Federal Reserve's prior estimates and the Federal Reserve's PRA analysis in the January 2009 Regulation Z Rule, the proposed rule would impose a one-time increase in the total annual burden under Regulation Z for all respondents regulated by the Federal Reserve by 575,452 hours, from 1,008,962 to 1,584,414 hours. The total one-time burden increase represents averages for all respondents regulated by the Federal Reserve. The Federal Reserve expects that the amount of time required implementing each of the proposed changes for a given financial institution or entity may vary based on the size and complexity of the respondent. In addition, the Federal Reserve estimates that, on a continuing basis, the proposed revisions to the rules would increase the total annual burden on a continuing basis from 1,008,962 to 1,079,362 hours.

No paperwork burden is deemed to be associated with the recordkeeping requirement of Regulation Z (subpart D, section 226.25) because the regulation does not specify records to be retained as evidence of compliance. Regulation Z permits institutions to provide credit and

⁸ The number of institutions of higher learning that granted college degrees in 2005. See Upcoming Statistical Abstract of the United States: 2008. (available at www.census.gov/Press-Release/www/2007/cb07ff-11.pdf).

⁹ The number of creditors that are a party to one or more college credit card agreements is unknown.

¹⁰ Creditors with credit card activity. Under proposed § 226.58, the Board will assume burden for creditors regulated by the: Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Federal Trade Commission.

charge card renewal and insurance notices on or with periodic statements. Accordingly, the burden associated with these disclosures is not separately identified but incorporated in the burden estimate for periodic statements.

The total annual burden for the Regulation Z information collection is estimated to increase from 1,008,962 to 1,654,814 hours.¹¹ These reporting, recordkeeping, and disclosure requirements represent 39.93 percent of total Federal Reserve System burden.

¹¹ The burden estimate for this rulemaking does not include the burden addressing changes to implement provisions of Closed-End Mortgages (Docket No. R-1366) or the Home-Equity Lines of Credit (Docket No. R-1367), as announced in separate proposed rulemakings. See 74 FR 43232 and 74 FR 43428.

Current Burden	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated response time</i>	<i>Estimated annual burden hours</i>
<u>Subpart B Open-end Credit:</u>				
Section 226.6 Initial disclosures	878	1,150	1.5 min	25,243
One-time change (R-1286)	1,138	1	8 hours	9,104
<u>Reg AA</u>				
Section 227.14(b) Cosigner disclosure	878	1,150	1 min	16,828
<u>Section 226.9(c)</u>				
Change-in-terms disclosures (ongoing)	878	3,750	1 min	54,875
One-time change (R-1286)	1,138	1	8 hours	9,104
<u>Section 226.7</u>				
Periodic statements (ongoing)	1,138	12	8 hours	109,248
One-time change (R-1286)	1,138	1	40 hours	45,520
<u>Section 226.13</u>				
<u>Error resolution:</u>				
Credit cards	226	145	30 min	16,385
Other Open-end credit	1,138	2	30 min	1,138
<u>Section 226.5(a)</u>				
<u>Credit and Charge cards:</u>				
Application and Solicitations	226	12	8 hours	21,696
One-time change (R-1286)	226	1	8 hours	1,808
<u>Section 226.5(b)</u>				
<u>Home-Equity Plans:</u>				
Application disclosure	651	790	1.5 min	12,857
Restriction disclosure	651	10	3 min	326
<u>Subpart C Closed-end Credit:</u>				
Section 226.17 disclosures	1,138	2,472	6.5 min	304,756
One-time change (R-1340)	1,138	1	40 hours	45,520
<u>Subpart E:</u>				
Pre-closing disclosure	30	250	3 min	375
<u>Subpart F Sections 226.38(a)-226.38(c):</u>				
One-time change (R-1353)	1,136	1	40 hours	45,440
Private student loan disclosures (ongoing)	1,136	12	17 hours	231,744
<u>Subparts B & C Sections 226.16 & 226.24:</u>				
Advertising rules	1,138	5	25 min	2,371
One-time change (R-1305)	1,138	1	40 hours	45,520
One-time change (R-1286)	1,138	1	8 hours	9,104
<i>Total</i>				1,008,962

Proposed Burden	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated response time</i>	<i>Estimated annual burden hours</i>
<u>Subpart B Open-end Credit:</u>				
<i>Section 226.6</i> Initial disclosures	878	1,150	1.5 min	25,243
<i>One-time change (R-1286)</i>	1,138	1	8 hours	9,104
<u>Reg AA</u>				
<i>Section 227.14(b)</i> Cosigner disclosure	878	1,150	1 min	16,828
<i>Section 226.9(c)</i>				
Change-in-terms disclosures (<i>ongoing</i>)	878	3,750	1 min	54,875
<i>One-time change (R-1286)</i>	1,138	1	8 hours	9,104
<i>Section 226.9(g)(3) One-time change (R-1370)</i>	1,138	1	8 hours	9,104
<i>Section 226.7</i>				
Periodic statements (<i>ongoing</i>)	1,138	12	8 hours	109,248
<i>One-time change (R-1286)</i>	1,138	1	40 hours	45,520
<i>Section 226.7(b)(12) One-time change (R-1370)</i>	1,138	1	80 hours	91,040
<i>Section 226.13</i>				
<u>Error resolution:</u>				
Credit cards	226	145	30 min	16,385
Other Open-end credit	1,138	2	30 min	1,138
<i>Section 226.5(a)</i>				
<u>Credit and Charge cards:</u>				
Application and Solicitations	226	12	8 hours	21,696
<i>One-time change (R-1286)</i>	226	1	8 hours	1,808
<i>Section 226.57(b) One-time change (R-1370)</i>	4,276	1	8 hours	34,208
<i>Section 226.57(d) One-time change (R-1370)</i>	2,200	1	160 hours	352,000
<i>Section 226.58 Registration one-time (R-1370)</i>	2,200	1	30 min	1,100
<i>Section 226.58 Agreements one-time (R-1370)</i>	2,200	1	40 hours	88,000
<i>Section 226.58 Agreements (ongoing) (R-1370)</i>	2,200	4	8 hours	70,400
<i>Section 226.5(b)</i>				
<u>Home-Equity Plans:</u>				
Application disclosure	651	790	1.5 min	12,857
Restriction disclosure	651	10	3 min	326
<u>Subpart C Closed-end Credit:</u>				
<i>Section 226.17</i> disclosures	1,138	2,472	6.5 min	304,756
<i>One-time change (R-1340)</i>	1,138	1	40 hours	45,520
<u>Subpart E:</u>				
Pre-closing disclosure	30	250	3 min	375
<u>Subpart F Sections 226.38(a)-226.38(c):</u>				
<i>One-time change (R-1353)</i>	1,136	1	40 hours	45,440
Private student loan disclosures (<i>ongoing</i>)	1,136	12	17 hours	231,744
<u>Subparts B & C Sections 226.16 & 226.24:</u>				
Advertising rules	1,138	5	25 min	2,371
<i>One-time change (R-1305)</i>	1,138	1	40 hours	45,520
<i>One-time change (R-1286)</i>	1,138	1	8 hours	9,104
<i>Proposed Total</i>				1,654,814
<i>One-time change</i>				575,452
<i>Ongoing change</i>				70,400

With the proposed revisions, the total estimated annual cost to the public would increase by \$39,816,776 from \$62,202,507 to \$102,019,283.¹²

Estimate of Cost to the Federal Reserve System

Since the Federal Reserve does not collect any information, the cost to the Federal Reserve System is negligible.

Financial Industry Burden Averages

The other federal financial agencies: Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) are responsible for estimating and reporting to OMB the total paperwork burden for the domestically chartered commercial banks, thrifts, and federal credit unions and U.S. branches and agencies of foreign banks for which they have primary administrative enforcement jurisdiction under TILA Section 108(a), 15.U.S.C.1607(a). These agencies are permitted, but are not required, to use the Federal Reserve's burden estimation methodology. Using the Board's method, the total current estimated annual burden for the approximately 17,200 domestically chartered commercial banks, thrifts, and federal credit unions and U.S. branches and agencies of foreign banks supervised by the Federal Reserve, OCC, OTS, FDIC, and NCUA under TILA would be approximately 13,568,725 hours. The proposed rule would impose a one-time increase in the estimated annual burden for such institutions by 4,274,200 hours to 17,842,925 hours. On a continuing basis the proposed rule would impose an increase in the estimated annual burden by 137,600 to 13,706,325 hours. The above estimates represent an average across all respondents; the Federal Reserve expects variations between institutions based on their size, complexity, and practices.

¹² Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Administrative or Junior Analyst @ \$25, 45% Managerial or Technical @ \$55, 15% Senior Management @ \$100, and 10% Legal Counsel @ \$144). Hourly rate estimates for each occupational group are averages using data from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2007, <http://www.bls.gov/news.release/ocwage.nr0.htm> Occupations are defined using the BLS Occupational Classification System, <http://www.bls.gov/soc/>