



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

B-329306

August 25, 2017

The Honorable Michael Crapo
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Jeb Hensarling
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Bureau of Consumer Financial Protection: Amendments to Federal Mortgage Disclosure Requirements Under the Truth in Lending Act (Regulation Z)*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Bureau of Consumer Financial Protection (Bureau) entitled “Amendments to Federal Mortgage Disclosure Requirements Under the Truth in Lending Act (Regulation Z)” (RIN: 3170-AA61). We received the rule on July 21, 2017. It was published in the *Federal Register* as a final rule; official interpretation on August 11, 2017, with an effective date of October 10, 2017. 82 Fed. Reg. 37,656.

The final rule modifies the federal mortgage disclosure requirements under the Real Estate Settlement Procedure Act (RESPA) and the Truth in Lending Act (TILA) that are implemented in Regulation Z. This rule memorializes the Bureau’s informal guidance on various issues and makes additional clarifications and technical amendments. The Bureau states that this rule also creates tolerances for the total of payments, adjusts a partial exemption mainly affecting housing finance agencies and nonprofits, extends coverage of the TILA-RESPA integrated disclosure (integrated disclosure) requirements to all cooperative units, and provides guidance on sharing the integrated disclosures with various parties involved in the mortgage origination process.

Enclosed is our assessment of the Bureau’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review of the procedural steps taken indicates that the Bureau complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer
Managing Associate General Counsel

Enclosure

cc: Christopher Shelton
Attorney-Advisor, Legal Division
Bureau of Consumer Financial Protection

ENCLOSURE

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
BUREAU OF CONSUMER FINANCIAL PROTECTION
ENTITLED
“AMENDMENTS TO FEDERAL MORTGAGE DISCLOSURE
REQUIREMENTS UNDER THE TRUTH IN LENDING ACT
(REGULATION Z)”
(RIN: 3170-AA61)

(i) Cost-benefit analysis

The Bureau of Consumer Financial Protection (Bureau) summarized the costs and benefits of this final rule. The Bureau stated that it does not believe that creditors would bear any associated costs from the final rule, aside from the one-time reprogramming costs, for those creditors that use proprietary software systems.

The Bureau also stated that it believes that the adopted change will benefit creditors, in the limited circumstances where a small, within tolerance, misdisclosure in the total of payments occurs. According to the Bureau, creditors and their assignees would be less likely to face litigation, and its accompanying costs and risks, over such errors. Additionally, the Bureau stated that, to the extent that creditors restrict credit in response to additional litigation or secondary market risks given the absence of explicit tolerances for the total of payments, the adopted provisions would benefit consumers in the form of expanded credit or a reduced cost of credit.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

The Bureau certified that this final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Bureau is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On August 15, 2016, the Bureau published a proposed rule. 81 Fed. Reg. 54,317. The Bureau received more than 1,600 comments from trade associations, creditors, technology vendors, and other industry representatives, as well as consumer groups, government sponsored enterprises (GSEs) and others. The Bureau responded to the comments in the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

The Bureau found that the collections of information related to Regulations Z and X have been previously reviewed and approved by the Office of Management and Budget (OMB) in accordance with PRA and assigned OMB Control Numbers 3170-0015 (Regulation Z) and 3170-0016 (Regulation X).

Statutory authorization for the rule

The Bureau stated that it promulgated this rule pursuant to 12 U.S.C. §§ 2601, 2603-2605, 2607, 2609, 2617, 3353, 5511, 5512, 5532, 5581, and 15 U.S.C. § 1601 et seq.

Executive Order No. 12,866 (Regulatory Planning and Review)

As an independent regulatory agency, the Bureau is not subject to the Order.

Executive Order No. 13,132 (Federalism)

As an independent regulatory agency, the Bureau is not subject to the Order.