Supporting Statement for the
Recordkeeping and Disclosure Requirements associated with
Regulation Z (Truth in Lending) and
Regulation AA (Unfair or Deceptive Acts or Practices)
(OMB No. 7100-0199) (Docket No. R-1286)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to revise, without extending, the current recordkeeping and disclosure requirements of Regulation Z, which implements the Truth in Lending Act (TILA)[1] and the Home Ownership and Equity Protection Act (HOEPA). The Paperwork Reduction Act (PRA) classifies these requirements as an information collection and the PRA requires the Federal Reserve to renew these requirements every three years.

On June 14 2007, a notice of proposed rulemaking was published in the *Federal Register* for public comment (72 FR 32948).[2] The Federal Reserve proposed changes to format, timing, and content requirements for the five main types of disclosures governed by Regulation Z: (1) application and solicitation disclosures, (2) account-opening disclosures, (3) periodic statement disclosures, (4) change-in-terms notices, and (5) advertising provisions. The goal of the proposed revisions is to improve the effectiveness of TILA disclosures throughout the life of an open-end (not home-secured) plan. The proposed revisions are intended to provide the most essential information to consumers at the point in time the information would be most useful to them. The comment period expired October 12, 2007. The Federal Reserve received over 2,500 comments on the June 2007 proposal.

On May 19, 2008, a second notice of proposed rulemaking was published in the *Federal Register* for public comment (73 FR 28866). The Federal Reserve sought comment on a limited number of additional revisions to the regulation and commentary. New proposed amendments address creditors' responsibilities to establish reasonable instructions for receiving timely payments and when a due date falls on a weekend or holiday. Creditors' responsibilities when investigating a claim of unauthorized transactions or an allegation of a billing error are also addressed. Advertisements for deferred interest plans would be required to provide additional information about how interest could be imposed. The Federal Reserve also proposes to revise the recordkeeping and disclosure requirements of Regulation Z, by adding the disclosure requirements in Section 227.14(b) of Regulation AA Unfair or Deceptive Acts or Practices. 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. The information collection would be renamed as the recordkeeping and disclosure requirements associated with Regulation Z (Truth in Lending) and Section 227.14(b) of Regulation AA. The comment period expired July 18, 2008. The Federal Reserve received over 450 comments on the May 2008 proposal.

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[1] The 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.
[2] The proposed revisions take into consideration comments from the public on the December 8, 2004, and October 17, 2005, advance notices of proposed rulemaking (ANPR) published in the *Federal Register*. Both ANPRs were assigned Docket No. R-1217

On January 29, 2009, a notice of final rulemaking was published in the *Federal Register* adopting the amendments largely as proposed, with mandatory compliance July 1, 2010 (74 FR 5244). Except as otherwise noted, the changes apply solely to open-end credit. Disclosures accompanying credit card applications and solicitations must highlight fees and reasons penalty rates might be applied, such as for paying late. Creditors are required to summarize key terms at account opening and when terms are changed. Specific fees are identified that must be disclosed to consumers in writing before an account is opened, and creditors are given flexibility regarding how and when to disclose other fees imposed as part of the open-end plan. Costs for interest and fees are separately identified for the cycle and year to date. A creditor is required to give 45 days' advance notice prior to certain changes in terms and before the rate applicable to a consumer's account is increased as a penalty. Rules of general applicability such as the definition of open-end credit, dispute resolution procedures, and payment processing limitations apply to all open-end plans, including home-equity lines of credit. Rules regarding the disclosure of debt cancellation and debt suspension agreements are revised for both closed-end and open-end credit transactions. Loans taken against employer-sponsored retirement plans are exempt from TILA coverage.

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.

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.[3] Other federal agencies account for the paperwork burden on other creditors. The current annual burden for 1,138 respondents[4] is estimated to be 585,044 hours.

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[3] 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.

[4] The number of Federal Reserve-supervised respondents 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 &

The Federal Reserve estimates the final rule will impose a one-time increase in the estimated total annual burden under Regulation Z for all respondents regulated by the Federal Reserve by 74,640 hours. In addition, the Federal Reserve estimates that, on a continuing basis, the proposed revisions to the change-in-terms notices will increase the estimated annual frequency for from 2,500 to 3,750. The estimated annual burden for change-in-terms notices will increase by 18,292 hours to 54,875 hours. The total annual burden is estimated to increase from by 109,760 hours from 578,847hours to 688,607 hours.

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.[5] The Board also 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

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agencies of foreign banks, and 2 Commercial lending companies.

[5] 15 U.S.C. 1601 *et seq*.

escrow requirement, which may be phased in during 2010 to allow lenders to establish new systems as needed.

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.

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.

Reverse Mortgages. 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 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. 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.

Summary of Major Changes

The goal of the amendments to Regulation Z is 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 changes are the result of the Board's review of the provisions that apply to open-end (not home-secured) credit. The Board is adopting 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.

Initial Term Disclosures (Section 226.6) – Requirements for cost disclosures provided at account opening are adopted to make the information more conspicuous and easier to read. The changes include:

(1) Disclosing certain key terms in a summary table at account opening, in order to summarize for consumers key information that is most important to informed decision making. The table is substantially similar to the table required for credit and charge card applications and solicitations.

(2) Adopting a different approach to disclosing fees, to provide greater clarity for identifying fees that must be disclosed. In addition, creditors would have flexibility to disclose charges (other than those in the summary table) in writing or orally.

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.*

Change-in-Term Disclosures (Section 226.6) – The final rule expands the circumstances under which consumers receive written notice of changes in the terms (e.g., an increase in the interest rate) applicable to their accounts, and increase the amount of time these notices must be sent before the change becomes effective. The changes include: 1) increasing advance notice before a changed term can be imposed from 15 to 45 days, to better allow consumers to obtain alternative financing or change their account usage, 2) requiring creditors to provide 45 days' prior notice before the creditor increases a rate either due to a change in the terms applicable to the consumer's account or due to the consumer's delinquency or default or as a penalty, and 3) when a change-in-terms notice accompanies a periodic statement, requiring a tabular disclosure on the front side of the periodic statement of the key terms being changed.

Periodic Statements (Section 226.7) – Revisions are adopted to make disclosures on periodic statements more understandable, primarily by making changes to the format requirements, such as by grouping fees and interest charges together. The changes include: 1) itemizing interest charges for different types of transactions, such as purchases and cash advances, grouping interest charges and fees separately, and providing separate totals of fees and interest for the month and year-to-date; 2) eliminating the requirement to disclose an ''effective APR''; and 3) requiring disclosure of the effect of making only the minimum required payment on the time to repay balances, as required by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

Credit and charge card solicitations and applications disclosures (Sections 226.5(a)) Format and content changes are adopted to make the credit and charge card application and solicitation disclosures more meaningful and easier for consumers to use. The changes include: 1) adopting new format requirements for the summary table, including rules regarding: type size and use of boldface type for certain key terms, and placement of information and 2) revising content, including: a requirement that creditors disclose the duration that penalty rates may be in effect, a shorter disclosure about variable rates, new descriptions when a grace period is offered on purchases or when no grace period is offered, and a reference to consumer education materials on the Federal Reserve's web site.

Advertising provisions (Section 226.16) – Rules governing advertising of open-end credit are revised to help ensure consumers better understand the credit terms offered. These revisions include: 1) requiring advertisements that state a periodic payment amount on a plan offered to finance the purchase of goods or services to state, in equal prominence to the periodic payment amount, the time period required to pay the balance and the total of payments if only periodic payments are made and 2) permitting advertisements to refer to a rate as ''fixed'' only if the advertisement specifies a time period for which the rate is fixed and the rate will not increase for any reason during that time, or if a time period is not specified, if the rate will not increase for any reason while the plan is open.

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

On June 14 2007, a notice of proposed rulemaking was published in the *Federal Register* for public comment (72 FR 32948). The comment period expired October 12, 2007. On May 19, 2008, a second notice of proposed rulemaking was published in the *Federal Register* for public comment (73 FR 28866). The comment period expired July 18, 2008. The Federal Reserve received over 3,250 comment letters total. On January 29, 2009, a notice of final rulemaking was published in the *Federal Register* adopting the amendments largely as proposed, with mandatory compliance July 1, 2010 (74 FR 5244).

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[6]

The current total annual burden for the disclosure requirements of this information collection is estimated to be 585,044 hours, as shown in the table below. The table provides the estimated annual burden for the 1,138 creditors to which Regulation Z applies. The current estimated total annual burden represents about 14.7 percent of total Federal Reserve System burden.

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

[6] The burden estimate for this rulemaking includes the burden addressing changes to HOEPA disclosures, governed by Regulation Z, as announced in a final rulemaking July 30, 2008 (73 FR 44522) (Docket No. R–1305).

retained as evidence of compliance. Regulation Z permits institutions to provide credit and 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 Federal Reserve estimates the final rule will impose a one-time increase in the estimated total annual burden under Regulation Z for all respondents regulated by the Federal Reserve by 74,640 hours. In addition, the Federal Reserve estimates that, on a continuing basis, the proposed revisions to the change-in-terms notices will increase the estimated annual frequency for from 2,500 to 3,750. The estimated annual burden for change-in-terms notices will increase by 18,292 hours to 54,875 hours. The total annual burden is estimated to increase from by 109,760 hours from 578,847hours to 688,607 hours.

Current Burden

	Number of respondents	*Estimated annual frequency*	*Estimated response time*	*Estimated annual burden hours*
Subpart B Open-end Credit:				
Section 226.6				
Initial disclosures	878	1,150	1.5 minutes	25,243
Section 226.9(c)				
Change-in-terms disclosures	878	2,500	1 minute	36,583
Section 226.7				
Periodic Statements	1,138	12	8 hours	109,248
Section 226.13				
Error resolution:				
Credit cards	226	145	30 minutes	16,385
Other Open-end Credit	1,138	2	30 minutes	1,138
Section 226.5(a)				
Credit and Charge Cards:				
Applications and Solicitations	226	12	8 hours	21,696
Section 226.5(b)				
Home-Equity Plans:				
Applications disclosure	767	790	1.5 minutes	15,148
Restrictions disclosure	767	10	3 minutes	384
Subpart C				
Section 226.17				
Closed-end Credit Disclosures	1,138	2,472	6.5 minutes	304,756
Subpart E				
Pre-closing disclosure	30	250	3 minutes	375
Subpart B Section 226.16 and Subpart C Section 226.24				
Advertising Rules	1,138	5	25 minutes	2,371
One-time change (R-1305)	1,138	1	40 hours	45,520
Current total				578,847

Proposed Burden	*Number of respondents*	*Estimated annual frequency*	*Estimated response time*	*Estimated annual burden hours*
Subpart B Open-end Credit:				
Section 226.6				
Initial disclosures	878	1,150	1.5 minutes	25,243
One-time change (R-1286)	**1,138**	**1**	**8 hours**	**9,104**
Reg AA Section 227.14(b)				
Cosigner disclosure (R-1286)	**878**	**1,150**	**1 minute**	**16,828**
Section 226.9(c)				
Change-in-terms disclosures				
Continuing basis	**878**	**3,750**	**1 minute**	**54,875**
One-time change (R-1286)	**1,138**	**1**	**8 hours**	**9,104**
Section 226.7				
Periodic Statements	1,138	12	8 hours	109,248
One-time change (R-1286)	**1,138**	**1**	**40 hours**	**45,520**
Section 226.13				
Error resolution:				
Credit cards	226	145	30 minutes	16,385
Other Open-end Credit	1,138	2	30 minutes	1,138
Section 226.5(a) Reg Z				
Credit and Charge Cards:				
Applications and Solicitations	226	12	8 hours	21,696
One-time change (R-1286)	**226**	**1**	**8 hours**	**1,808**
Section 226.5(b)				
Home-Equity Plans:				
Applications disclosure	767	790	1.5 minutes	15,148
Restrictions disclosure	767	10	3 minutes	384
Subpart C				
Section 226.17				
Closed-end Credit Disclosures	1,138	2,472	6.5 minutes	304,756
Subpart E				
Pre-closing disclosure	30	250	3 minutes	375
Subpart B Section 226.16				
Subpart C Section 226.24				
Advertising Rules	1,138	5	25 minutes	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**
Proposed total				**688,607**
Total change				**+109,760**

With the proposed revisions, the total estimated annual cost to the public would increase $6,766,704 from $35,685,918[7] to $42,452,622

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 are responsible for estimating and reporting to OMB the total paperwork burden for the institutions for which they have administrative enforcement authority. They may, but are not required to, use the Federal Reserve's burden estimates. Using the Federal Reserve's method, the total current estimated annual burden for all financial institutions subject to Regulation Z, including Federal Reserve-supervised institutions, would be approximately 11,671,017 hours. As a whole, the final rule will impose an increase in the estimated annual burden for all institutions subject to Regulation Z by 1,897,708 hours to 13,568,725 hours. On a continuing basis, the proposed revisions to the change-in-terms notices would increase the estimated annual frequency, thus increasing the total annual burden on a continuing basis from 11,671,017 to 12,000,671 hours. The above estimates represent an average across all respondents and reflect variations between institutions based on their size, complexity, and practices. All covered institutions, including card issuers, retailers, and depository institutions (of which there are approximately 17,200) potentially are affected by this collection of information, and thus are respondents for purposes of the PRA.

[7] 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% Technical support/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, *Occupational Employment and Wages*, news release.