

**BUREAU OF CONSUMER FINANCIAL PROTECTION**

**12 CFR Part 1026**

**[Docket No. CFPB-2012-0028]**

**RIN 3170-AA19**

**Integrated Mortgage Disclosures Under the Real Estate Settlement Procedure Act (Regulation X) and the Truth In Lending Act (Regulation Z)**

**AGENCY:** Bureau of Consumer Financial Protection.

**ACTION:** Notice of request for public comment; extension of comment period.

**SUMMARY:** On July 9, 2012, the Consumer Financial Protection Bureau (Bureau) published on its website and transmitted to the *Federal Register* a notice requesting comment on proposed rules and forms to integrate certain disclosure requirements of the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) for most closed-end consumer credit transactions secured by real property, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The proposed rule, which would amend Regulation X (RESPA) and Regulation Z (TILA), was published in the *Federal Register* on August 23, 2012. See 77 FR 51116 (Aug. 23, 2012). Comments on the integrated rules and forms are due November 6, 2012. However, the proposed rule set a comment deadline of September 7, 2012 on two issues: proposed changes to the definition of the finance charge; and whether to delay implementation of certain disclosure requirements added to TILA and RESPA by title XIV of the Dodd-Frank Act. Because of the relationship of the proposed changes to other ongoing Bureau rulemakings and the Bureau's request for data on the potential impact of the proposed changes to the finance charge on those rulemakings, the Bureau has determined that an extension of the

comment period until November 6, 2012 is appropriate. This extension applies solely to the proposed changes to the definition of the finance charge.

**DATES:** The comment period for the proposed amendments to 12 CFR 1026.4 contained in the Bureau's notice at 77 FR 51116 (Aug. 23, 2012) is extended to November 6, 2012. The comment period for the proposed changes to 12 CFR 1026.1(c) contained in that notice, which ends on September 7, 2012, is unchanged. The comment period for all other proposed amendments in that notice, which ends on November 6, 2012, is unchanged.

**ADDRESSES:** You may submit comments, identified by Docket No. CFPB-2012-0028 or RIN 3170-AA19, by any of the following methods:

- *Electronic:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Mail/Hand Delivery/Courier:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street, NW, Washington, DC 20552.

*Instructions:* All submissions should include the agency name and docket number or Regulatory Information Number (RIN) for this rulemaking. Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. In general, all comments received will be posted without change to <http://www.regulations.gov>. In addition, comments will be available for public inspection and copying at 1700 G Street, NW, Washington, DC 20552, on official business days between the hours of 10 a.m. and 5 p.m. Eastern Time. You can make an appointment to inspect the documents by telephoning (202) 435-7275.

All comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as

account numbers or social security numbers, should not be included. Comments will not be edited to remove any identifying or contact information.

**FOR FURTHER INFORMATION CONTACT:** Priscilla Walton-Fein, Counsel, or Paul Mondor, Managing Counsel, Office of Regulations, at (202) 435-7700.

**SUPPLEMENTARY INFORMATION:** On July 9, 2012, the Consumer Financial Protection Bureau (Bureau) published on its website and transmitted to the *Federal Register* a notice requesting comment on proposed rules and forms to integrate certain disclosure requirements of the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) for most closed-end consumer credit transactions secured by real property (TILA-RESPA Integration Proposal), as required by sections 1032(f), 1098, and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The proposed rule would amend Regulation X (RESPA) and Regulation Z (TILA). The notice was published in the *Federal Register* on August 23, 2012.<sup>1</sup> In addition to requesting comment on the integrated rules and forms, the TILA-RESPA Integration Proposal requests comment on other amendments to Regulation Z, including proposed provisions to delay implementation of certain disclosure requirements added to TILA and RESPA by title XIV of the Dodd-Frank Act (in proposed § 1026.1(c)) and proposed changes to the definition of the finance charge (in proposed § 1026.4).

Under proposed § 1026.4, most of the current exclusions from the finance charge would be eliminated for closed-end transactions secured by real property or a dwelling, resulting in a simpler, more inclusive definition of the finance charge. This aspect of the TILA-RESPA Integration Proposal largely mirrors a 2009 proposed rule published by the Board of Governors

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<sup>1</sup> 77 FR 51116 (Aug. 23, 2012). The version of the TILA-RESPA Integration Proposal published in the *Federal Register* on August 23, 2012 is identical to the version of the proposed rule published on the Bureau's website on July 9, 2012, except for limited formatting and typographical changes.

of the Federal Reserve System (Board), which was not finalized before TILA rulemaking authority transferred to the Bureau (2009 Closed-End Proposal).<sup>2</sup>

The TILA-RESPA Integration Proposal provides for a bifurcated comment process. Comments regarding the proposed amendments to §§ 1026.1(c) and 1026.4 must be received on or before September 7, 2012. For all other proposed amendments, comments must be received on or before November 6, 2012.

The TILA-RESPA Integration Proposal describes the rationale for a bifurcated comment process. With respect to the proposed changes to the definition of the finance charge, the proposed rule notes that the Bureau expects to issue several final rules to implement provisions of title XIV of the Dodd-Frank Act by January 21, 2013, that address loan pricing thresholds for coverage of various substantive requirements under the Home Ownership and Equity Protection Act (HOEPA) and other Dodd-Frank Act provisions that are based, at least in part, on the finance charge and corresponding annual percentage rate (APR).<sup>3</sup> Accordingly, the Bureau wished to evaluate comments on the expanded definition of the finance charge simultaneously with comments on the other proposed rules, and therefore provided a comment period of 60 days for the proposed amendments to § 1026.4, rather than the 120-day comment period provided for most other aspects of the proposed rule. The Bureau also believed a shorter comment period would be appropriate for the proposed changes to the finance charge definition given that this

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<sup>2</sup> 74 FR 43232 (Aug. 26, 2009).

<sup>3</sup> Generally, these other rulemakings are as follows: (1) expanded protections for high-cost mortgage loans under HOEPA pursuant to TILA sections 103(bb) and 129, as amended by Dodd-Frank Act sections 1431 through 1433 (see proposed rule at 77 FR 49089 (Aug. 15, 2012)); (2) requirements for creditors to determine that a consumer can repay a mortgage loan and the establishment of minimum standards for compliance, such as by making a “qualified mortgage,” pursuant to TILA section 129C, as established by Dodd-Frank Act sections 1411 and 1412 (see proposed rule at 76 FR 27390 (May 11, 2011)); (3) required escrow account disclosures and mandatory escrow accounts for certain first-lien higher-priced mortgage loans pursuant to TILA section 129D, as established by Dodd-Frank Act sections 1461 and 1462 (see proposed rule at 76 FR 11598 (Mar. 2, 2011)); and (4) required appraisals for higher-risk mortgages pursuant to TILA section 129H, as established by Dodd-Frank Act section 1471 (see proposed rule at <https://s3.amazonaws.com/public-inspection.federalregister.gov/2012-20432.pdf>; *Federal Register* publication scheduled for September 5, 2012). The TILA-RESPA Integration Proposal explains in detail the intersection of the proposed more inclusive finance charge and these other rulemakings. See 77 FR 51116, 51144-46.

aspect of the proposal largely mirrors the 2009 Closed-End Proposal. The Bureau also sought comment on the timing of implementation of the proposed changes to the finance charge definition in light of the Bureau's other rulemakings.

Based on informal feedback received by the Bureau since publishing the TILA-RESPA Integration Proposal, the Bureau now believes that it is appropriate to provide additional time for commenters to provide their views on the proposed changes to the definition of the finance charge. The Bureau recently published proposed rules related to HOEPA protections and mandatory appraisals for certain higher-risk mortgages; those proposals discuss certain means of reconciling an expanded definition of the finance charge with coverage thresholds that depend on the finance charge or APR. The Bureau understands that commenters may need additional time to evaluate the proposed more inclusive finance charge in light of these proposals, as well as prior proposed rules published by the Board related to qualified mortgages and mandatory escrow accounts that discuss similar issues. In particular, the TILA-RESPA Integration Proposal specifically requests data that will allow the Bureau to perform a quantitative analysis to determine the impacts of a broader finance charge definition on the coverage thresholds for these other regimes. The Bureau understands that such data collection may require additional time and that commenters may wish to evaluate any data they collect when preparing their comments.

For these reasons, the Bureau is extending the comment period for the proposed changes to § 1026.4 in the TILA-RESPA Integration Proposal to November 6, 2012. In light of this extended comment period and the subsequent, necessary analysis of comments and data received, the Bureau does not expect to address any proposed changes to § 1026.4 until after the Bureau has met its deadlines to issue final rules to implement requirements of the Dodd-Frank Act that would otherwise take effect on January 21, 2013. Instead, the Bureau expects to address

the proposals to expand the finance charge when it finalizes the disclosures in the TILA-RESPA Integration Proposal.

The comment period for the proposed changes to § 1026.1(c) concerning certain disclosure requirements under the Dodd-Frank Act, which ends September 7, 2012, is unchanged. In addition, the comment period for all other aspects of the TILA-RESPA Integration Proposal containing proposed amendments, which ends November 6, 2012, is unchanged. In a separate notice, the Bureau is also extending to November 6, 2012, the comment period for the portions of the Bureau's HOEPA Proposal regarding whether and how to account for the implications of a more inclusive finance charge on the scope of HOEPA coverage. If the Bureau expands the definition of the finance charge, the Bureau will at the same time address the proposals to adjust the coverage thresholds that depend on the finance charge or the APR in the HOEPA Proposal and the other proposed rules implementing title XIV of the Dodd-Frank Act. The Bureau continues to encourage commenters to submit comments during the relevant comment periods.

[THIS SIGNATURE PAGE RELATES TO THE NOTICE OF REQUEST FOR PUBLIC COMMENT; EXTENSION OF COMMENT PERIOD ENTITLED “**Integrated Mortgage Disclosures Under the Real Estate Settlement Procedure Act (Regulation X) and the Truth In Lending Act (Regulation Z)**”]

Dated: August 30, 2012.



**Richard Cordray,**

*Director, Bureau of Consumer Financial Protection.*