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[Docket No. CFPB–2015–0029]

RIN 3170–AA48

2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) and Amendments; Delay of Effective Date

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Final rule; official interpretations; delay of effective date.

SUMMARY: The Consumer Financial Protection Bureau is delaying until October 3, 2015, the effective date of the TILA–RESPA Final Rule and the related TILA–RESPA Amendments. In light of certain procedural requirements under the Congressional Review Act (CRA), the TILA–RESPA Final Rule and the TILA–RESPA Amendments cannot take effect on August 1, 2015, as originally provided by those rules. To comply with the CRA and to help ensure the smooth implementation of the TILA–RESPA Final Rule, the Bureau is extending the effective date of both the TILA–RESPA Final Rule and the TILA–RESPA Amendments beyond the additional minimum period required by the CRA to October 3, 2015, as proposed. The Bureau is also making certain technical amendments to the Official Interpretations of Regulation Z to reflect the new effective date and technical corrections to two provisions of Regulation Z adopted by the TILA–RESPA Final Rule.

DATES: The amendments in this final rule are effective on October 3, 2015. Effective July 24, 2015, this final rule delays the effective date from August 1, 2015, until October 3, 2015, for the final rules amending 12 CFR parts 1024 and 1026 published December 31, 2013, at 78 FR 79730, and February 19, 2015, at 80 FR 8767; and for amendatory instruction 5 amending Supplement I to 12 CFR part 1026, appearing on page 65325 in the **Federal Register** on November 3, 2014.

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SUPPLEMENTARY INFORMATION:

I. Summary of the Final Rule

In November 2013, pursuant to sections 1098 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),[1] the Consumer Financial Protection Bureau (Bureau or CFPB) issued the Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) (TILA–RESPA Final Rule), combining certain disclosures that consumers receive in connection with applying for and closing on a mortgage loan.[2] On January 20, 2015, the Bureau issued the Amendments to the 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth in Lending Act (Regulation Z) (TILA–RESPA Amendments or Amendments).[3] As published in the **Federal Register**, the TILA–RESPA Final Rule and the TILA–RESPA Amendments (together, the TILA–RESPA Final Rule and Amendments) are effective on August 1, 2015. Because of an administrative error on the Bureau's part in complying with the Congressional Review Act (CRA) with respect to the TILA–RESPA Final Rule, the TILA–RESPA Final Rule and Amendments cannot take effect until, at the earliest, August 15, 2015 (CRA Effective Date).

On June 24, 2015, the Bureau issued a proposed rule to delay the effective date of the TILA–RESPA Final Rule and Amendments to October 3, 2015 (Proposed Rule). The Proposed Rule also included certain technical amendments to the Official Interpretations to Regulation Z to reflect the proposed new effective date.[4]

The Bureau is now issuing this final rule to delay the effective date of the TILA–RESPA Final Rule and Amendments to October 3, 2015, and to finalize the related technical amendments in the Proposed Rule. As discussed in more detail in parts VI and VII below, this final rule also makes certain technical corrections to the TILA–RESPA Final Rule. Specifically, the Bureau is: (1) Amending § 1026.38(i)(8)(ii) and (iii)(A) to include, in the amount disclosed as ''Final'' for Adjustments and Other Credits, the amount disclosed under § 1026.38(j)(1)(iii) for certain personal property sales, thus conforming the calculation of Adjustments and Other Credits on the Closing Disclosure and Loan Estimate; and (2) amending § 1026.38(j)(1)(iv) to include, in the amount disclosed as Closing Costs Paid at Closing, lender credits disclosed under § 1026.38(h)(3), thus conforming the disclosure of the borrower's cash to close in the Calculating Cash to Close and the Summaries of Transactions tables on the Closing Disclosure. These technical corrections are in line with existing industry expectations and informal Bureau guidance.

II. Background

A. The TILA–RESPA Integrated Disclosures Rulemaking

Dodd-Frank Act sections 1032(f), 1098, and 1100A mandated that the Bureau establish a single disclosure scheme for use by lenders and creditors

[1] Public Law 111–203, 124 Stat. 1376, 2007, 2103–04, 2107–09 (2010).

[2] 78 FR 79730 (Dec. 31, 2013). The TILA–RESPA Final Rule finalized a proposal the Bureau had issued on July 9, 2012, 77 FR 51116 (Aug. 23, 2012) (2012 TILA–RESPA Proposal).

[3] 80 FR 8767 (Feb. 19, 2015). The TILA–RESPA Amendments finalized a proposal the Bureau had issued on October 10, 2014, 79 FR 64336 (Oct. 29, 2014).

[4] For purposes of this final rule, these technical amendments include a change to amendatory instruction 5, appearing at 79 FR 65325 (Nov. 3, 2014), which will change the effective date of comment 43(e)(3)(iv)–2. The Amendments to the 2013 Mortgage Rules Under the Truth in Lending Act (Regulation Z) revised that comment to coordinate the points and fees cure with the tolerance cure available under the TILA–RESPA Final Rule. The Bureau proposed to change amendatory instruction 5 to conform with the new effective date for the TILA–RESPA Final Rule and Amendments and is finalizing that proposal in this final rule.

in complying with the disclosure requirements of both the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA).[5] Section 1098(2) of the Dodd-Frank Act amended RESPA section 4(a) to require that the Bureau publish a single, integrated disclosure for mortgage loan transactions, including ''the disclosure requirements of this section and section 5, in conjunction with the disclosure requirements of [TILA].'' [6] Similarly, section 1100A(5) of the Dodd-Frank Act amended TILA section 105(b) to require that the Bureau publish a single, integrated disclosure for mortgage loan transactions, including ''the disclosure requirements of this title in conjunction with the disclosure requirements of [RESPA].'' [7] The Bureau issued proposed integrated disclosure forms and rules for public comment on July 9, 2012, and issued the TILA–RESPA Final Rule on November 20, 2013.[8]

Upon issuing the TILA–RESPA Final Rule, the Bureau initiated extensive efforts to support industry implementation.[9] Information regarding the Bureau's TILA–RESPA implementation initiative and available resources can be found on the Bureau's regulatory implementation Web site at *www.consumerfinance.gov/regulatory-implementation/tila-respa.*

B. Proposed Effective Date

As adopted, the TILA–RESPA Final Rule and Amendments are effective on August 1, 2015. Section 801 of the CRA precludes a rule from taking effect until the Federal agency promulgating the rule submits a rule report, including a copy of the rule, to each House of Congress and to the Comptroller General of the Government Accountability Office (GAO).[10] The TILA–RESPA Final Rule is a major rule under the CRA. Major rules, as defined under the CRA, have several additional procedural requirements, including that they cannot take effect until 60 days after (1) publication in the **Federal Register** or (2) receipt by Congress, whichever is later.[11] Although the TILA–RESPA Final Rule was published in the **Federal Register** on December 31, 2013, and received widespread public and Congressional attention, the Bureau discovered on June 16, 2015, that it inadvertently had not submitted the rule report to Congress. Later that day, the Bureau submitted the report to both Houses of Congress and the GAO. Under the CRA, the TILA–RESPA Final Rule cannot take effect until, at the earliest, August 15, 2015, two weeks after the originally scheduled effective date. The TILA–RESPA Amendments cannot take effect before the TILA–RESPA Final Rule, as they amend the TILA–RESPA Final Rule.

Given that the TILA–RESPA Final Rule would not take effect until the CRA Effective Date, the Bureau proposed a brief additional delay to October 3, 2015. In doing so, the Bureau discussed whether this additional delay could potentially benefit both consumers and industry more than having the new rules take effect on the CRA Effective Date. The Bureau recognized that adjusting operational systems from a target readiness date of August 1 to a target readiness date of August 15 would likely pose implementation challenges for many organizations. The Bureau also recognized that a mid-month effective date could create additional challenges. Moreover, the Bureau noted that delays in the delivery of system updates had left some creditors with limited time to fully test all of their systems and system components to ensure that each system works with the others in an effective manner. These delays pose risks to smooth implementation of the TILA–RESPA Final Rule when combined with the challenges for institutions of adjusting operational systems to a new effective date.

The Bureau also explained in the Proposed Rule that a Saturday effective date could allow for smoother implementation by affording industry time over a weekend to launch new systems configurations and to test systems. The Bureau noted that a Saturday launch would be consistent with existing industry plans tied to the original Saturday August 1 effective date. The Bureau explained its concern that a longer delay in implementation would impose unnecessary costs both on consumers and on those segments of industry that have worked diligently for a timely implementation. A longer delay would also be inconsistent with the Bureau's goal of implementing the new disclosures on the earliest practically feasible date to support consumer understanding of mortgage loan transactions.

III. Summary of the Rulemaking Process

On June 24, 2015, the Bureau issued the Proposed Rule with a request for public comment. The Proposed Rule was published in the **Federal Register** on June 26, 2015.[12]

The Bureau solicited comment on all aspects of the Proposed Rule. In particular, the Bureau asked commenters to provide specific detail and any available data regarding current and planned practices, as well as relevant knowledge and specific facts about any benefits, costs, or other impacts on both industry and consumers of the Proposed Rule. The Bureau solicited comment regarding the proposed extension of the effective date to October 3, 2015, as well as alternative dates for extension, including the prospect of allowing the new rules to take effect on the CRA Effective Date.

The comment period closed on July 7, 2015. In response to the Proposed Rule, the Bureau received more than 1,300

[5] 12 U.S.C. 5532(f), 2603; 15 U.S.C. 1604(b).

[6] 12 U.S.C. 2603(a).

[7] 15 U.S.C. 1604(b). The amendments to RESPA and TILA mandating a single, integrated disclosure are among numerous conforming amendments to existing Federal laws found in subtitle H of the Consumer Financial Protection Act of 2010 (the Consumer Financial Protection Act of 2010 is title X of the Dodd-Frank Act). Subtitle C of the Consumer Financial Protection Act, ''Specific Bureau Authorities,'' codified at 12 U.S.C. chapter 53, subchapter V, part C, contains a similar provision. Specifically, section 1032(f) of the Dodd-Frank Act provides that, by July 21, 2012, the Bureau ''shall propose for public comment rules and model disclosures that combine the disclosures required under [TILA] and sections 4 and 5 of [RESPA] into a single, integrated disclosure for mortgage loan transactions covered by those laws.'' 12 U.S.C. 5532(f). The Bureau issued the 2012 TILA–RESPA Proposal pursuant to that mandate and the parallel mandates established by the conforming amendments to RESPA and TILA, discussed above.

[8] 77 FR 51116 (Aug. 23, 2012) (2012 TILA–RESPA Proposal); 78 FR 79730 (Dec. 31, 2013) (TILA–RESPA Final Rule); *see also* CFPB, *CFPB Proposes ''Know Before You Owe'' Mortgage Forms* (July 9, 2012), *http://www.consumerfinance.gov/pressreleases/consumer-financial-protection-bureau-proposes-know-before-you-owe-mortgage-forms/; Know Before You Owe: Introducing Our Proposed Mortgage Disclosure Forms,* CFPB Blog (July 9, 2012), *http://www.consumerfinance.gov/blog/know-before-you-owe-introducing-our-proposed-mortgage-disclosure-forms/.*

[9] These ongoing efforts include: (1) The publication of a small entity compliance guide and a guide to forms to help industry understand the new rules, including updates to the guides, as needed; (2) the publication of a readiness guide for institutions to evaluate their readiness and facilitate compliance with the new rules; (3) the publication of a disclosure timeline that illustrates the process and timing requirements of the new disclosure rules; (4) an ongoing series of webinars to address common interpretive questions, including an index of questions answered during those webinars; (5) roundtable meetings with industry, including creditors, settlement service providers, and technology vendors, to discuss and support their implementation efforts; (6) participation in dozens of conferences and forums; and (7) close collaboration with State and Federal regulators on implementation of the TILA–RESPA Final Rule and Amendments, including coordination on consistent examination procedures. There were over 30,000 downloads of the Bureau's small entity compliance guide and other regulatory implementation support materials during June 2015 alone. Additionally, the Bureau has provided extensive informal guidance to support implementation of the TILA–RESPA Final Rule and Amendments.

[10] 5 U.S.C. 801(a)(1)(A).

[11] 5 U.S.C. 801(a)(3), 804(2).

[12] 80 FR 36727 (June 26, 2015).

comments from industry trade associations, creditors, technology vendors, and other industry representatives, as well as consumer advocacy groups and others. In adopting this final rule, the Bureau has considered and discussed relevant comments in parts V and VI below. Many of the comments urged the Bureau to take actions beyond the scope of the Proposed Rule.

IV. Legal Authority

The Bureau is issuing this final rule pursuant to its authority under TILA, RESPA, and the Dodd-Frank Act. Specifically, the Bureau is exercising its rulemaking authority pursuant to TILA section 105(a), RESPA section 19(a), and Dodd-Frank Act section 1022(b)(1) to delay the effective date of the TILA–RESPA Final Rule and Amendments, including related technical amendments in the Proposed Rule.

The legal authority for the TILA–RESPA Final Rule and the TILA–RESPA Amendments is described in detail in the Legal Authority parts of the TILA–RESPA Final Rule and the TILA–RESPA Amendments, respectively.[13] As amended by the Dodd-Frank Act, TILA section 105(a) directs the Bureau to prescribe regulations to carry out the purposes of TILA and provides that such regulations may contain additional requirements, classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for all or any class of transactions, that the Bureau judges are necessary or proper to effectuate the purposes of TILA, to prevent circumvention or evasion thereof, or to facilitate compliance therewith.[14] Section 19(a) of RESPA authorizes the Bureau to prescribe such rules and regulations and to make such interpretations and grant such reasonable exemptions for classes of transactions as may be necessary to achieve the purposes of RESPA.[15] Additionally, under Dodd-Frank Act section 1022(b)(1), the Bureau has general authority to prescribe rules ''as may be necessary or appropriate to enable the Bureau to administer and carry out the purposes and objectives of the Federal consumer financial laws, and to prevent evasions thereof.'' [16] TILA and RESPA are Federal consumer financial laws.[17] Accordingly, in issuing this final rule, the Bureau is exercising its authority under Dodd-Frank Act section 1022(b)(1) to prescribe rules under TILA, RESPA, and title X of the Dodd-Frank Act that carry out the purposes and objectives and prevent evasion of those laws. The Bureau believes that delaying the effective date to October 3, 2015, will facilitate compliance with—and help ensure the smooth implementation of—the TILA–RESPA Final Rule and Amendments. Section 1022(b)(2) of the Dodd-Frank Act prescribes certain standards for rulemaking that the Bureau must follow in exercising its authority under section 1022(b)(1).[18]

The Bureau is also making technical corrections to § 1026.38(i)(8)(ii) and (iii)(A) and § 1026.38(j)(1)(iv), relying on the same authority used to implement § 1026.38(i) and (j) in the TILA–RESPA Final Rule: TILA section 105(a); RESPA section 19(a); and Dodd-Frank Act sections 1032(a) and 1405(b).[19]

V. Effective Date

In the Proposed Rule, the Bureau requested comment specifically regarding the proposed extension of the effective date to October 3, 2015, as well as alternative dates for extension, including allowing the new rules to take effect on the CRA Effective Date.

A. Comments Received

Extending the Effective Date Beyond the CRA Effective Date

The vast majority of commenters who opined on the effective date—including banks, credit unions, mortgage companies, industry service providers, trade associations, and individual commenters—supported extending the effective date beyond the CRA Effective Date. Consumer advocacy groups did not oppose the extension beyond the CRA Effective Date. Many commenters supported the proposed October 3, 2015, effective date without requesting any additional delay in the effective date. Other commenters recommended extending the effective date to various other dates, including September 3, 2015; November 1, 2015; December 31, 2015; January 1, 2016; January 2, 2016; January 4, 2016; January 14, 2016; or February 1, 2016.

However, some commenters expressed concern about any delay of the effective date. For example, a few industry commenters suggested that their institutions or creditors more generally would be prepared for an August 1 effective date and that they consequently would not need or want any further delays. Several commenters were concerned about costs associated with any delay, including costs related to staffing, communications, scheduling, programming, and training, but they did not provide sufficient information about those costs from which to develop a reliable estimate of the costs on industry.

Several commenters opposed any further delay beyond an early October effective date. For example, consumer advocacy groups urged that the effective date should not be delayed any further, in order to maximize the benefits of the new disclosures. Consumer advocacy groups commented that the new integrated disclosures will improve the format, content, and timing of information provided to many consumers in connection with the biggest purchase of their lives. Several industry commenters, including various trade associations, a technology vendor, and two banks, stated that adjusting operational systems from an effective date of August 1, 2015, to a later date poses extensive implementation challenges. As a result, industry has begun the process of making operational systems adjustments, even before finalization of the Proposed Rule, based on the proposed October 3, 2015, effective date.

Support for extending the effective date was most often justified by commenters on the basis that industry needs more time to prepare. In particular, many commenters from industry, both individuals and institutions, cited delays in updating software and systems that industry relies on for compliance and also cited related delays in testing and training on such systems. Several industry commenters noted that extending the effective date would provide more time for creditors and service providers to clarify their understanding of the rule's extensive provisions, including through additional guidance issued by the Bureau. Some commenters, including trade organizations and a technology vendor, supported extending the effective date because implementation of the TILA–RESPA Final Rule and Amendments has been occurring while industry is implementing or adjusting to various other legal and regulatory changes, and at least one commenter noted that their resources are stretched thin as a result. Some industry commenters expressed the opinion that a delay in implementation would benefit consumers because industry would be better prepared to implement

[13] 78 FR 79730, 79753–56 (Dec. 31, 2013); 80 FR 8767, 8768–70 (Feb. 19, 2015).

[14] 15 U.S.C. 1604(a).

[15] 12 U.S.C. 2617(a).

[16] 12 U.S.C. 5512(b)(1).

[17] 12 U.S.C. 5481(12), (14).

[18] 12 U.S.C. 5512(b)(2).

[19] *See* 78 FR 79730, 80016, 80020 (Dec. 31, 2013). Sections 1032(a) and 1405(b) of the Dodd-Frank Act are codified, respectively, at 15 U.S.C. 5532 and 15 U.S.C. 1601 note.

the TILA–RESPA Final Rule and Amendments with more time.

Industry commenters who sought a further delay in the effective date beyond October 3, 2015, generally relied on the same arguments raised by other commenters for any extension of the effective date. Among commenters who requested an additional delay in the effective date beyond October 3, 2015, the most common alternative date fell sometime near the beginning of 2016 (*e.g.,* January 1, 2016; January 2, 2016; or January 4, 2016). Industry commenters argued that they expect mortgage origination activity to slow during the end of the calendar year and the beginning of the new year, based on historical patterns, and a delay until early 2016 would thus permit a smoother transition. Some commenters, including a community bank and a credit union, requested a February 1, 2016, effective date instead of a date in January because implementation could be difficult around the end-of-the-year holidays.

Specific Day of the Week or Time During the Month for the Effective Date

Some industry commenters, including a national trade association, specifically supported a Saturday effective date (for example, October 3, 2015) because it would allow companies to migrate their systems over a weekend. At least one commenter, a state trade association, supported a Friday effective date for similar reasons. Other commenters favored different days of the week for the effective date, such as a Monday or Thursday. For example, a credit union commenter favored a Thursday effective date because the TILA–RESPA Final Rule allows a three-business-day window for delivering or placing the Loan Estimate in the mail, and thus a Thursday effective date would provide additional time to work through potential systems issues before the start of the following workweek. A credit union association commenter stated that a weekend effective date would require additional staff overtime costs and would therefore be undesirable.

Several commenters, including a credit union and an individual commenter, stated that an effective date on the first day of the month would simplify implementation. However, a bank commenter stated that there would be additional staff challenges if the effective date is within the first few days after the end of a quarterly reporting period.

Technical Comments on the Effective Date

The Bureau also received a number of technical comments about the effective date. One commenter suggested that the Bureau should amend an additional amendatory instruction, as discussed further below. Some commenters, including consumer advocacy groups, requested clarification as to whether all or only parts of the TILA–RESPA Final Rule and Amendments will have a new effective date. Additionally, other commenters requested clarification that the proposal for the final rule to take effect immediately upon publication referred to the delay of the effective date, not to the TILA–RESPA Final Rule and Amendments.

Other Comments

The Bureau also received a number of comments that did not relate directly to the date when the TILA–RESPA Final Rule should become effective. Many banks, credit unions, mortgage companies, industry service providers, trade associations, and individual commenters from industry—including many who did not request an additional delay in the effective date beyond October 3, 2015—requested a safe harbor period, hold-harmless period, or other formal grace period after the effective date to insulate creditors from private liability or public enforcement. Many suggested that a grace period could apply to creditors that demonstrate good faith efforts to comply with the TILA–RESPA Final Rule and Amendments. Some commenters arguing for an effective date later than October 3, 2015, asked for a grace period if the Bureau maintained the October 3, 2015, effective date. Some commenters supporting a grace period stated that it should last for a specific duration.

Consumer advocacy groups opposed a formal grace period, expressing concerns about consumer protection, precedential value, and the Bureau's legal authority to implement a formal grace period. The consumer advocacy groups noted that regulators already have the discretion not to sanction creditors and that various existing provisions of TILA protect creditors acting in good faith.

Some industry commenters, including various credit unions and their trade associations, requested an optional ''dual compliance'' period before the effective date. During such a dual compliance period, the commenters stated that creditors should have the option to test their systems by using the new integrated disclosures in real-life transactions or continue using the current disclosures. A law firm commenter that supported an optional dual compliance period stated that creditors that are already prepared for an August 2015 effective date should not be penalized by being forced to wait until October or later.

Other industry commenters, including a technology vendor and a title underwriter, opposed a dual compliance period and stated that it would increase the risk of errors, create a competitive disadvantage for some (likely smaller) industry members not using the new disclosures, complicate the flow of information for secondary market investors, and increase the risk of consumer confusion.

The Bureau also received a number of other comments that did not relate, even indirectly, to the effective date and therefore are not discussed in this preamble.[20]

B. Final Rule

Effective Date of October 3, 2015

The Bureau is adopting an October 3, 2015, effective date for the TILA–RESPA Final Rule and Amendments, as proposed.

The Bureau concludes that implementation of the TILA–RESPA Final Rule and Amendments will provide significant benefits to consumers and that the earliest practically feasible implementation date remains essential to aid consumer understanding of mortgage loan transactions. The TILA–RESPA Final Rule and Amendments significantly strengthen and streamline the mortgage loan disclosures provided to consumers. The Bureau believes the TILA–RESPA Final Rule and Amendments will deliver significant value to consumers, among other ways, by helping: (1) To ensure that consumers understand the costs, risks, and benefits of their loans at a time when they can still negotiate the terms of, or walk away from, the transaction; and (2) to minimize changes at the closing table and make it easier for consumers to understand how and why any costs may have changed.[21]

[20] For example, the Bureau received a large number of comments asking it to revisit the requirement to identify owner's title insurance as ''optional'' and the method of disclosure of owner's and lender's title insurance when there is a discount for simultaneous issuance of both policies. A large number of commenters also suggested that the Bureau should require creditors' disclosures to separately itemize an appraiser's charge versus related charges for an appraisal management company. The Bureau considered the same arguments presented by these commenters in the TILA–RESPA Final Rule and did not open its decisions to notice-and-comment rulemaking in the Proposed Rule. Therefore, these comments are outside the scope of this rulemaking.

[21] 78 FR 79730, 80071 (Dec. 31, 2013).

However, given the CRA requirements discussed above, the TILA–RESPA Final Rule and Amendments cannot take effect on August 1, 2015, and therefore the effective date must be moved to the CRA Effective Date or later. Having reviewed and considered the comments, the Bureau continues to believe that a brief delay beyond the CRA Effective Date may minimize costs to consumers and those segments of industry that have worked diligently to implement on time, while allowing all industry participants time to adjust their operations to a new effective date. The Bureau recognizes that the unusual circumstances of this rulemaking place extensive implementation challenges on industry in stopping and restarting progress toward implementation.

The Bureau has considered comments supporting both earlier and later effective dates than October 3, 2015. The Bureau continues to believe that a date before the beginning of October would pose large implementation challenges for much of industry, given the time required to adjust to a new effective date. Further delaying implementation to the beginning of 2016, as many commenters suggested, would impose large costs on consumers denied the benefits of the TILA–RESPA Final Rule. Moreover, multiple commenters indicated that industry would incur additional costs should the Bureau finalize a different effective date than October 3, 2015, because many industry participants of necessity have relied on the Bureau's proposed October 3, 2015, date in taking steps towards adjusting their implementation schedules and operations. Absent compelling evidence demonstrating the objective superiority of a different effective date, the Bureau is reluctant to impose further costs on industry.

The Bureau has also considered the comments regarding the day of the week and time during the month. While industry commenters did not express a uniform preference for Saturday, many expressed a preference for a weekend day. Additionally, the Bureau notes that, since November 2013, industry has been preparing for implementation of the TILA–RESPA Final Rule with the understanding that implementation would occur on a Saturday, at the beginning of the month. Again, absent compelling arguments to the contrary, the Bureau believes it is preferable to minimize disruptions to settled industry expectations.

The Bureau acknowledges that at least one commenter expressed concern about an implementation date near the start of a quarter. However, this view was not widely expressed. Many commenters who expressed a preference for another effective date, *e.g.,* January 1, 2016, also recommended one near the start of a quarter. Taking into account the various opinions expressed in the comments, the Bureau believes that an effective date near the start of a quarter will not pose unreasonable implementation challenges to industry. Moreover, the Bureau must balance the costs of additional delay to consumers and those segments of industry that have worked diligently to prepare, the general concern about mid-month implementation, and the need for some additional time for industry to adjust to the new effective date. Balancing those concerns, the Bureau believes that an effective date of October 3, 2015, is the earliest practically feasible date.

The Bureau recognizes, as it always has, that the TILA–RESPA Final Rule and Amendments require major operational changes for industry and close coordination among many different parties. At the same time, the Bureau concludes that the original nearly 21-month implementation period together with two additional months, coupled with the Bureau's extensive regulatory implementation support efforts, should afford all participants a reasonable opportunity to come into compliance with the TILA–RESPA Final Rule and Amendments by October 3, 2015.

Technical Issues Regarding Effective Date

In response to some commenters' requests for clarification, this final rule changes the effective date to October 3, 2015, for all provisions of the TILA–RESPA Final Rule and Amendments.[22] The technical amendments also take effect on October 3, 2015, the same effective date as the TILA–RESPA Final Rule and Amendments.[23] Some commenters specifically asked whether the change in effective date to October 3, 2015, applies to the post-consummation notice requirements including §§ 1026.20(e) and 1026.39(d)(5). As discussed in the TILA–RESPA Final Rule, implementation of the Dodd-Frank Act disclosures in §§ 1026.20(e) and 1026.39(d)(5) becomes mandatory on the effective date, now October 3, 2015.[24] As discussed further in part VII below, the portions of this final rule related to the delay in the effective date to October 3, 2015, are effective immediately upon publication in order to move the effective date for the TILA–RESPA Final Rule and Amendments and the amendatory instruction discussed in note 4 from August 1, 2015 to October 3, 2015. As a result of this final rule, the provisions of the TILA–RESPA Final Rule and Amendments, as well as the technical amendments and corrections made in this final rule, are not effective immediately upon publication, but on October 3, 2015.

In response to one law firm commenter's assertion that the Proposed Rule fails to amend the amendatory instruction to § 1026.36(g)(2)(ii) in the TILA–RESPA Amendments by revising the effective date from August 1, 2015, to October 3, 2015, the Bureau disagrees. The Bureau proposed to change the effective date of both the TILA–RESPA Final Rule and the TILA–RESPA Amendments to October 3, 2015. The proposed change to the effective date would apply to all amendatory instructions for both rules, including the TILA–RESPA Amendments' amendatory instruction to § 1026.36(g)(2)(ii).

Requests for a Formal Grace Period or a Dual Compliance Period

With regard to some commenters' requests for a formal grace period or a dual compliance period, the Bureau considered and rejected similar arguments when it finalized the TILA–RESPA Final Rule.[25] The Bureau did not seek comments on these issues in this rulemaking and, for the reasons expressed in the TILA–RESPA Final Rule and herein, is not instituting either a formal grace period or a dual compliance period.

Although many commenters requested a formal grace period, the Bureau continues to believe that the original implementation period from November 2013 to August 2015, coupled with the Bureau's extensive regulatory implementation support initiative, afforded creditors adequate time to implement the TILA–RESPA Final Rule under the original effective date. The Bureau also believes that the additional time afforded by the October 3 effective date adequately accounts for the challenges of adjusting to a new date.

At the same time, the Bureau recognizes, as it always has, that the TILA–RESPA Final Rule poses

[22] As explained in the section-by-section analysis of § 1026.43 below, this final rule also delays from August 1, 2015, until October 3, 2015, an amendatory instruction issued in conjunction with the Amendments to the 2013 Mortgage Rules Under the Truth in Lending Act (Regulation Z).

[23] This final rule also makes technical corrections to two provisions in § 1026.38, which are effective on October 3, 2015, the same effective date as the TILA–RESPA Final Rule and Amendments.

[24] 78 FR 79730, 79753 (Dec. 31, 2013).

[25] *See, e.g.,* 78 FR 79730, 80066–68, 80072–73 (2013).

significant implementation challenges for industry. The Bureau continues to believe that the approach expressed in Director Cordray's letter to members of Congress on June 3, 2015, remains appropriate:

> [O]ur oversight of the implementation of the Rule will be sensitive to the progress made by those entities that have squarely focused on making good-faith efforts to come into compliance with the Rule on time. My statement . . . is consistent with the approach we took to implementation of the Title XIV mortgage rules in the early months after the effective dates in January 2014, which has worked out well.[26]

The Bureau considered arguments regarding dual compliance when it issued the TILA–RESPA Final Rule in November 2013 in the context of evaluating whether different creditors should be subject to different effective dates.[27] While the Bureau recognizes that the delay in the effective date imposes costs on the many creditors who have worked diligently to be ready for the original August 1 effective date, the Bureau continues to share the concerns of commenters both to the 2012 TILA–RESPA Proposal and to the Proposed Rule finalized here that dual compliance could be confusing to consumers and complicated for industry, including vendors, the secondary market, and institutions who act both as correspondent lenders and originators. The Bureau is not persuaded that a dual compliance period would be beneficial. For these reasons, the Bureau declines to institute a dual compliance period.

VI. Section-by-Section Analysis

Section 1026.1 Authority, Purpose, Coverage, Organization, Enforcement, and Liability

1(d) Organization

1(d)(5)

Comment 1(d)(5)–1 provides clarity regarding the application of the effective date to transactions covered by the TILA–RESPA Final Rule and Amendments. The Bureau proposed conforming amendments to comment 1(d)(5)–1 to reflect the proposed change in effective date to October 3, 2015. The Bureau received no comments specifically relating to comment 1(d)(5)–1, other than the general comments relating to the effective date that are discussed in part V above. The Bureau is finalizing comment 1(d)(5)–1 as proposed.

Section 1026.19 Certain Mortgage and Variable-Rate Transactions

19(g) Special Information Booklet at Time of Application

19(g)(2) Permissible Changes

Comment 19(g)(2)–3 refers to the general restriction on changing the settlement cost booklet's title under § 1026.19(g)(2)(iv). The Bureau proposed conforming amendments to comment 19(g)(2)–3 to reflect the proposed change in effective date to October 3, 2015. The Bureau received no comments specific to the amendments to comment 19(g)(2)–3, other than the general comments relating to the effective date that are discussed in part V above. The Bureau is finalizing the amendments to comment 19(g)(2)–3 as proposed.

Section 1026.38 Content of Disclosures for Certain Mortgage Transactions (Closing Disclosure)

38(i) Calculating Cash to Close

38(i)(8) Adjustments and Other Credits

The Calculating Cash to Close table in the Closing Disclosure under § 1026.38(i) generally mirrors the format of, and updates the amounts shown on, the Calculating Cash to Close table in the Loan Estimate under § 1026.37(h). To determine the amount of cash or other funds the consumer is to provide at consummation, the tables must account for the sales price of any tangible personal property being sold in a purchase real estate transaction that is excluded from the contract sales price, as disclosed under § 1026.38(j)(1)(iii). The TILA–RESPA Final Rule does not specify a place within the Calculating Cash to Close table on the Closing Disclosure for this amount. However, comment 37(h)(1)(vii)–6, relating to the Calculating Cash to Close table on the Loan Estimate, indicates that the sales price of additional personal property can be included in the Adjustments and Other Credits amount. To conform this aspect of the Closing Disclosure to the Loan Estimate, the Bureau is amending § 1026.38(i)(8)(ii) to include the amount disclosed under § 1026.38(j)(1)(iii) in the amount disclosed as ''Final'' for Adjustments and Other Credits. This change will ensure that the Calculating Cash to Close table on the Closing Disclosure accurately reflects the total amount of cash or other funds that the consumer must provide at consummation and will complete the alignment of the disclosure of Adjustments and Other Credits between the Closing Disclosure and the Loan Estimate. The Bureau believes this is consistent with industry expectations of the proper disclosure of the Adjustments and Other Credits on both the Loan Estimate and Closing Disclosure and will reduce uncertainty in implementation by confirming that the calculation of Adjustments and Other Credits is the same on both the Closing Disclosure and the Loan Estimate.

The Bureau is also making a conforming change to § 1026.38(i)(8)(iii)(A). That paragraph requires creditors to disclose the basis for any difference between the Adjustments and Other Credits disclosed on the Loan Estimate and the Adjustments and Other Credits disclosed as ''Final'' on the Closing Disclosure (unless the difference is due to rounding). As explained in comment 38(i)–3, creditors may disclose the basis for the difference by providing a general or specific line cross-reference to the Summaries of Transactions table. This conforming change will permit creditors to cross-reference to the personal property sales price disclosed under § 1026.38(j)(1)(iii) as a basis for the calculation of the amount disclosed under § 1026.38(i)(8)(ii). This modification is unlikely to change creditors' practice because creditors may provide consumers with a more general cross-reference to the Summaries of Transactions table and need not provide a specific line cross-reference.

These changes to § 1026.38(i)(8) will also ensure that the amount disclosed as due to or from the consumer in the Calculating Cash to Close table on the Closing Disclosure matches the amount disclosed as due to or from the consumer in the Summaries of Transactions table on the Closing Disclosure. As alignment between these two disclosures is required by existing comment 38(i)(9)(ii)–1, this change should facilitate implementation and is consistent with existing industry preparations and informal guidance provided by the Bureau.

38(j) Summary of Borrower's Transaction

38(j)(1) Itemization of Amounts Due From Borrower

38(j)(1)(iv)

In the TILA–RESPA Final Rule, § 1026.38(j) provides for a summary of

[26] Letter from Director Richard Cordray, CFPB, to Representatives Andy Barr and Carolyn B. Maloney, U.S. House of Representatives (June 3, 2015). *See also Know Before You Owe: You'll Get 3 Days to Review Your Mortgage Closing Documents,* CFPB Blog (June 3, 2015), *http://www.consumerfinance.gov/blog/know-before-you-owe-youll-get-3-days-to-review-your-mortgage-closing-documents/*.

[27] *See, e.g.,* 78 FR 79730, 80066, 80068, 80073 (2013) (discussing comments requesting a bifurcated implementation period depending on the size of the institution).

the borrower's transaction on the Closing Disclosure. The total amount due from or to the consumer at the real estate closing in this Summaries of Transactions table should match the disclosure of the ''Final'' cash to close on the Calculating Cash to Close table pursuant to § 1026.38(i)(9)(ii) (as explained in comment 38(i)(9)(ii)–1).

For the Summaries of Transactions table, the disclosure of the total amount of closing costs that are designated borrower-paid at closing is specified in § 1026.38(j)(1)(iv). In the TILA–RESPA Final Rule, § 1026.38(j)(1)(iv) provides that the total amount of closing costs disclosed that are designated borrower-paid at closing is calculated pursuant to § 1026.38(h)(2). As originally proposed in the 2012 TILA–RESPA Proposal, § 1026.38(h)(2) included the lender credits described in § 1026.38(h)(3).[28] In the TILA–RESPA Final Rule, however, the Bureau removed the lender credits set forth in § 1026.38(h)(3) from the calculation in § 1026.38(h)(2) in order to reconcile the Calculating Cash to Close table in § 1026.38(i). In doing so, the Bureau inadvertently failed to adjust § 1026.38(j)(1)(iv) to include the lender credits disclosed pursuant to § 1026.38(h)(3).

As a result, under the TILA–RESPA Final Rule, the total amount due from or to the consumer at the real estate closing in the Summaries of Transactions table may not match the ''Final'' amount of cash to close disclosed in the Calculating Cash to Close table under § 1026.38(i)(9)(ii). To correct this, the Bureau is modifying § 1026.38(j)(1)(iv) to require disclosure of the sum of the amount disclosed under § 1026.38(h)(2) and the amount of any lender credits disclosed as a negative number under § 1026.38(h)(3). The lender credits described in § 1026.38(h)(3) are appropriately and necessarily included in the summary of the borrower's transaction as an offsetting credit to the amount due from the borrower at closing. This change makes the Summaries of Transactions table accurately reflect the total amount due from or to the consumer at the real estate closing; comports the disclosure of the ''Final'' amount of cash to close in the Calculating Cash to Close table with the amount disclosed in the Summaries of Transactions table as required by existing comment 38(i)(9)(ii)–1; and is consistent with informal guidance provided by the Bureau.

Section 1026.43 Minimum Standards for Transactions Secured by a Dwelling

43(e) Qualified Mortgages

43(e)(3) Limits on Points and Fees for Qualified Mortgages

43(e)(3)(iv)

In addition to proposing the amendments discussed above, the Bureau proposed one amendment to an amendatory instruction that relates to the Amendments to the 2013 Mortgage Rules Under the Truth in Lending Act (Regulation Z).[29] Specifically, the Bureau proposed to amend instruction 5, which is drafted so the comment referenced would take effect on August 1, 2015, to coordinate with the original effective date of the TILA–RESPA Final Rule. The amendatory instruction relating to comment 43(e)(3)(iv)–2, Relationship to *RESPA tolerance cure*, will replace an existing comment clarifying the relationship between tolerance cures under RESPA and Regulation Z points and fees cures with a comment that incorporates the tolerance cure provisions of § 1026.19(f)(2)(v) under the TILA–RESPA Final Rule. The Bureau proposed to have the instruction take effect on October 3, 2015, instead of August 1, 2015, to preserve this coordination. The Bureau received no comments specifically relating to this proposed amendment. The Bureau is finalizing this change to the amendatory instruction as proposed.

VII. Administrative Procedure Act

5 U.S.C. 553(b)

In the Proposed Rule, the Bureau provided notice and an opportunity for public comment with respect to its proposal to delay the effective date of the TILA–RESPA Final Rule and Amendments and to make certain technical amendments to the Official Interpretations of Regulation Z related to the proposed new effective date. In this final rule, the Bureau is also finalizing technical corrections to § 1026.38(i)(8)(ii) and (iii)(A) and § 1026.38(j)(1)(iv). The Bureau did not seek public comment on these technical corrections but finds that there is good cause to publish them without notice and comment. Under the Administrative Procedure Act (APA), notice and opportunity for public comment are not required if the Bureau finds that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.[30] The Bureau has determined that notice and comment are unnecessary because the technical corrections to § 1026.38(i)(8)(ii) and (iii)(A) and § 1026.38(j)(1)(iv) in this final rule correct inadvertent, technical errors and merely align and harmonize those provisions with other provisions of the TILA–RESPA Final Rule. Furthermore, the technical corrections clarify the operation of the TILA–RESPA Final Rule in a way that is consistent with informal guidance provided by the Bureau and with industry preparations. The Bureau believes that there is minimal, if any, basis for substantive disagreement with these technical corrections. Therefore, the technical corrections to § 1026.38(i)(8)(ii) and (iii)(A) and § 1026.38(j)(1)(iv) are adopted in final form.

5 U.S.C. 553(d)

Section 553(d) of the APA generally requires that the effective date of a final rule be at least 30 days after publication of that final rule, except for (1) a substantive rule which grants or recognizes an exemption or relieves a restriction; (2) interpretive rules or statements of policy; or (3) as otherwise provided by the agency for good cause found and published with the rule.[31] The Bureau finds that there is good cause for making the portions of this final rule related to delaying the effective date effective immediately upon publication in the **Federal Register.** These portions do not establish any requirements; instead, they delay the effective date of the TILA–RESPA Final Rule and Amendments and the amendatory instruction referenced in note 4 until October 3, 2015. Therefore, under section 553(d)(1) of the APA, the Bureau is publishing these portions less than 30 days before the effective date of this final rule because they are substantive rules which grant or recognize an exemption or relieve a restriction. Further, delaying the effective date of the TILA–RESPA Final Rule and Amendments will ensure an orderly change to the new integrated disclosures and will synchronize the effective date of the Amendments with that of the TILA–RESPA Final Rule. Thus, this final rule will facilitate compliance and help reduce industry and consumer confusion and market disruption. Therefore, the Bureau also finds it has good cause pursuant to section 553(d)(3) of the APA to dispense with the 30-day delayed effective date requirement for this final rule because, on balance, the need to implement immediately the delay of the August 1, 2015, effective

[28] 77 FR 51116, 51324 (Aug. 23, 2012).

[29] 79 FR 65300, 65325 (Nov. 3, 2014).

[30] 5 U.S.C. 553(b)(B).

[31] 5 U.S.C. 553(d).

date to October 3, 2015, outweighs the need for affected parties to prepare for this delay.

VIII. Section 1022(b)(2) of the Dodd-Frank Act

A. Overview

In developing this final rule, the Bureau has considered potential benefits, costs, and impacts.[32] The Bureau has consulted, or offered to consult, with the prudential regulators; the Federal Housing Finance Agency; the Federal Trade Commission; the U.S. Department of Agriculture; the U.S. Department of Housing and Urban Development; the U.S. Department of Housing and Urban Development, Office of the Inspector General; the U.S. Department of the Treasury; the U.S. Department of Veterans Affairs; and the U.S. Securities and Exchange Commission. The Bureau's consultation and offer of consultation included assessing consistency with any prudential, market, or systemic objectives administered by such agencies.

The Bureau requested comment on the preliminary analysis presented in the Proposed Rule, as well as submissions of additional data that could inform the Bureau's analysis of the benefits, costs, and impacts of the Proposed Rule. Because the TILA–RESPA Final Rule and Amendments cannot take effect before the CRA Effective Date, the Bureau has evaluated the benefits, costs, and impacts of this final rule, assuming that the TILA–RESPA Final Rule and Amendments would become effective on August 15 absent this final rule. The Bureau has relied on a variety of data sources to consider the potential benefits, costs, and impacts of this final rule. In some instances, the requisite data are not available or are quite limited. Data with which to quantify the benefits of this final rule are particularly limited. As a result, portions of this analysis rely in part on general economic principles to provide a qualitative discussion of the benefits, costs, and impacts of this final rule.

As a result of this final rule, affected covered persons will incur costs associated with delaying implementation from the CRA Effective Date until October 3, 2015. These costs include communication with and training of staff, software programming, vendor and outside supplier coordination, advertising and product development costs, and broker and settlement agent coordination. The Bureau believes that these costs are likely higher for larger creditors and creditors that rely primarily on proprietary systems rather than on third-party software vendors.[33] While many of these costs are largely incurred with the initial delay to the CRA Effective Date, affected entities may incur additional costs for subsequent delay beyond the CRA Effective Date, including ongoing training, testing, and opportunity costs.

Similarly, consumers will incur costs associated with delaying the effective date. These costs will consist mostly of delayed benefits described in the section 1022(b)(2) analysis of the TILA–RESPA Final Rule, primarily improved consumer understanding of mortgage loan transactions and an increased ability to shop for a mortgage loan. The longer the delay in the implementation of the TILA–RESPA Final Rule and Amendments, the greater will be the cost to consumers from not receiving the benefits of the new integrated disclosures.

This final rule amends the effective date of the TILA–RESPA Final Rule and Amendments. In the section 1022(b)(2) analyses of the TILA–RESPA Final Rule and Amendments, the Bureau previously considered the costs, benefits, and impact of the rules. This final rule also contains technical corrections to two provisions of the TILA–RESPA Final Rule. These technical corrections are necessary to resolve minor inconsistencies in the TILA–RESPA Final Rule and are consistent with informal guidance provided by the Bureau. Thus, the Bureau believes that creditors will not be adversely affected by these technical corrections and will enjoy additional certainty when originating loans. Given that the Bureau believes that the vast majority of creditors would have implemented their systems in a manner consistent with these technical corrections regardless of this final rule, the Bureau does not believe that these technical corrections will have a discernible impact on consumers.

B. Potential Benefits and Costs to Consumers and Covered Persons

The primary consumers who will be affected by this final rule are consumers that engage in mortgage shopping between the CRA Effective Date and October 3, 2015. Those consumers will be harmed by not receiving the benefits of the TILA–RESPA Final Rule and Amendments. Consumers shopping for a mortgage during the period of delay in the effective date will not receive those benefits, even if they close on their loans after the delayed effective date. The benefits of the TILA–RESPA Final Rule and Amendments include easier-to-understand disclosures and the requirement that the creditor deliver the Closing Disclosure containing the settlement information as well as the TILA disclosures at least three days before closing.[34] Some consumers may benefit if the delay results in the industry using the time before October 3 for more system testing or other preparation, leading to a smoother transition to the new integrated disclosures. As in the TILA–RESPA Final Rule, the Bureau cannot quantify either the benefit or the cost of this final rule to consumers.

As in the TILA–RESPA Final Rule, for purposes of this section 1022(b)(2) analysis, the Bureau has considered three categories of affected covered persons that will benefit or incur adjustment costs: Creditors that engage in mortgage lending, mortgage brokers, and settlement agents.[35] The Bureau estimates that, in 2014, there were about 11,150 creditors engaged in mortgage lending, about 7,000 mortgage brokers, and about 7,700 settlement agent firms.[36] As noted in part V above, due

[32] Specifically, section 1022(b)(2)(A) of the Dodd-Frank Act calls for the Bureau to consider the potential benefits and costs of a regulation to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services; the impact on depository institutions and credit unions with $10 billion or less in total assets as described in section 1026 of the Dodd-Frank Act; and the impact on consumers in rural areas.

[33] As in the section 1022(b)(2) analysis of the TILA–RESPA Final Rule, the Bureau believes that approximately 5 percent of creditors do not rely on third-party vendors. *See* 78 FR 79730, 80081, 80101 (Dec. 31, 2013).

[34] These and other benefits are described in detail in the section 1022(b)(2) analysis of the TILA–RESPA Final Rule. 78 FR 79730, 80073–89 (Dec. 31, 2013).

[35] Some service providers, such as software vendors, will incur costs, as well, as they update their products to comply with this final rule, but these are not covered persons for the purposes of this analysis.

[36] The primary source of data used in this analysis is 2013 data collected under the Home Mortgage Disclosure Act (HMDA). The empirical analysis also uses data from the 4th quarter 2013 bank and thrift Call Reports, and the 4th quarter 2013 credit union Call Reports from the National Credit Union Administration, to identify financial institutions and their characteristics. Unless otherwise specified, the numbers provided include appropriate projections made to account for any missing information, for example, any institutions that do not report under HMDA. The Bureau also utilizes data from the Bureau of Labor Statistics of the U.S. Department of Labor.

The Bureau analyzes data from all creditors, both the ones that report under HMDA and the ones that do not, with the exception of non-depository institutions that do not report under HMDA. For HMDA reporters, the Bureau uses the data reported.

to industry's implementation challenges, the Bureau believes that the delay of the effective date beyond the CRA Effective Date could benefit many of these creditors, mortgage brokers, and settlement agents, by allowing them more time to transition to the new integrated disclosures required by the TILA–RESPA Final Rule and Amendments and by diminishing the magnitude of any potential disruptions associated with the transition. The delay in the effective date could also benefit them to the extent that it allows them to delay incurring any of the costs described in the TILA–RESPA Final Rule section 1022(b)(2) analysis.[37]

Creditors and other affected persons might also incur costs due to the delay of the effective date of the TILA–RESPA Final Rule and Amendments. The Bureau estimated in its section 1022(b)(2) analysis of the TILA–RESPA Final Rule that 95 percent of creditors (about 10,600) rely on third-party vendors for their software, and the Bureau estimates that these creditors will not incur significant software programming costs.[38] However, for the 5 percent of creditors (approximately 560) that do not rely on third-party vendors, the change of the effective date will require additional programming expense. While a portion of this cost is already imposed by the delay in the effective date to the CRA Effective Date and therefore is not imposed by this final rule, the Bureau believes that some of this cost might be greater with the delay of the effective date to October 3. The Bureau specifically requested comment on the extent of programming expense but received no specific comments thereon.

Moreover, the delay might also require rearranging already established operational schedules and business processes. This potential disruption might be costly and require additional effort from employees and additional expenses due to, for example, overtime pay. This potential disruption might especially affect creditors not relying primarily on third-party vendors. The Bureau believes that mortgage brokers and settlement agents will incur similar coordination and implementation costs.

Finally, affected covered persons will incur costs in internal communications, training, and software re-programming, among other costs. The Bureau believes that the change in the effective date might require communicating with any external suppliers of forms and booklets and potentially ordering additional forms in the current format. Any pre-ordered Loan Estimates or Closing Disclosures that comply with the TILA–RESPA Final Rule and Amendments will still be usable after October 3, and the Bureau does not believe that the current forms are significantly more expensive than the ones that are required by the TILA–RESPA Final Rule and Amendments; thus, there should be no net increase in expense of procuring forms and booklets. While many of these costs are already imposed as a result of the delay in the effective date to the CRA Effective Date (and therefore are not costs imposed by this final rule), the Bureau believes that some of the costs may be greater because this final rule further delays the effective date until October 3.

The Bureau is uncertain as to the extent of the foregoing costs. The Bureau requested comments on the magnitude of such costs, but there were no comments submitted that provided a representative basis for quantification. The Bureau is therefore unable to quantify the costs for industry participants associated with delaying the effective date from the CRA Effective Date to October 3, 2015.

C. Impact on Depository Institutions With No More Than $10 Billion in Assets

The vast majority of the creditors described above have no more than $10 billion in assets. The Bureau believes that depository institutions with no more than $10 billion in assets will not be differentially affected by the extension of the effective date.

D. Impact on Access to Credit

The Bureau does not believe that there will be an adverse impact on credit availability resulting from this final rule.

E. Impact on Rural Areas

The Bureau does not believe that this final rule will have a unique impact on consumers in rural areas.

IX. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA),[39] as amended by the Small Business Regulatory Enforcement Fairness Act of 1996,[40] requires each agency to consider the potential impact of its regulations on small entities, including small businesses, small governmental units, and small nonprofit organizations. The RFA defines a ''small business'' as a business that meets the size standard developed by the Small Business Administration (SBA) pursuant to the Small Business Act.[41]

The RFA generally requires an agency to conduct an initial regulatory flexibility analysis and a final regulatory flexibility analysis of any proposed rule subject to notice-and-comment rulemaking requirements, unless the agency certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities. The Bureau also is subject to certain additional procedures under the RFA involving the convening of a panel to consult with small business representatives prior to proposing a rule for which an initial regulatory flexibility analysis is required.

In the Proposed Rule, the Bureau concluded that the proposed extension of the effective date, if adopted, would not have a significant economic impact on a substantial number of small entities and that an initial regulatory flexibility analysis was therefore not required. This final rule adopts the Proposed Rule substantially as proposed.[42] Therefore, a final regulatory flexibility analysis is not required.

As discussed above, this final rule extends the effective date of the TILA–RESPA Final Rule and Amendments and technical amendments to October 3, 2015.

A. Number and Classes of Affected Entities

The following table summarizes the estimated number and type of entities that will be affected by this final rule.[43]

For HMDA non-reporters, the Bureau uses projections based on the match of the Call Report data with HMDA.

[37] *See* 78 FR 79730, 80073–89 (Dec. 31, 2013).

[38] *Id.* at 80081, 80101.

[39] Public Law 96–354, 94 Stat. 1164 (1980).

[40] Public Law 104–121, section 241, 110 Stat. 847, 864–65 (1996).

[41] 5 U.S.C. 601(3). The Bureau may establish an alternative definition after consultation with SBA and an opportunity for public comment.

[42] In addition to adopting the Proposed Rule substantially as proposed, this final rule also includes technical corrections to two provisions of the TILA–RESPA Final Rule to resolve potential inconsistencies in the TILA–RESPA Final Rule requirements that could have resulted in creditors being inadvertently out of compliance. Under section 601(2) of the RFA, ''rule'' means ''any rule for which the agency publishes a general notice of proposed rulemaking pursuant to section 553(b) of this title, or any other law[.]'' As discussed in Part VII above, the Bureau has found that notice and comment are unnecessary for the issuance of these technical corrections. Therefore, these technical corrections are not considered in the Bureau's RFA certification analysis.

[43] The Bureau assumes that all mortgage creditor non-depository institutions are below the Small Business Administration's threshold for small entities (annual receipts of $38.5 million). *See* 13 CFR 121.201 (listing applicable size standard for NAICS code 522292). Consistent with the TILA–RESPA Final Rule, the Bureau has not reviewed the impact on software vendors for the purposes of this analysis. 78 FR 79730, 80089–100 (Dec. 31, 2013).

Category	NAICS codes	Affected entities	Small affected entities
Mortgage Creditors	522110, 522120, 522130, 522292	11,150	10,403
Mortgage Brokers	522310	7,007	6,895
Settlement Agents	541191	7,719	7,580

The Bureau believes that, as in the section 1022(b)(2) analysis of the TILA–RESPA Final Rule, 5 percent of all creditors, including small creditors, do not utilize software vendors.[44] Small creditors who do not use software vendors could incur greater costs, but the fraction of small creditors incurring these costs (at most 5 percent) is not substantial.

B. Certification

Accordingly, the undersigned hereby certifies that this final rule will not have a significant economic impact on a substantial number of small entities.

X. Paperwork Reduction Act Analysis

Under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501 *et seq.*), Federal agencies are generally required to seek Office of Management and Budget (OMB) approval for information collection requirements prior to implementation. Under the PRA, the Bureau may not conduct or sponsor and, notwithstanding any other provision of law, a person is not required to respond to an information collection unless the information collection displays a currently valid control number assigned by OMB. The collections of information related to the TILA–RESPA Final Rule, *Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z)* (78 FR 79730), have been previously reviewed and approved by OMB in accordance with the PRA and assigned OMB Control Numbers 3170–0015 (Regulation Z) and 3170–0016 (Regulation X). These OMB approvals will become active on October 3, 2015, the effective date of the TILA–RESPA Final Rule as established herein.

The Bureau has determined that this final rule would not have any new or revised information collection requirements (recordkeeping, reporting, or disclosure requirements) on covered entities or members of the public that would constitute collections of information requiring OMB approval under the PRA.

List of Subjects in 12 CFR Part 1026

Advertising, Consumer protection, Credit, Credit unions, Mortgages, National banks, Recordkeeping and recordkeeping requirements, Reporting, Savings associations, Truth in lending.

Authority and Issuance

For the reasons set forth in the preamble, the Bureau amends Regulation Z, 12 CFR part 1026, as set forth below:

PART 1026—TRUTH IN LENDING (REGULATION Z)

■ 1. The authority citation for part 1026 continues to read as follows:

Authority: 12 U.S.C. 2601, 2603–2605, 2607, 2609, 2617, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 *et seq.*

■ 2. In amendatory instruction 5 appearing on page 65325 in the **Federal Register** on November 3, 2014, change ''Effective August 1, 2015'' to read ''Effective October 3, 2015.''

Subpart E—Special Rules for Certain Home Mortgage Transactions

■ 3. Section 1026.38 is amended by revising paragraphs (i)(8)(ii), (i)(8)(iii)(A), and (j)(1)(iv) to read as follows:

§ 1026.38 Content of disclosures for certain mortgage transactions (Closing Disclosure).

* * * * *

(i) * * *

(8) * * *

(ii) Under the subheading ''Final,'' the amount equal to the total of the amounts disclosed under paragraphs (j)(1)(iii) and (v) through (x) of this section reduced by the total of the amounts disclosed under paragraphs (j)(2)(vi) through (xi) of this section.

(iii) * * *

(A) If the amount disclosed under paragraph (i)(8)(ii) of this section is different than the amount disclosed under paragraph (i)(8)(i) of this section (unless the difference is due to rounding), a statement of that fact, along with a statement that the consumer should see the details disclosed under paragraphs (j)(1)(iii) and (v) through (x) and (j)(2)(vi) through (xi) of this section; or

* * * * *

(j) * * *

(1) * * *

(iv) The total amount of closing costs disclosed that are designated borrower-paid at closing, as the sum of the amounts calculated pursuant to paragraphs (h)(2) and (3) of this section, labeled ''Closing Costs Paid at Closing'';

* * * * *

■ 4. In Supplement I to Part 1026—Official Interpretations, as amended by 78 FR 79730 (Dec. 31, 2013):

■ A. Under *Section 1026.1—Authority, Purpose, Coverage, Organization, Enforcement and Liability,* under *Paragraph 1(d)(5),* paragraph 1 is revised.

■ B. Under *Section 1026.19—Certain Mortgage and Variable-Rate Transactions,* under *19(g)(2) Permissible changes,* paragraph 3 is revised.

The revisions read as follows:

Supplement I to Part 1026—Official Interpretations

* * * * *

Subpart A—General

Section 1026.1—Authority, Purpose, Coverage, Organization, Enforcement and Liability

* * * * *

1(d) Organization

Paragraph 1(d)(5)

1. *Effective date.* The Bureau's revisions to Regulation X and Regulation Z published on December 31, 2013 (the TILA–RESPA Final Rule), apply to covered loans (closed-end credit transactions secured by real property) for which the creditor or mortgage broker receives an application on or after October 3, 2015 (the ''effective date''), except that new § 1026.19(e)(2), the amendments to § 1026.28(a)(1), and the amendments to the commentary to § 1026.29, become effective on October 3, 2015, without respect to whether an application has been received. The provisions of § 1026.19(e)(2) apply prior to a consumer's receipt of the disclosures required by § 1026.19(e)(1)(i), and therefore, restrict activity that may occur prior to receipt of an application by a creditor or mortgage broker under § 1026.19(e). These provisions include § 1026.19(e)(2)(i), which restricts the fees that may be imposed on a consumer, § 1026.19(e)(2)(ii), which requires a statement to be included on written estimates of terms or costs

[44] 78 FR 79730, 80081 (Dec. 31, 2013).

specific to a consumer, and § 1026.19(e)(2)(iii), which prohibits creditors from requiring the submission of documents verifying information related to the consumer's application. Accordingly, the provisions under § 1026.19(e)(2) are effective on October 3, 2015, without respect to whether an application has been received on that date. In addition, the amendments to § 1026.28 and the commentary to § 1026.29 govern the preemption of State laws and thus, the amendments to those provisions and associated commentary made by the TILA–RESPA Final Rule are effective on October 3, 2015, without respect to whether an application has been received on that date. The following examples illustrate the application of the effective date for the TILA–RESPA Final Rule.

i. *General.* Assume a creditor receives an application, as defined under § 1026.2(a)(3) of the TILA–RESPA Final Rule, for a transaction subject to § 1026.19(e) and (f) on October 3, 2015, and that consummation of the transaction occurs on October 31, 2015. The amendments of the TILA–RESPA Final Rule, including the requirements to provide the Loan Estimate and Closing Disclosure under § 1026.19(e) and (f), apply to the transaction. The creditor would also be required to provide the special information booklet under § 1026.19(g) of the TILA–RESPA Final Rule, as applicable. Assume a creditor receives an application, as defined under § 1026.2(a)(3) of the TILA–RESPA Final Rule, for a transaction subject to § 1026.19(e) and (f) on September 30, 2015, and that consummation of the transaction occurs on October 30, 2015. The amendments of the TILA–RESPA Final Rule, including the requirements to provide the Loan Estimate and Closing Disclosure under § 1026.19(e) and (f), do not apply to the transaction, except that the provisions of § 1026.19(e)(2), specifically § 1026.19(e)(2)(i), (e)(2)(ii), and (e)(2)(iii), do apply to the transaction beginning on October 3, 2015, because they become effective on October 3, 2015, without respect to whether an application, as defined under § 1026.2(a)(3) of the TILA–RESPA Final Rule, has been received by the creditor or mortgage broker on that date. The creditor does not provide the Closing Disclosure so that it is received by the consumer at least three business days before consummation; instead, the creditor and the settlement agent provide the disclosures under § 1026.19(a)(2)(ii) and § 1024.8, as applicable, under the Truth in Lending Act and the Real Estate Settlement Procedures Act, respectively. The requirement to provide the special information booklet under § 1026.19(g) of the TILA–RESPA Final Rule would also not apply to the transaction. But the creditor would provide the special information booklet under § 1024.6, as applicable.

ii. *Predisclosure written estimates.* Assume a creditor receives a request from a consumer for a written estimate of terms or costs specific to the consumer on October 3, 2015, before the consumer submits an application to the creditor, and thus before the consumer has received the disclosures required under § 1026.19(e)(1)(i). The creditor, if it provides such written estimate to the consumer, must comply with the requirements of § 1026.19(e)(2)(ii) and provide the required statement on the written estimate, even though the creditor has not received an application for a transaction subject to § 1026.19(e) and (f) on that date.

iii. *Request for preemption determination.* Assume a creditor submits a request to the Bureau under § 1026.28(a)(1) for a determination of whether a State law is inconsistent with the disclosure requirements of the TILA–RESPA Final Rule on October 3, 2015. Because the amendments to § 1026.28(a)(1) are effective on that date and do not depend on whether the creditor has received an application as defined under § 1026.2(a)(3) of the TILA–RESPA Final Rule, § 1026.28(a)(1), as amended by the TILA–RESPA Final Rule, is applicable to the request on that date and the Bureau would make a determination based on the amendments of the TILA–RESPA Final Rule, including, for example, the requirements of § 1026.37.

Subpart C—Closed End Credit

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Section 1026.19—Certain Mortgage and Variable-Rate Transactions

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19(g)(2) Permissible changes.

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3. *Permissible changes to title of booklets in use before October 3, 2015.* Section 1026.19(g)(2)(iv) provides that the title appearing on the cover of the booklet shall not be changed. Comment 19(g)(1)–1 states that the Bureau may, from time to time, issue revised or alternative versions of the special information booklet that address transactions subject to § 1026.19(g) by publishing a notice in the **Federal Register**. Until the Bureau issues a version of the special information booklet relating to the Loan Estimate and Closing Disclosure under §§ 1026.37 and 1026.38, for applications that are received on or after October 3, 2015, a creditor may change the title appearing on the cover of the version of the special information booklet in use before October 3, 2015, provided the words ''settlement costs'' are used in the title. See comment 1(d)(5)–1 for guidance regarding compliance with § 1026.19(g) for applications received on or after October 3, 2015.

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Dated: July 20, 2015.

Richard Cordray,

Director, Bureau of Consumer Financial Protection.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2014–0572; Directorate Identifier 2014–NM–027–AD; Amendment 39–18214; AD 2015–15–05]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: We are superseding Airworthiness Directive (AD) 98–22–10 for certain The Boeing Company Model 737–100, –200, –200C, and –300 series airplanes. AD 98–22–10 required repetitive inspections for cracking of the aft frame and frame support structure of the forward service doorway, and repair if necessary. AD 98–22–10 also provided an optional terminating action for the repetitive inspection requirements of that AD. This new AD requires new inspections and adds airplanes to the applicability; for certain airplanes, this new AD provides an optional preventive modification, which terminates the repetitive inspections. This AD was prompted by reports of fatigue cracking of the aft frame and frame support structure of the forward service doorway around the six doorstop fittings, and a determination that inspections are needed in additional locations and that additional airplanes might be subject to the identified unsafe condition. We are issuing this AD to detect and correct fatigue cracking of the aft frame and frame support structure of the forward service doorway around the six