

BUREAU OF CONSUMER FINANCIAL PROTECTION

Docket No. CFPB-2017-0016

Policy Guidance on Supervisory and Enforcement Priorities Regarding Early Compliance with the 2016 Amendments to the 2013 Mortgage Rules Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z)

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Policy guidance.

SUMMARY: The Consumer Financial Protection Bureau (Bureau) is issuing policy guidance on its supervisory and enforcement priorities regarding early compliance with the final rule it issued in August 2016 (2016 Mortgage Servicing Final Rule) amending certain of the Bureau's mortgage servicing rules.

DATES: The Bureau released this Policy Guidance on its website on June 27, 2017.

FOR FURTHER INFORMATION CONTACT: Joel L. Singerman, Counsel, or Laura A. Johnson, Senior Counsel, Office of Regulations, at 202-435-7700.

SUPPLEMENTARY INFORMATION:

I. Summary

On August 4, 2016, the Bureau issued the 2016 Mortgage Servicing Final Rule clarifying, revising, or amending certain of the Bureau's mortgage servicing rules.¹ Each of the changes will take effect on either Thursday, October 19, 2017, or Thursday, April 19, 2018.² The Bureau

¹ Amendments to the 2013 Mortgage Rules under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z), 81 FR 72160 (Oct. 19, 2016).

² See *id.* at 72160, 72349-50.

has heard concerns that these midweek effective dates for the 2016 Mortgage Servicing Final Rule could create operational challenges for servicers. The Bureau understands that, for many servicers, the Thursday effective dates could afford less than a full day—from the close of business overnight on each of the preceding Wednesdays—to update and test systems in order to be compliant with the 2016 amendments. If servicers do not have sufficient time to complete these tasks, their systems may be more likely to produce errors, which could expose servicers and consumers to risk. Industry participants have notified the Bureau that implementing the 2016 Mortgage Servicing Final Rule during the weekend, with early compliance beginning on the Monday before each of the respective Thursday effective dates, would address these concerns.

The Bureau understands industry’s concerns and believes that, in the context of the 2016 Mortgage Servicing Final Rule, servicers and consumers are likely to benefit if servicers have the weekend immediately before each of the effective dates to update and test their systems. The Bureau does not, therefore, intend to take supervisory or enforcement action for violations of existing Regulation X or Regulation Z resulting from a servicer’s compliance with the 2016 Mortgage Servicing Final Rule occurring up to three days before the applicable effective dates. For these purposes, “up to three days before the applicable effective dates” means, for the amendments that will take effect on Thursday, October 19, 2017, the period of Monday, October 16, through Wednesday, October 18, 2017; and, for the amendments that will take effect on Thursday, April 19, 2018, the period of Monday, April 16, through Wednesday, April 18, 2018.


II. Regulatory Requirements

This Policy Guidance is a non-binding general statement of policy articulating considerations relevant to the Bureau’s exercise of its supervisory and enforcement authority. It

is therefore exempt from notice and comment rulemaking requirements under the Administrative Procedure Act pursuant to 5 U.S.C. 553(b). Because no notice of proposed rulemaking is required, the Regulatory Flexibility Act does not require an initial or final regulatory flexibility analysis. 5 U.S.C. 603(a), 604(a). The Bureau has determined that this Policy Guidance does not impose any new or revise any existing recordkeeping, reporting, or disclosure requirements on covered entities or members of the public that would be collections of information requiring OMB approval under the Paperwork Reduction Act, 44 U.S.C. 3501, et seq.

[THIS SIGNATURE PAGE PERTAINS TO THE DOCUMENT TITLED “POLICY GUIDANCE ON SUPERVISORY AND ENFORCEMENT PRIORITIES REGARDING EARLY COMPLIANCE WITH THE 2016 AMENDMENTS TO THE 2013 MORTGAGE RULES UNDER THE REAL ESTATE SETTLEMENT PROCEDURES ACT (REGULATION X) AND THE TRUTH IN LENDING ACT (REGULATION Z)”]

Dated: June 26 2017.

A handwritten signature in blue ink, reading "Richard Cordray", is written over a horizontal line.

Richard Cordray,

Director, Bureau of Consumer Financial Protection.