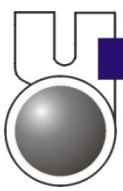
# Regulation Z
# Miscellaneous

**Community Bankers Association of Illinois**

**April 2019**





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# Record Retention

# Section 1: Record Retention
# 12 C.F.R. § 1026.25

## *Record Retention - 12 CFR § 1026.25*

**Regulatory Discussion**

- The general retention rule is two years, with a number of exceptions. The agencies may require a longer period if necessary to carry out their enforcement responsibilities..
- A creditor shall permit the agency to inspect its relevant records for compliance.
- Records related to certain requirements for mortgage loans
  - The general rule for this loan type is three years after the later of the date of consummation, the date disclosures are required to be made, or the date the action is required to be taken.
- Closing disclosures.
  - A creditor shall retain all Closing Disclosures for five years after consummation.
  - If a creditor sells, transfers, or otherwise disposes of its interest in a mortgage loan and does not service the mortgage loan, the creditor shall provide a copy of the disclosures to the new owner or servicer of the mortgage. The new owner shall retain such disclosures for the remainder of the five-year period.
- Records related to loan originator compensation have a three year retention
- Records related to minimum standards for transactions secured by a dwelling (ATR) have a three year retention.

**Regulatory Text**

(a) **General rule**. A creditor shall retain evidence of compliance with this part (other than advertising requirements under §§1026.16 and 1026.24, and other than the requirements under §1026.19(e) and (f)) for two years after the date disclosures are required to be made or action is required to be taken. The administrative agencies responsible for enforcing the regulation may require creditors under their jurisdictions to retain records for a longer period if necessary to carry out their enforcement responsibilities under section 108 of the Act.

(b) **Inspection of records.** A creditor shall permit the agency responsible for enforcing this part with respect to that creditor to inspect its relevant records for compliance.

(c) **Records related to certain requirements for mortgage loans**

(1) **Records related to requirements for loans secured by real property**

(i) **General rule.** Except as provided under paragraph (c)(1)(ii) of this section, a creditor shall retain evidence of compliance with the requirements of §1026.19(e) and (f) for three years after the later of the date of consummation, the date disclosures are required to be made, or the date the action is required to be taken.

(ii) **Closing disclosures.**

(A) A creditor shall retain each completed disclosure required under §1026.19(f)(1)(i) or (f)(4)(i), and all documents related to such disclosures, for five years after consummation, notwithstanding paragraph (c)(1)(ii)(B) of this section.

(B) If a creditor sells, transfers, or otherwise disposes of its interest in a mortgage loan subject to §1026.19(f) and does not service the mortgage loan, the creditor shall provide a copy of the disclosures required under §1026.19(f)(1)(i) or (f)(4)(i) to the owner or servicer of the mortgage as a part of the transfer of the loan file. Such owner or servicer shall retain such disclosures for the remainder of the five-year period described under paragraph (c)(1)(ii)(A) of this section.

(C) The Bureau shall have the right to require provision of copies of records related to the disclosures required under §1026.19(f)(1)(i) and (f)(4)(i).

(2) **Records related to requirements for loan originator compensation**. Notwithstanding paragraph (a) of this section, for transactions subject to §1026.36:

(i) A creditor shall maintain records sufficient to evidence all compensation it pays to a loan originator, as defined in §1026.36(a)(1), and the compensation agreement that governs those payments for three years after the date of payment.

(ii) A loan originator organization, as defined in §1026.36(a)(1)(iii), shall maintain records sufficient to evidence all compensation it receives from a creditor, a consumer, or another person; all compensation it pays to any individual loan originator, as defined in §1026.36(a)(1)(ii); and the compensation agreement that governs each such receipt or payment, for three years after the date of each such receipt or payment.

(3) **Records related to minimum standards for transactions secured by a dwelling.** Notwithstanding paragraph (a) of this section, a creditor shall retain evidence of compliance with §1026.43 of this regulation for three years after consummation of a transaction covered by that section.

**Regulatory Commentary**

***25(a) General Rule***

1. ***Evidence of required actions.*** *The creditor must retain evidence that it performed the required actions as well as made the required disclosures. This includes, for example, evidence that the creditor properly handled adverse credit reports in connection with amounts subject to a billing dispute under §1026.13, and properly handled the refunding of credit balances under §§1026.11 and 1026.21.*

2. ***Methods of retaining evidence.*** *Adequate evidence of compliance does not necessarily mean actual paper copies of disclosure statements or other business records. The evidence may be retained by any method that reproduces records accurately (including computer programs). Unless otherwise required, the creditor need retain only enough information to reconstruct the required disclosures or other records. Thus, for example, the creditor need not retain each open-end periodic statement, so long as the specific information on each statement can be retrieved.*

3. ***Certain variable-rate transactions.*** *In variable-rate transactions that are subject to the disclosure requirements of §1026.19(b), written procedures for compliance with those requirements as well as a sample disclosure form for each loan program represent adequate evidence of compliance. (See comment 25(a)-2 pertaining to permissible methods of retaining the required disclosures.)*

4. ***Home equity plans.*** *In home equity plans that are subject to the requirements of §1026.40, written procedures for compliance with those requirements as well as a sample disclosure form and contract for each home equity program represent adequate evidence of compliance. (See comment 25(a)-2 pertaining to permissible methods of retaining the required disclosures.)*

***25(c) Records Related to Certain Requirements for Mortgage Loans.***

***25(c)(1) Records related to requirements for loans secured by real property.***

1. ***Evidence of required actions.*** *The creditor must retain evidence that it performed the required actions as well as made the required disclosures. This includes, for example, evidence that the creditor properly differentiated between affiliated and independent third party settlement service providers for determining good faith under §1026.19(e)(3); evidence that the creditor properly documented the reason for revisions under §1026.19(e)(3)(iv); or evidence that the creditor properly calculated average cost under §1026.19(f)(3)(ii).*

2. ***Mortgage brokers.*** *See §1026.19(e)(1)(ii)(B) for the responsibilities of mortgage brokers to comply with the requirements of §1026.25(c).*

***25(c)(2) Records Related to Requirements for Loan Originator Compensation***

1. ***Scope of records of loan originator compensation.*** *Section 1026.25(c)(2)(i) requires a creditor to maintain records sufficient to evidence all compensation it pays to a loan originator, as well as the compensation agreements that govern those payments, for three years after the date of the payments. Section 1026.25(c)(2)(ii) requires that a loan originator organization maintain records sufficient to evidence all compensation it receives from a creditor, a consumer, or another person and all compensation it pays to any individual loan originators, as well as the compensation agreements that govern those payments or receipts, for three years after the date of the receipts or payments.*

    i. ***Records sufficient to evidence payment and receipt of compensation.*** *Records are sufficient to evidence payment and receipt of compensation if they demonstrate the following facts: The nature and amount of the compensation; that the compensation was paid, and by whom; that the compensation was received, and by whom; and when the payment and receipt of compensation occurred. The compensation agreements themselves are to be retained in all circumstances consistent with §1026.25(c)(2)(i). The additional records that are sufficient necessarily will vary on a case-by-case basis depending on the facts and circumstances, particularly with regard to the nature of the compensation. For example, if the compensation is in the form of a salary, records to be retained might include copies of required filings under the Internal Revenue Code that demonstrate the amount of the salary. If the compensation is in the form of a contribution to or a benefit under a designated tax-advantaged plan, records to be maintained might include copies of required filings under the Internal Revenue Code or other applicable Federal law relating to the plan, copies of the plan and amendments thereto in which individual loan originators participate and the*

*names of any loan originators covered by the plan, or determination letters from the Internal Revenue Service regarding the plan. If the compensation is in the nature of a commission or bonus, records to be retained might include a settlement agent "flow of funds" worksheet or other written record or a creditor closing instructions letter directing disbursement of fees at consummation. Where a loan originator is a mortgage broker, a disclosure of compensation or broker agreement required by applicable State law that recites the broker's total compensation for a transaction is a record of the amount actually paid to the loan originator in connection with the transaction, unless actual compensation deviates from the amount in the disclosure or agreement. Where compensation has been decreased to defray the cost, in whole or part, of an unforeseen increase in an actual settlement cost over an estimated settlement cost disclosed to the consumer pursuant to section 5(c) of RESPA (or omitted from that disclosure), records to be maintained are those documenting the decrease in compensation and reasons for it.*

ii. ***Compensation agreement.*** *For purposes of §1026.25(c)(2), a compensation agreement includes any agreement, whether oral, written, or based on a course of conduct that establishes a compensation arrangement between the parties (e.g., a brokerage agreement between a creditor and a mortgage broker or provisions of employment contracts between a creditor and an individual loan originator employee addressing payment of compensation). Where a compensation agreement is oral or based on a course of conduct and cannot itself be maintained, the records to be maintained are those, if any, evidencing the existence or terms of the oral or course of conduct compensation agreement. Creditors and loan originators are free to specify what transactions are governed by a particular compensation agreement as they see fit. For example, they may provide, by the terms of the agreement, that the agreement governs compensation payable on transactions consummated on or after some future effective date (in which case, a prior agreement governs transactions consummated in the meantime). For purposes of applying the record retention requirement to transaction-specific commissions, the relevant compensation agreement for a given transaction is the agreement pursuant to which compensation for that transaction is determined.*

iii. ***Three-year retention period.*** *The requirements in §1026.25(c)(2)(i) and (ii) that the records be retained for three years after the date of receipt or payment, as applicable, means that the records are retained for three years after each receipt or payment, as applicable, even if multiple compensation payments relate to a single transaction. For example, if a loan originator organization pays an individual loan originator a commission consisting of two separate payments of $1,000 each on June 5 and July 7, 2014, then the loan originator organization is required to retain records sufficient to evidence the two payments through June 4, 2017, and July 6, 2017, respectively.*

2. ***Example.*** *An example of the application of §1026.25(c)(2) to a loan originator organization is as follows: Assume a loan originator organization originates only transactions that are not subject to §1026.36(d)(2), thus all of its origination compensation is paid exclusively by creditors that fund its originations. Further assume that the loan originator organization pays its individual loan originator employees commissions and annual bonuses. The loan originator organization must retain a copy of the agreement with any creditor that pays the loan originator organization compensation for originating consumer credit transactions subject to §1026.36 and documentation evidencing the specific payment it receives from the creditor for each transaction originated. In addition, the loan originator organization must retain copies of the agreements with its individual loan originator employees governing their commissions and their annual bonuses and records of any specific commissions and bonuses paid.*

***25(c)(3) Records related to minimum standards for transactions secured by a dwelling.***

1. ***Evidence of compliance with repayment ability provisions.*** *A creditor must retain evidence of compliance with §1026.43 for three years after the date of consummation of a consumer credit transaction covered by that section. (See comment 25(c)(3)-2 for guidance on the retention of evidence of compliance with the requirement to offer a consumer a loan without a prepayment penalty under §1026.43(g)(3).) If a creditor must verify and document information used in underwriting a transaction subject to §1026.43, the creditor shall retain evidence sufficient to demonstrate compliance with the documentation requirements of the rule. Although a creditor need not retain actual paper copies of the documentation used in underwriting a transaction subject to §1026.43, to comply with §1026.25(c)(3), the creditor must be able to reproduce such records accurately. For example, if the creditor uses a consumer's Internal Revenue Service (IRS) Form W-2 to verify the consumer's income, the creditor must be able to reproduce the IRS Form W-2 itself, and not merely the income information that was contained in the form.*

2. ***Dwelling-secured transactions and prepayment penalties.*** *If a transaction covered by §1026.43 has a prepayment penalty, the creditor must maintain records that document that the creditor complied with requirements for offering the consumer an alternative transaction that does not include a prepayment penalty under §1026.43(g)(3), (4), or (5). However, the creditor need not maintain records that document compliance with those provisions if a transaction is consummated without a prepayment penalty or if the creditor and consumer do not consummate a covered transaction. If a creditor offers a transaction with a prepayment penalty to a consumer through a mortgage broker, to evidence compliance with §1026.43(g)(4) the creditor should retain evidence of the alternative covered transaction presented to the mortgage broker, such as a rate sheet, and the agreement with the mortgage broker required by §1026.43(g)(4)(ii).*

# Use of Annual Percentage Rate in Oral Disclosures

# Section 1: Use of APR in Oral Disclosures
# 12 C.F.R. § 1026.26

## *Use of APR in Oral Disclosures - 12 C.F.R. § 1026.26*

**Regulatory Discussion**

- For open-end credit, only the annual percentage rate or rates shall be stated, along with the periodic rate or rates. If the APR cannot be determined in advance because there are finance charges other than a periodic rate, the APR and other cost information may be given.
- For closed-end credit, only the APR shall be stated, except that a simple annual rate or periodic rate also may be stated. If the APR cannot be determined in advance, the APR for a sample transaction shall be stated, and other cost information for the consumer's specific transaction may be given.

**Regulatory Text**

(a) **Open-end credit.** In an oral response to a consumer's inquiry about the cost of open-end credit, only the annual percentage rate or rates shall be stated, except that the periodic rate or rates also may be stated. If the annual percentage rate cannot be determined in advance because there are finance charges other than a periodic rate, the corresponding annual percentage rate shall be stated, and other cost information may be given.

(b) **Closed-end credit.** In an oral response to a consumer's inquiry about the cost of closed-end credit, only the annual percentage rate shall be stated, except that a simple annual rate or periodic rate also may be stated if it is applied to an unpaid balance. If the annual percentage rate cannot be determined in advance, the annual percentage rate for a sample transaction shall be stated, and other cost information for the consumer's specific transaction may be given.

**Regulatory Commentary**

***Section 1026.26 - Use of Annual Percentage Rate in Oral Disclosures***

*1.* ***Application of rules.*** *The restrictions of §1026.26 apply only if the creditor chooses to respond orally to the consumer's request for credit cost information. Nothing in the regulation requires the creditor to supply rate information orally. If the creditor volunteers information (including rate information) through oral solicitations directed generally to prospective customers, as through a telephone solicitation, those communications may be advertisements subject to the rules in §§1026.16 and 1026.24.*

### *26(a) Open-End Credit*

1. ***Information that may be given.*** *The creditor may state periodic rates in addition to the required annual percentage rate, but it need not do so. If the annual percentage rate is unknown because transaction charges, loan fees, or similar finance charges may be imposed, the creditor must give the corresponding annual percentage rate (that is, the periodic rate multiplied by the number of periods in a year, as described in §§1026.6(a)(1)(ii) and (b)(4)(i)(A) and 1026.7(a)(4) and (b)(4)). In such cases, the creditor may, but need not, also give the consumer information about other finance charges and other charges.*

### *26(b) Closed-End Credit*

1. ***Information that may be given.*** *The creditor may state other annual or periodic rates that are applied to an unpaid balance, along with the required annual percentage rate. This rule permits disclosure of a simple interest rate, for example, but not an add-on, discount, or similar rate. If the creditor cannot give a precise annual percentage rate in its oral response because of variables in the transaction, it must give the annual percentage rate for a comparable sample transaction; in this case, other cost information may, but need not, be given. For example, the creditor may be unable to state a precise annual percentage rate for a mortgage loan without knowing the exact amount to be financed, the amount of loan fees or mortgage insurance premiums, or similar factors. In this situation, the creditor should state an annual percentage rate for a sample transaction; it may also provide information about the consumer's specific case, such as the contract interest rate, points, other finance charges, and other charges.*

# Language of Disclosures

# Section 1: Language of Disclosures
# 12 C.F.R. § 1026.27

## *Language of Disclosures - 12 CFR § 1026.27*

### Regulatory Discussion

This section describes the use of English, or another language, in Regulation Z disclosures. The requirement for providing English disclosures does not apply to advertisements of open-end and closed-end transactions. Also, subsequent disclosures, for example periodic statements and change-in-terms notices may be made in English even if the account-opening disclosures were provided in another language.

### Regulatory Text

Disclosures required by this part may be made in a language other than English, provided that the disclosures are made available in English upon the consumer's request. This requirement for providing English disclosures on request does not apply to advertisements subject to §§1026.16 and 1026.24.

### Regulatory Commentary

***Section 1026.27—Language of Disclosures***

1. ***Subsequent disclosures.*** *If a creditor provides account-opening disclosures in a language other than English, subsequent disclosures need not be in that other language. For example, if the creditor gave Spanish-language account-opening disclosures, periodic statements and change-in-terms notices may be made in English.*

# Effect on State Laws and Miscellaneous Rules

# Section 1: Inconsistent Disclosure Requirements
# 12 C.F.R. § 1026.28(a)

## *Inconsistent Disclosure Requirements - 12 CFR § 1026.28 (a)*

**Regulatory Discussion**

Paragraph (1) of this section explains the difference between State laws that are either *inconsistent* or *contradictory*.

With the exception of a special rule for credit and charge cards, and with respect to the General Provisions, Credit Transactions, or Credit Advertising chapters of the TILA:

- State law is *inconsistent* if it requires a creditor to make disclosures or take actions that contradict the requirements of the Federal law.
- State law is *contradictory* if it requires the use of the same term to represent a different amount or a different meaning than the Federal law, or if it requires the use of a term different from that required in the Federal law to describe the same item.

Paragraph (2) of this section explains State law requirements that are inconsistent, and are preempted, with requirements contained in either the:

i. Correction of Billing or Regualtion of Credit Reports chapters of the TILA if they provide rights, responsibilities, or procedures for consumers or creditors that are different from those required by the Federal law.
ii. Credit Billing chapter of the TILA if the creditor cannot comply with the State law without violating Federal law.

The commentary provides additional discussion on the following inconsistent disclosure requirement topics:

1. General information
2. Rules for General Provisions, Credit Transactions, and Credit Advertising
3. Laws not contradictory to General Provisions, Credit Transactions, and Credit Advertising
4. Creditor's options
5. Rules for correction of billing errors and regulation of credit reports
6. Rules for other fair credit billing provisions
7. Who may receive a Credit Billing determination
8. Preemption determinations—Arizona, Florida, Indiana, Missouri, Mississippi, South Carolina, and Wisconsin

**Regulatory Text**

(a) **Inconsistent disclosure requirements.**

(1) Except as provided in paragraph (d) of this section, State law requirements that are inconsistent with the requirements contained in chapter 1 (General Provisions), chapter 2 (Credit Transactions), or chapter 3 (Credit Advertising) of the Act and the implementing provisions of this part are preempted to the extent of the inconsistency. A State law is inconsistent if it requires a creditor to make disclosures or take actions that contradict the requirements of the Federal law. A State law is contradictory if it requires the use of the same term to represent a different amount or a different meaning than the Federal law, or if it requires the use of a term different from that required in the Federal law to describe the same item. A creditor, State, or other interested party may request the Bureau to determine whether a State law requirement is inconsistent. After the Bureau determines that a State law is inconsistent, a creditor may not make disclosures using the inconsistent term or form. A determination as to whether a State law is inconsistent with the requirements of sections 4 and 5 of RESPA (other than the RESPA section 5(c) requirements regarding provision of a list of certified homeownership counselors) and §§1026.19(e) and (f), 1026.37, and 1026.38 shall be made in accordance with this section and not 12 CFR 1024.13.

(2)

(i) State law requirements are inconsistent with the requirements contained in sections 161 (Correction of billing errors) or 162 (Regulation of credit reports) of the Act and the implementing provisions of this part and are preempted if they provide rights, responsibilities, or procedures for consumers or creditors that are different from those required by the Federal law. However, a state law that allows a consumer to inquire about an open-end credit account and imposes on the creditor an obligation to respond to such inquiry after the time allowed in the Federal law for the consumer to submit written notice of a billing error shall not be preempted in any situation where the time period for making written notice under this part has expired. If a creditor gives written notice of a consumer's rights under such state law, the notice shall state that reliance on the longer time period available under state law may result in the loss of important rights that could be preserved by acting more promptly under Federal law; it shall also explain that the state law provisions apply only after expiration of the time period for submitting a proper written notice of a billing error under the Federal law. If the state disclosures are made on the same side of a page as the required Federal disclosures, the state disclosures shall appear under a demarcation line below the Federal disclosures, and the Federal disclosures shall be identified by a heading indicating that they are made in compliance with Federal law.

(ii) State law requirements are inconsistent with the requirements contained in chapter 4 (Credit billing) of the Act (other than section 161 or 162) and the implementing provisions of this part and are preempted if the creditor cannot comply with state law without violating Federal law.

(iii) A state may request the Bureau to determine whether its law is inconsistent with chapter 4 of the Act and its implementing provisions.

**Regulatory Commentary**

***28(a) Inconsistent Disclosure Requirements***

1. ***General.*** *There are three sets of preemption criteria: One applies to the general disclosure and advertising rules of the regulation, and two apply to the credit billing provisions. Section 1026.28 also provides for Bureau determinations of preemption. For purposes of determining whether a State law is inconsistent with the requirements of sections 4 and 5 of RESPA (other than the RESPA section 5(c) requirements regarding provision of a list of certified homeownership counselors) and §§1026.19(e) and (f), 1026.37, and 1026.38 under §1026.28, any reference to "creditor" in §1026.28 or this commentary includes a creditor, a mortgage broker, or a settlement agent, as applicable.*

2. ***Rules for chapters 1, 2, and 3****. The standard for judging whether state laws that cover the types of requirements in chapters 1 (General provisions), 2 (Credit transactions), and 3 (Credit advertising) of the Act are inconsistent and therefore preempted, is contradiction of the Federal law. Examples of laws that would be preempted include:*

   *i. A state law that requires use of the term finance charge, but defines the term to include fees that the Federal law excludes, or to exclude fees the Federal law includes.*

   *ii. A state law that requires a label such as nominal annual interest rate to be used for what the Federal law calls the annual percentage rate.*

3. ***Laws not contradictory to chapters 1, 2, and 3****.*

   *i. Generally, state law requirements that call for the disclosure of items of information not covered by the Federal law, or that require more detailed disclosures, do not contradict the Federal requirements. Examples of laws that are not preempted include:*

      *A. A state law that requires disclosure of the minimum periodic payment for open-end credit, even though not required by §1026.7.*

      *B. A state law that requires contracts to contain warnings such as: "Read this contract before you sign. Do not sign if any spaces are left blank. You are entitled to a copy of this contract."*

   *ii. Similarly, a state law that requires itemization of the amount financed does not automatically contradict the permissive itemization under §1026.18(c). However, a state law requirement that the itemization appear with the disclosure of the amount financed in the segregated closed-end credit disclosures is inconsistent, and this location requirement would be preempted.*

4. ***Creditor's options.*** *Before the Bureau makes a determination about a specific state law, the creditor has certain options.*

   *i. Since the prohibition against giving the state disclosures does not apply until the Bureau makes its determination, the creditor may choose to give state disclosures until the Bureau formally determines that the state law is inconsistent. (The Bureau will provide sufficient time for creditors to revise forms and procedures as necessary to conform to its determinations.) Under this first approach, as in all cases, the Federal disclosures must be clear and conspicuous, and the closed-end disclosures must be properly segregated in accordance with §1026.17(a)(1). This ability to give state disclosures relieves any uncertainty that the creditor might have prior to Bureau determinations of inconsistency.*

*ii. As a second option, the creditor may apply the preemption standards to a state law, conclude that it is inconsistent, and choose not to give the state-required disclosures. However, nothing in §1026.28(a) provides the creditor with immunity for violations of state law if the creditor chooses not to make state disclosures and the Bureau later determines that the state law is not preempted.*

5. ***Rules for correction of billing errors and regulation of credit reports.*** *The preemption criteria for the fair credit billing provisions set forth in §1026.28 have two parts. With respect to the rules on correction of billing errors and regulation of credit reports (which are in §1026.13), §1026.28(a)(2)(i) provides that a state law is inconsistent and preempted if its requirements are different from the Federal law. An exception is made, however, for state laws that allow the consumer to inquire about an account and require the creditor to respond to such inquiries beyond the time limits in the Federal law. Such a state law is not preempted with respect to the extra time period. For example, §1026.13 requires the consumer to submit a written notice of billing error within 60 days after transmittal of the periodic statement showing the alleged error. If a state law allows the consumer 90 days to submit a notice, the state law remains in effect to provide the extra 30 days. Any state law disclosures concerning this extended state time limit must reflect the qualifications and conform to the format specified in §1026.28(a)(2)(i). Examples of laws that would be preempted include:*

   *i. A state law that has a narrower or broader definition of billing error.*

   *ii. A state law that requires the creditor to take different steps to resolve errors.*

   *iii. A state law that provides different timing rules for error resolution (subject to the exception discussed above).*

6. ***Rules for other fair credit billing provisions.*** *The second part of the criteria for fair credit billing relates to the other rules implementing chapter 4 of the Act (addressed in §§1026.4(c)(8), 1026.5(b)(2)(ii), 1026.6(a)(5) and (b)(5)(iii), 1026.7(a)(9) and (b)(9), 1026.9(a), 1026.10, 1026.11, 1026.12(c) through (f), 1026.13, and 1026.21). Section 1026.28(a)(2)(ii) provides that the test of inconsistency is whether the creditor can comply with state law without violating Federal law. For example:*

   *i. A state law that allows the card issuer to offset the consumer's credit-card indebtedness against funds held by the card issuer would be preempted, since §1026.12(d) prohibits such action.*

   *ii. A state law that requires periodic statements to be sent more than 14 days before the end of a free-ride period would not be preempted.*

   *iii. A state law that permits consumers to assert claims and defenses against the card issuer without regard to the $50 and 100-mile limitations of §1026.12(c)(3)(ii) would not be preempted.*

   *iv. In paragraphs ii. and iii. of this comment, compliance with state law would involve no violation of the Federal law.*

7. ***Who may receive a chapter 4 determination.*** *Only states (through their authorized officials) may request and receive determinations on inconsistency with respect to the fair credit billing provisions.*

8. ***Preemption determination - Arizona.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective October 1, 1983, the Board of Governors determined that the following provisions in the state law of Arizona are preempted by the Federal law:*

   *i. Section 44-287 B.5 - Disclosure of final cash price balance. This provision is preempted in those transactions in which the amount of the final cash price balance is the same as the Federal amount financed, since in such transactions the state law requires the use of a term different from the Federal term to represent the same amount.*

   *ii. Section 44-287 B.6 - Disclosure of finance charge. This provision is preempted in those transactions in which the amount of the finance charge is different from the amount of the Federal finance charge, since in such transactions the state law requires the use of the same term as the Federal law to represent a different amount.*

   *iii. Section 44-287 B.7 - Disclosure of the time balance. The time balance disclosure provision is preempted in those transactions in which the amount is the same as the amount of the Federal total of payments, since in such transactions the state law requires the use of a term different from the Federal term to represent the same amount.*

9. ***Preemption determination - Florida.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective October 1, 1983, the Board of Governors determined that the following provisions in the state law of Florida are preempted by the Federal law:*

   *i. Sections 520.07(2)(f) and 520.34(2)(f) - Disclosure of amount financed. This disclosure is preempted in those transactions in which the amount is different from the Federal amount financed, since in such transactions the state law requires the use of the same term as the Federal law to represent a different amount.*

   *ii. Sections 520.07(2)(g), 520.34(2)(g), and 520.35(2)(d) - Disclosure of finance charge and a description of its components. The finance charge disclosure is preempted in those transactions in which the amount of the finance charge is different from the Federal amount, since in such transactions the state law requires the use of the same term as the Federal law to represent a different amount. The requirement to describe or itemize the components of the finance charge, which is also included in these provisions, is not preempted.*

   *iii. Sections 520.07(2)(h) and 520.34(2)(h) - Disclosure of total of payments. The total of payments disclosure is preempted in those transactions in which the amount differs from the amount of the Federal total of payments, since in such transactions the state law requires the use of the same term as the Federal law to represent a different amount than the Federal law.*

   *iv. Sections 520.07(2)(i) and 520.34(2)(i) - Disclosure of deferred payment price. This disclosure is preempted in those transactions in which the amount is the same as the Federal total sale price, since in such transactions the state law requires the use of a different term than the Federal law to represent the same amount as the Federal law.*

10. ***Preemption determination - Missouri.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective*

*October 1, 1983, the Board of Governors determined that the following provisions in the state law of Missouri are preempted by the Federal law:*

*i. Sections 365.070-6(9) and 408.260-5(6) - Disclosure of principal balance. This disclosure is preempted in those transactions in which the amount of the principal balance is the same as the Federal amount financed, since in such transactions the state law requires the use of a term different from the Federal term to represent the same amount.*

*ii. Sections 365.070-6(10) and 408.260-5(7) - Disclosure of time price differential and time charge, respectively. These disclosures are preempted in those transactions in which the amount is the same as the Federal finance charge, since in such transactions the state law requires the use of a term different from the Federal law to represent the same amount.*

*iii. Sections 365.070-2 and 408.260-2 - Use of the terms time price differential and time charge in certain notices to the buyer. In those transactions in which the state disclosure of the time price differential or time charge is preempted, the use of the terms in this notice also is preempted. The notice itself is not preempted.*

*iv. Sections 365.070-6(11) and 408.260-5(8) - Disclosure of time balance. The time balance disclosure is preempted in those transactions in which the amount is the same as the amount of the Federal total of payments, since in such transactions the state law requires the use of a different term than the Federal law to represent the same amount.*

*v. Sections 365.070-6(12) and 408.260-5(9) - Disclosure of time sale price. This disclosure is preempted in those transactions in which the amount is the same as the Federal total sale price, since in such transactions the state law requires the use of a different term from the Federal law to represent the same amount.*

11. ***Preemption determination - Mississippi.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective October 1, 1984, the Board of Governors determined that the following provision in the state law of Mississippi is preempted by the Federal law:*

    *i. Section 63-19-31(2)(g) - Disclosure of finance charge. This disclosure is preempted in those cases in which the term finance charge would be used under state law to describe a different amount than the finance charge disclosed under Federal law.*

12. ***Preemption determination - South Carolina.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective October 1, 1984, the Board of Governors determined that the following provision in the state law of South Carolina is preempted by the Federal law.*

    *i. Section 37-10-102(c) - Disclosure of due-on-sale clause. This provision is preempted, but only to the extent that the creditor is required to include the disclosure with the segregated Federal disclosures. If the creditor may comply with the state law by placing the due-on-sale notice apart from the Federal disclosures, the state law is not preempted.*

13. ***Preemption determination - Arizona.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination.*

*i. Effective October 1, 1986, the Board of Governors determined that the following provision in the state law of Arizona is preempted by the Federal law:*

*A. Section 6-621A.2—Use of the term the total sum of $____ in certain notices provided to borrowers. This term describes the same item that is disclosed under Federal law as the total of payments. Since the state law requires the use of a different term than Federal law to describe the same item, the state-required term is preempted. The notice itself is not preempted.*

*ii. Note: The state disclosure notice that incorporated the above preempted term was amended on May 4, 1987, to provide that disclosures must now be made pursuant to the Federal disclosure provisions.*

14. ***Preemption determination - Indiana.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective October 1, 1988, the Board of Governors determined that the following provision in the state law of Indiana is preempted by the Federal law:*

*i. Section 23-2-5-8 - Inclusion of the loan broker's fees and charges in the calculation of, among other items, the finance charge and annual percentage rate disclosed to potential borrowers. This disclosure is inconsistent with section 106(a) and §1026.4(a) of the Federal statute and regulation, respectively, and is preempted in those instances where the use of the same term would disclose a different amount than that required to be disclosed under Federal law.*

15. ***Preemption determination - Wisconsin.*** *The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective October 1, 1991, the Board of Governors determined that the following provisions in the state law of Wisconsin are preempted by the Federal law:*

*i. Section 422.308(1) - the disclosure of the annual percentage rate in cases where the amount of the annual percentage rate disclosed to consumers under the state law differs from the amount that would be disclosed under Federal law, since in those cases the state law requires the use of the same term as the Federal law to represent a different amount than the Federal law.*

*ii. Section 766.565(5) - the provision permitting a creditor to include in an open-end home equity agreement authorization to declare the account balance due and payable upon receiving notice of termination from a non-obligor spouse, since such provision is inconsistent with the purpose of the Federal law.*

# Section 2: Miscellaneous Rules
# 12 C.F.R. § 1026.28(b) through 12 C.F.R. § 1026.28(d)

## *Equivalent Disclosure Requirements - 12 CFR § 1026.28 (b)*

**Regulatory Discussion**

A State may make the State disclosure in lieu of the Federal disclosure if the CFPB determines that a disclosure required by State law (with exceptions) is substantially the same in meaning as the Federal disclosure.

**Regulatory Text**

(b) **Equivalent disclosure requirements.** If the Bureau determines that a disclosure required by state law (other than a requirement relating to the finance charge, annual percentage rate, or the disclosures required under §1026.32) is substantially the same in meaning as a disclosure required under the Act or this part, creditors in that state may make the state disclosure in lieu of the Federal disclosure. A creditor, state, or other interested party may request the Bureau to determine whether a state disclosure is substantially the same in meaning as a Federal disclosure.

**Regulatory Commentary**

***28(b) Equivalent Disclosure Requirements***

*1.* ***General.*** *A state disclosure may be substituted for a Federal disclosure only after the Bureau has made a finding of substantial similarity. Thus, the creditor may not unilaterally choose to make a state disclosure in place of a Federal disclosure, even if it believes that the state disclosure is substantially similar. Since the rule stated in §1026.28(b) does not extend to any requirement relating to the finance charge or annual percentage rate, no state provision on computation, description, or disclosure of these terms may be substituted for the Federal provision.*

## *Request for Determination - 12 CFR § 1026.28 (c)*

**Regulatory Discussion**

See appendix A "Effect on State Laws" for the procedures under which a request for a determination by the CFPB must be made, that include:

- Supporting Documents

- Public Notice of Determination
- Notice After Determination
- Reversal of Determination

**Regulatory Text**

(c) **Request for determination.** The procedures under which a request for a determination may be made under this section are set forth in appendix A.

**Regulatory Commentary**

*None.*

## *Special Rule for Credit and Charge Cards - 12 CFR § 1026.28 (d)*

**Regulatory Discussion**

This section discusses the State law requirements of certain sections of Regulation Z that *are preempted* and those that *are not preempted*.

**Regulatory Text**

(d) **Special rule for credit and charge cards.** State law requirements relating to the disclosure of credit information in any credit or charge card application or solicitation that is subject to the requirements of section 127(c) of chapter 2 of the Act (§1026.60 of the regulation) or in any renewal notice for a credit or charge card that is subject to the requirements of section 127(d) of chapter 2 of the Act (§1026.9(e) of the regulation) are preempted. State laws relating to the enforcement of section 127(c) and (d) of the Act are not preempted.

**Regulatory Commentary**

***28(d) Special Rule for Credit and Charge Cards***

1. ***General.*** *The standard that applies to preemption of state laws as they affect transactions of the type subject to §§1026.60 and 1026.9(e) differs from the preemption standards generally applicable under the Truth in Lending Act. The Fair Credit and Charge Card Disclosure Act fully preempts state laws relating to the disclosure of credit information in consumer credit or charge card applications or solicitations. (For purposes of this section, a single credit or charge card application or solicitation that may be used to open either an account for consumer purposes or an account for business purposes is deemed to be a "consumer credit or charge card application or solicitation.") For example, a state law requiring disclosure of credit terms in direct mail solicitations for consumer credit card accounts is preempted. A state law requiring disclosures in telephone applications for consumer credit card accounts also is preempted, even*

*if it applies to applications initiated by the consumer rather than the issuer, because the state law relates to the disclosure of credit information in applications or solicitations within the general field of preemption, that is, consumer credit and charge cards.*

2. ***Limitations on field of preemption.*** *Preemption under the Fair Credit and Charge Card Disclosure Act does not extend to state laws applying to types of credit other than open-end consumer credit and charge card accounts. Thus, for example, a state law is not preempted as it applies to disclosures in credit and charge card applications and solicitations solely for business-purpose accounts. On the other hand, state credit disclosure laws will not apply to a single application or solicitation to open either an account for consumer purposes or an account for business purposes. Such "dual purpose" applications and solicitations are treated as "consumer credit or charge card applications or solicitations" under this section and state credit disclosure laws applicable to them are preempted. Preemption under this statute does not extend to state laws applicable to home equity plans; preemption determinations in this area are based on the Home Equity Loan Consumer Protection Act, as implemented in §1026.40 of the regulation.*

3. ***Laws not preempted.*** *State laws relating to disclosures concerning credit and charge cards other than in applications, solicitations, or renewal notices are not preempted under §1026.28(d). In addition, state laws regulating the terms of credit and charge card accounts are not preempted, nor are laws preempted that regulate the form or content of information unrelated to the information required to be disclosed under §§1026.60 and 1026.9(e). Finally, state laws concerning the enforcement of the requirements of §§1026.60 and 1026.9(e) and state laws prohibiting unfair or deceptive acts or practices concerning credit and charge card applications, solicitations and renewals are not preempted. Examples of laws that are not preempted include:*

   *i. A state law that requires card issuers to offer a grace period or that prohibits certain fees in credit and charge card transactions.*

   *ii. A state retail installment sales law or a state plain language law, except to the extent that it regulates the disclosure of credit information in applications, solicitations and renewals of accounts of the type subject to §§1026.60 and 1026.9(e).*

   *iii. A state law requiring notice of a consumer's rights under antidiscrimination or similar laws or a state law requiring notice about credit information available from state authorities.*

# State Exemptions

# Section 1: State Exemptions
# 12 C.F.R. § 1026.29

## *General Rule - 12 CFR § 1026.29(a)*

### Regulatory Discussion

This section grants any State the option of applying to the CFPB for an exemption of a *class of transactions*, for example, all open-end credit transactions, all open-end and closed-end transactions, or all transactions in which the creditor is a bank. Exemptions currently exist for certain classes of transactions in Connecticut, Maine, Massachusetts, Oklahoma, and Wyoming.

### Regulatory Text

(a) **General rule.** Any state may apply to the Bureau to exempt a class of transactions within the state from the requirements of chapter 2 (Credit transactions) or chapter 4 (Credit billing) of the Act and the corresponding provisions of this part. The Bureau shall grant an exemption if it determines that:

(1) The state law is substantially similar to the Federal law or, in the case of chapter 4, affords the consumer greater protection than the Federal law; and

(2) There is adequate provision for enforcement.

### Regulatory Commentary

***29(a) General Rule***

1. ***Classes eligible.*** *The state determines the classes of transactions for which it will request an exemption, and makes its application for those classes. Classes might be, for example, all open-end credit transactions, all open-end and closed-end transactions, or all transactions in which the creditor is a bank.*

2. ***Substantial similarity.*** *The "substantially similar" standard requires that State statutory or regulatory provisions and State interpretations of those provisions be generally the same as the Federal Act and Regulation Z. This includes the requirement that State provisions for reimbursement to consumers for overcharges be at least equivalent to those required in section 108 of the Act. A State will be eligible for an exemption even if its law covers classes of transactions not covered by the Federal law. For example, if a State's law covers agricultural credit, this will not prevent the Bureau from granting an exemption for consumer credit, even though agricultural credit is not covered by the Federal law. For transactions subject to §1026.19(e) and (f), §1026.29(a)(1) requires that the State statutory or regulatory provisions and State interpretations of those provisions require disclosures that are generally the same as the disclosures required by §1026.19(e) and (f), with form and content as prescribed by §§1026.37 and 1026.38.*

*3. **Adequate enforcement.** The standard requiring adequate provision for enforcement generally means that appropriate state officials must be authorized to enforce the state law through procedures and sanctions comparable to those available to Federal enforcement agencies. Furthermore, state law must make adequate provision for enforcement of the reimbursement rules.*

*4. **Exemptions granted.***

*i. The Bureau recognizes exemptions granted by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Bureau makes and publishes any contrary determination. Effective October 1, 1982, the Board of Governors granted the following exemptions from portions of the revised Truth in Lending Act:*

*A. **Maine**. Credit or lease transactions subject to the Maine Consumer Credit Code and its implementing regulations are exempt from chapters 2, 4 and 5 of the Federal Act. (The exemption does not apply to transactions in which a Federally chartered institution is a creditor or lessor.)*

*B. **Connecticut.** Credit transactions subject to the Connecticut Truth in Lending Act are exempt from chapters 2 and 4 of the Federal Act. (The exemption does not apply to transactions in which a Federally chartered institution is a creditor.)*

*C. **Massachusetts.** Credit transactions subject to the Massachusetts Truth in Lending Act are exempt from chapters 2 and 4 of the Federal Act. (The exemption does not apply to transactions in which a Federally chartered institution is a creditor.)*

*D. **Oklahoma.** Credit or lease transactions subject to the Oklahoma Consumer Credit Code are exempt from chapters 2 and 5 of the Federal Act. (The exemption does not apply to sections 132 through 135 of the Federal Act, nor does it apply to transactions in which a Federally chartered institution is a creditor or lessor.)*

*E. **Wyoming.** Credit transactions subject to the Wyoming Consumer Credit Code are exempt from chapter 2 of the Federal Act. (The exemption does not apply to transactions in which a Federally chartered institution is a creditor.)*

*ii. Although RESPA and its implementing Regulation X do not provide procedures for granting State exemptions, for transactions subject to §1026.19(e) and (f), compliance with the requirements of §§1026.19(e) and (f), 1026.37, and 1026.38 satisfies the requirements of sections 4 and 5 of RESPA (other than the RESPA section 5(c) requirements regarding provision of a list of certified homeownership counselors). If such a transaction is subject to one of the State exemptions previously granted by the Board of Governors and noted in comment 29(a)-4.i above, however, then compliance with the requirements of any State laws and regulations incorporating the requirements of §§1026.19(e) and (f), 1026.37, and 1026.38 likewise satisfies the requirements of sections 4 and 5 of RESPA (other than the RESPA section 5(c) requirements regarding provision of a list of certified homeownership counselors) and the provisions of Regulation X (12 CFR part 1024) implementing those sections of RESPA.*

## *Civil Liability - 12 CFR § 1026.29(b)*

### Regulatory Discussion

Consumers retain access to both Federal and State courts in seeking damages or civil penalties for violations, while creditors retain the defenses specified in sections 130 and 131 of the TILA.

### Regulatory Text

(b) **Civil liability.**

(1) No exemptions granted under this section shall extend to the civil liability provisions of sections 130 and 131 of the Act.

(2) If an exemption has been granted, the disclosures required by the applicable state law (except any additional requirements not imposed by Federal law) shall constitute the disclosures required by the Act.

### Regulatory Commentary

***29(b) Civil Liability***

*1.* ***Not eligible for exemption.*** *The provision that an exemption may not extend to sections 130 and 131 of the Act assures that consumers retain access to both Federal and state courts in seeking damages or civil penalties for violations, while creditors retain the defenses specified in those sections.*

## *Applications - 12 CFR § 1026.29(c)*

### Regulatory Discussion

This section discusses that application process. Appendix B contains the following procedures:

- Supporting Documents
- Public Notice of Application
- Favorable Determination
- Adverse Determination
- Revocation of Exemption

### Regulatory Text

(c) **Applications.** The procedures under which a state may apply for an exemption under this section are set forth in appendix B to this part.

## Regulatory Commentary

*None.*

# Open and Closed End Mortgage Transfers

# Section 1: Scope
# 12 C.F.R. § 1026.39(a)

## *Scope - 12 C.F.R § 1026.39(a)*

**Regulatory Discussion**

The disclosure requirements of this section apply to a "covered person", when the "covered person" becomes the legal owner of an existing mortgage loan through a purchase, assignment or other transfer. The disclosure requirements also apply when there is a merger, acquisition, or reorganization where the ownership of the mortgage loan is transferred to a different legal entity.

A mortgage loan is either an open-end or closed-end consumer credit transaction secured by the consumer's principal dwelling.

**Regulatory Text**

(a) **Scope.** The disclosure requirements of this section apply to any covered person except as otherwise provided in this section. For purposes of this section:

(1) A **"covered person"** means any person, as defined in §1026.2(a)(22), that becomes the owner of an existing mortgage loan by acquiring legal title to the debt obligation, whether through a purchase, assignment or other transfer, and who acquires more than one mortgage loan in any twelve-month period. For purposes of this section, a servicer of a mortgage loan shall not be treated as the owner of the obligation if the servicer holds title to the loan, or title is assigned to the servicer, solely for the administrative convenience of the servicer in servicing the obligation.

(2) A **"mortgage loan"** means:

(i) An open-end consumer credit transaction that is secured by the principal dwelling of a consumer; and

(ii) A closed-end consumer credit transaction secured by a dwelling or real property.

**Regulatory Commentary**

***39(a) Scope***

***Paragraph 39(a)(1)***

*1.* ***Covered persons.*** *The disclosure requirements of this section apply to any "covered person" that becomes the legal owner of an existing mortgage loan, whether through a purchase,*

*or other transfer or assignment, regardless of whether the person also meets the definition of a "creditor" in Regulation Z. The fact that a person purchases or acquires mortgage loans and provides the disclosures under this section does not by itself make that person a "creditor" as defined in the regulation.*

2. ***Acquisition of legal title.*** *To become a "covered person" subject to this section, a person must become the owner of an existing mortgage loan by acquiring legal title to the debt obligation.*

   i. ***Partial interest.*** *A person may become a covered person by acquiring a partial interest in the mortgage loan. If the original creditor transfers a partial interest in the loan to one or more persons, all such transferees are covered persons under this section.*

   ii. ***Joint acquisitions.*** *All persons that jointly acquire legal title to the loan are covered persons under this section, and under §1026.39(b)(5), a single disclosure must be provided on behalf of all such covered persons. Multiple persons are deemed to jointly acquire legal title to the loan if each acquires a partial interest in the loan pursuant to the same agreement or by otherwise acting in concert. See comments 39(b)(5)-1 and 39(d)(1)(ii)-1 regarding the disclosure requirements for multiple persons that jointly acquire a loan.*

   iii. ***Affiliates.*** *An acquiring party that is a separate legal entity from the transferor must provide the disclosures required by this section even if the parties are affiliated entities.*

3. ***Exclusions.***

   i. ***Beneficial interest.*** *Section 1026.39 does not apply to a party that acquires only a beneficial interest or a security interest in the loan, or to a party that assumes the credit risk without acquiring legal title to the loan. For example, an investor that acquires mortgage-backed securities, pass-through certificates, or participation interests and does not acquire legal title in the underlying mortgage loans is not covered by this section.*

   ii. ***Loan servicers.*** *Pursuant to TILA Section 131(f)(2), the servicer of a mortgage loan is not the owner of the obligation for purposes of this section if the servicer holds title to the loan as a result of the assignment of the obligation to the servicer solely for the administrative convenience of the servicer in servicing the obligation.*

4. ***Mergers, corporate acquisitions, or reorganizations.*** *Disclosures are required under this section when, as a result of a merger, corporate acquisition, or reorganization, the ownership of a mortgage loan is transferred to a different legal entity.*

***Paragraph 39(a)(2)***

1. ***Mortgage transactions covered.*** *Section 1026.39 applies to closed-end or open-end consumer credit transactions secured by the principal dwelling of a consumer.*

# Section 2: Disclosure Required
# 12 C.F.R. § 1026.39(b)

## *Disclosure Required - 12 CFR § 1026.39(b)*

**Regulatory Discussion**

The disclosure must be mailed or delivered on or before the 30th calendar day following the date of transfer, unless an exemption applies.

**Regulatory Text**

(b) **Disclosure required.** Except as provided in paragraph (c) of this section, each covered person is subject to the requirements of this section and shall mail or deliver the disclosures required by this section to the consumer on or before the 30th calendar day following the date of transfer.

**Regulatory Commentary**

***39(b) Disclosure Required***

1. ***Generally.*** *A covered person must mail or deliver the disclosures required by this section on or before the 30th calendar day following the date of transfer, unless an exception in §1026.39(c) applies. For example, if a covered person acquires a mortgage loan on March 15, the disclosure must be mailed or delivered on or before April 14.*

## *Form of Disclosures - 12 CFR § 1026.39(b)(1)*

**Regulatory Discussion**

The disclosure must be clear and conspicuous, in writing and in a form the consumer may keep. It may be combined with other disclosures, including the transfer of servicing disclosure required by RESPA. Electronic disclosures are permitted subject to compliance with the E-Sign Act.

**Regulatory Text**

(1) **Form of disclosures.** The disclosures required by this section shall be provided clearly and conspicuously in writing, in a form that the consumer may keep. The

disclosures required by this section may be provided to the consumer in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 *et seq*.).

**Regulatory Commentary**

***39(b)(1) Form of Disclosures***

1. ***Combining disclosures.*** *The disclosures under this section can be combined with other materials or disclosures, including the transfer of servicing notices required by the Real Estate Settlement Procedure Act (12 U.S.C. 2601 et seq.) so long as the combined disclosure satisfies the timing and other requirements of this section.*

## *Date of Transfer - 12 CFR § 1026.39(b)(2)*

**Regulatory Discussion**

The date of transfer can either be the date of acquisition of the acquiring party or the date of transfer of the transferring party.

**Regulatory Text**

(2) **The date of transfer.** For purposes of this section, the date of transfer to the covered person may, at the covered person's option, be either the date of acquisition recognized in the books and records of the acquiring party, or the date of transfer recognized in the books and records of the transferring party.

**Regulatory Commentary**

*None.*

## *Multiple Consumers - 12 CFR § 1026.39(b)(3)*

**Regulatory Discussion**

When there are multiple consumers on the loan, the disclosure need only be provided to the consumer who is primarily liable.

**Regulatory Text**

(3) **Multiple consumers.** If more than one consumer is liable on the obligation, a covered person may mail or deliver the disclosures to any consumer who is primarily liable.

**Regulatory Commentary**

*None.*

## *Multiple Transfers - 12 CFR § 1026.39(b)(4)*

**Regulatory Discussion**

In the case of multiple transfers, one disclosure may be provided on behalf of both covered persons as long as the timing and content requirements for both covered persons is satisfied. If the date of the subsequent (second) transfer is not known at the time the disclosure is provided, it may be estimated. Each covered person is responsible to ensure that the disclosure provided is accurate and timely.

**Regulatory Text**

(4) **Multiple transfers.** If a mortgage loan is acquired by a covered person and subsequently sold, assigned, or otherwise transferred to another covered person, a single disclosure may be provided on behalf of both covered persons if the disclosure satisfies the timing and content requirements applicable to each covered person.

**Regulatory Commentary**

***39(b)(4) Multiple Transfers***

1. ***Single disclosure for multiple transfers.*** *A mortgage loan might be acquired by a covered person and subsequently transferred to another entity that is also a covered person required to provide the disclosures under this section. In such cases, a single disclosure may be provided on behalf of both covered persons instead of providing two separate disclosures if the disclosure satisfies the timing and content requirements applicable to each covered person. For example, if a covered person acquires a loan on March 15 with the intent to assign the loan to another entity on April 30, the covered person could mail the disclosure on or before April 14 to provide the required information for both entities and indicate when the subsequent transfer is expected to occur.*

2. ***Estimating the date.*** *When a covered person provides the disclosure required by this section that also describes a subsequent transfer, the date of the subsequent transfer may be estimated when the exact date is unknown at the time the disclosure is made. Information is unknown if it is not reasonably available to the covered person at the time*

*the disclosure is made. The "reasonably available" standard requires that the covered person, acting in good faith, exercise due diligence in obtaining information. The covered person normally may rely on the representations of other parties in obtaining information. The covered person might make the disclosure using an estimated date even though the covered person knows that more precise information will be available in the future. For example, a covered person may provide a disclosure on March 31 stating that it acquired the loan on March 15 and that a transfer to another entity is expected to occur "on or around" April 30, even if more precise information will be available by April 14.*

3. ***Duty to comply.*** *Even though one covered person provides the disclosures for another covered person, each has a duty to ensure that disclosures related to its acquisition are accurate and provided in a timely manner unless an exception in §1026.39(c) applies.*

## *Multiple Covered Persons - 12 CFR § 1026.39(b)(5)*

### Regulatory Discussion

If multiple covered persons jointly acquire a loan (typically under the same agreement), a single disclosure must be provided on behalf of all covered persons. The disclosure must be provided on or before the 30th day following the earliest acquisition date. If the latest acquisition date is not known, it may be estimated.

If more than one covered person acquires a partial interest in a loan pursuant to a separate and unrelated agreement, the disclosure may or may not be combined.

If a joint disclosure is provided, each covered person is responsible to ensure that the disclosure provided is accurate and timely.

### Regulatory Text

(5) **Multiple covered persons.** If an acquisition involves multiple covered persons who jointly acquire the loan, a single disclosure must be provided on behalf of all covered persons.

### Regulatory Commentary

#### *39(b)(5) Multiple Covered Person*

1. ***Single disclosure required.*** *If multiple covered persons jointly acquire the loan, a single disclosure must be provided on behalf of all covered persons instead of providing separate disclosures. See comment 39(a)(1)-2.ii regarding a joint acquisition of legal title, and comment 39(d)(1)(ii)-1 regarding the disclosure requirements for multiple persons that jointly acquire a loan. If multiple covered persons jointly acquire the loan and complete the acquisition on separate dates, a single disclosure must be provided on behalf of all persons on or before the 30th day following the earliest acquisition date. For examples, if*

*covered persons A and B enter into an agreement with the original creditor to jointly acquire the loan, and complete the acquisition on March 15 and March 25, respectively, a single disclosure must be provided on behalf of both persons on or before April 14. If the two acquisition dates are more than 30 days apart, a single disclosure must be provided on behalf of both persons on or before the 30th day following the earlier acquisition date, even though one person has not completed its acquisition. See comment 39(b)(4)-2 regarding use of an estimated date of transfer.*

2. ***Single disclosure not required.*** *If multiple covered persons each acquire a partial interest in the loan pursuant to separate and unrelated agreements and not jointly, each covered person has a duty to ensure that disclosures related to its acquisition are accurate and provided in a timely manner unless an exception in §1026.39(c) applies. The parties may, but are not required to, provide a single disclosure that satisfies the timing and content requirements applicable to each covered person.*

3. ***Timing requirements.*** *A single disclosure provided on behalf of multiple covered persons must satisfy the timing and content requirements applicable to each covered person unless an exception in §1026.39(c) applies.*

4. ***Duty to comply****. Even though one covered person provides the disclosures for another covered person, each has a duty to ensure that disclosures related to its acquisition are accurate and provided in a timely manner unless an exception in §1026.39(c) applies. See comments 39(c)(1)-2, 39(c)(3)-1 and 39(c)(3)-2 regarding transfers of a partial interest in the mortgage loan.*

# Section 3: Exceptions
# 12 C.F.R. § 1026.39(c)

## *Exceptions - 12 CFR § 1026.39(c)*

**Regulatory Discussion**

The following are the exceptions for having to provide a disclosure.

**Regulatory Text**

(c) **Exceptions.** Notwithstanding paragraph (b) of this section, a covered person is not subject to the requirements of this section with respect to a particular mortgage loan if:

**Regulatory Commentary**

*None.*

## *Transfer Within 30 Days - 12 CFR § 1026.39(c)(1)*

**Regulatory Discussion**

A covered person is not required to provide the disclosures required by this section if it sells, assigns or otherwise transfers all of its interest in the mortgage loan on or before the 30th calendar day following the date that it acquired the loan.

If a covered person only transfers a partial interest in the mortgage loan, it would not be exempt from providing the required disclosure.

**Regulatory Text**

(1) The covered person sells, or otherwise transfers or assigns legal title to the mortgage loan on or before the 30th calendar day following the date that the covered person acquired the mortgage loan which shall be the date of transfer recognized for purposes of paragraph (b)(2) of this section;

**Regulatory Commentary**

***Paragraph 39(c)(1)***

1. ***Transfer of all interest.*** *A covered person is not required to provide the disclosures required by this section if it sells, assigns or otherwise transfers all of its interest in the mortgage loan on or before the 30th calendar day following the date that it acquired the loan. For example, if covered person A acquires the loan on March 15 and subsequently transfers all of its interest in the loan to covered person B on April 1, person A is not required to provide the disclosures required by this section. Person B, however, must provide the disclosures required by this section unless an exception in §1026.39(c) applies.*

2. ***Transfer of partial interests.*** *A covered person that subsequently transfers a partial interest in the loan is required to provide the disclosures required by this section if the covered person retains a partial interest in the loan on the 30th calendar day after it acquired the loan, unless an exception in §1026.39(c) applies. For example, if covered person A acquires the loan on March 15 and subsequently transfers fifty percent of its interest in the loan to covered person B on April 1, person A is required to provide the disclosures under this section if it retains a partial interest in the loan on April 14. Person B in this example must also provide the disclosures required under this section unless an exception in §1026.39(c) applies. Either person A or person B could provide the disclosure on behalf of both of them if the disclosure satisfies the timing and content requirements applicable to each of them. In this example, a single disclosure for both covered persons would have to be provided on or before April 14 to satisfy the timing requirements for person A's acquisition of the loan on March 15. See comment 39(b)(4)-1 regarding a single disclosure for multiple transfers.*

## *Repurchase Agreement - 12 CFR § 1026.39(c)(2)*

**Regulatory Discussion**

If the original owner of a mortgage loan sells the mortgage loan to a covered person under a repurchase agreement and the original owner is obligated to repurchase the loan, the covered person is not required to provide the disclosure required under this section. However, if the original owner does not repurchase the mortgage loan, the covered person is required to provide the disclosure within 30 days of the date that the transaction is recognized as an acquisition on its books and records.

**Regulatory Text**

(2) The mortgage loan is transferred to the covered person in connection with a repurchase agreement that obligates the transferor to repurchase the loan. However, if the transferor does not repurchase the loan, the covered person must provide the disclosures required by this section within 30 days after the date that the transaction is recognized as an acquisition on its books and records; or

**Regulatory Commentary**

***Paragraph 39(c)(2)***

1. ***Repurchase agreements.*** *The original creditor or owner of the mortgage loan might sell, assign or otherwise transfer legal title to the loan to secure temporary business financing under an agreement that obligates the original creditor or owner to repurchase the loan. The covered person that acquires the loan in connection with such a repurchase agreement is not required to provide disclosures under this section. However, if the transferor does not repurchase the mortgage loan, the acquiring party must provide the disclosures required by this section within 30 days after the date that the transaction is recognized as an acquisition on its books and records.*

2. ***Intermediary parties.*** *The exception in §1026.39(c)(2) applies regardless of whether the repurchase arrangement involves an intermediary party. For example, legal title to the loan may transfer from the original creditor to party A through party B as an intermediary. If the original creditor is obligated to repurchase the loan, neither party A nor party B is required to provide the disclosures under this section. However, if the original creditor does not repurchase the loan, party A must provide the disclosures required by this section within 30 days after the date that the transaction is recognized as an acquisition on its books and records unless another exception in §1026.39(c) applies.*

## *Partial Interest - 12 CFR § 1026.39(c)(3)*

**Regulatory Discussion**

A covered person is not required to provide the disclosure required by this section if they only acquire a partial interest in the loan and are not the party authorized to receive the notice of the right to rescind and resolve issues concerning the consumer's payments after the transfer. The commentary contains several examples, should the creditor obtain a partial interest in a mortgage loan.

**Regulatory Text**

(3) The covered person acquires only a partial interest in the loan and the party authorized to receive the consumer's notice of the right to rescind and resolve issues concerning the consumer's payments on the loan does not change as a result of the transfer of the partial interest.

**Regulatory Commentary**

***Paragraph 39(c)(3)***

1. ***Acquisition of partial interests.*** *This exception applies if the covered person acquires only a partial interest in the loan, and there is no change in the agent or person authorized*

*to receive notice of the right to rescind and resolve issues concerning the consumer's payments. If, as a result of the transfer of a partial interest in the loan, a different agent or party is authorized to receive notice of the right to rescind and resolve issues concerning the consumer's payments, the disclosures under this section must be provided.*

2. ***Examples.***

*i. A covered person is not required to provide the disclosures under this section if it acquires a partial interest in the loan from the original creditor who remains authorized to receive the notice of the right to rescind and resolve issues concerning the consumer's payments after the transfer.*

*ii. The original creditor transfers fifty percent of its interest in the loan to covered person A. Person A does not provide the disclosures under this section because the exception in §1026.39(c)(3) applies. The creditor then transfers the remaining fifty percent of its interest in the loan to covered person B and does not retain any interest in the loan. Person B must provide the disclosures under this section.*

*iii. The original creditor transfers fifty percent of its interest in the loan to covered person A and also authorizes party X as its agent to receive notice of the right to rescind and resolve issues concerning the consumer's payments on the loan. Since there is a change in an agent or party authorized to receive notice of the right to rescind and resolve issues concerning the consumer's payments, person A is required to provide the disclosures under this section. Person A then transfers all of its interest in the loan to covered person B. Person B is not required to provide the disclosures under this section if the original creditor retains a partial interest in the loan and party X retains the same authority.*

*iv. The original creditor transfers all of its interest in the loan to covered person A. Person A provides the disclosures under this section and notifies the consumer that party X is authorized to receive notice of the right to rescind and resolve issues concerning the consumer's payments on the loan. Person A then transfers fifty percent of its interest in the loan to covered person B. Person B is not required to provide the disclosures under this section if person A retains a partial interest in the loan and party X retains the same authority.*

# Section 4: Content of Required Disclosures
# 12 C.F.R. § 1026.39(d)

## *Content of Required Disclosures - 12 CFR § 1026.39(d)*

**Regulatory Discussion**

This section discusses the content requirements of the disclosure. The disclosure must identify the mortgage loan that was sold (For example: list the address of the collateral and the loan / account number, the account number or other identifying number, or the loan date and the original loan amount / credit line.)

The partial payment policy disclosure requirement is only required for closed-end consumer mortgage loans secured by a dwelling or real property other than a reverse mortgage. Partial payments will be discussed in section (5) below.

**Regulatory Text**

(d) **Content of required disclosures.** The disclosures required by this section shall identify the mortgage loan that was sold, assigned or otherwise transferred, and state the following, except that the information required by paragraph (d)(5) of this section shall be stated only for a mortgage loan that is a closed-end consumer credit transaction secured by a dwelling or real property other than a reverse mortgage transaction subject to §1026.33 of this part:

**Regulatory Commentary**

***39(d) Content of Required Disclosures***

*1.* ***Identifying the loan.*** *The disclosures required by this section must identify the loan that was acquired or transferred. The covered person has flexibility in determining what information to provide for this purpose and may use any information that would reasonably inform a consumer which loan was acquired or transferred. For example, the covered person may identify the loan by stating:*

*i. The address of the mortgaged property along with the account number or loan number previously disclosed to the consumer, which may appear in a truncated format;*

*ii. The account number alone, or other identifying number, if that number has been previously provided to the consumer, such as on a statement that the consumer receives monthly; or*

*iii. The date on which the credit was extended and the original amount of the loan or credit line.*

2. ***Partial payment policy.*** *The disclosures required by §1026.39(d)(5) must identify whether the covered person accepts periodic payments from the consumer that are less than the full amount due and whether the covered person applies the payments to a consumer's loan or holds the payments in a separate account until the consumer pays the remainder of the full amount due. The disclosures required by §1026.39(d)(5) apply only to a mortgage loan that is a closed-end consumer credit transaction secured by a dwelling or real property and that is not a reverse mortgage transaction subject to §1026.33. In an open-end consumer credit transaction secured by the consumer's principal dwelling, §1026.39(d) requires a covered person to provide the disclosures required by §1026.39(d)(1) through (4), but not the partial payment policy disclosure required by §1026.39(d)(5). If, however, the dwelling in the open-end consumer credit transaction is not the consumer's principal dwelling (e.g., it is used solely for vacation purposes), none of the disclosures required by §1026.39(d) is required because the transaction is not a mortgage loan for purposes of §1026.39. See §1026.39(a)(2). In contrast, a closed-end consumer credit transaction secured by the consumer's dwelling that is not the consumer's principal dwelling is considered a mortgage loan for purposes of §1026.39. Assuming that the transaction is not a reverse mortgage transaction subject to §1026.33, §1026.39(d) requires a covered person to provide the disclosures under §1026.39(d)(1) through (5). But if the transaction is a reverse mortgage transaction subject to §1026.33, §1026.39(d) requires a covered person to provide only the disclosures under §1026.39(d)(1) through (4).*

## *Name/Address/Telephone - 12 CFR § 1026.39(d)(1)*

### Regulatory Discussion

The disclosure must contain the name, address and telephone number for each covered person required to provide a disclosure. Optional disclosures include: an email address and / or web site address.

### Regulatory Text

### 39(d) Content of Required Disclosures

(1) The name, address, and telephone number of the covered person.

(i) If a single disclosure is provided on behalf of more than one covered person, the information required by this paragraph shall be provided for each of them unless paragraph (d)(1)(ii) of this section applies.

(ii) If a single disclosure is provided on behalf of more than one covered person and one of them has been authorized in accordance with paragraph (d)(3) of this section to receive the consumer's notice of the right to rescind and resolve issues concerning the consumer's payments on the loan, the information required by paragraph (d)(1) of this section may be provided only for that covered person.

**Regulatory Commentary**

***Paragraph 39(d)(1)***

1. ***Identification of covered person.*** *Section 1026.39(d)(1) requires a covered person to provide its name, address, and telephone number. The party identified must be the covered person who owns the mortgage loan, regardless of whether another party services the loan or is the covered person's agent. In addition to providing its name, address and telephone number, the covered person may, at its option, provide an address for receiving electronic mail or an Internet Web site address, but is not required to do so.*

***Paragraph 39(d)(1)(i)***

1. ***Multiple transfers, single disclosure.*** *If a mortgage loan is acquired by a covered person and subsequently transferred to another covered person, a single disclosure may be provided on behalf of both covered persons instead of providing two separate disclosures as long as the disclosure satisfies the timing and content requirements applicable to each covered person. See comment 39(b)(4)-1 regarding multiple transfers. A single disclosure for multiple transfers must state the name, address, and telephone number of each covered person unless §1026.39(d)(1)(ii) applies.*

***Paragraph 39(d)(1)(ii)***

1. ***Multiple covered persons, single disclosure.*** *If multiple covered persons jointly acquire the loan, a single disclosure must be provided on behalf of all covered persons instead of providing separate disclosures. The single disclosure must provide the name, address, and telephone number of each covered person unless §1026.39(d)(1)(ii) applies and one of the covered persons has been authorized in accordance with §1026.39(d)(3) of this section to receive the consumer's notice of the right to rescind and resolve issues concerning the consumer's payments on the loan. In such cases, the information required by §1026.39(d)(1) may be provided only for that covered person.*
2. ***Multiple covered persons, multiple disclosures.*** *If multiple covered persons each acquire a partial interest in the loan in separate transactions and not jointly, each covered person must comply with the disclosure requirements of this section unless an exception in §1026.39(c) applies. See comment 39(a)(1)-2.ii regarding a joint acquisition of legal title, and comment 39(b)(5)-2 regarding the disclosure requirements for multiple covered persons.*

## *Date of Transfer - 12 CFR § 1026.39(d)(2)*

**Regulatory Discussion**

The disclosure must contain the date of transfer.

**Regulatory Text**

**39(d) Content of Required Disclosures**

(2) The date of transfer.

**Regulatory Commentary**

*None.*

## *Agent or Other Party - 12 CFR § 1026.39(d)(3)*

**Regulatory Discussion**

The disclosure must contain the name, address and telephone number of an agent authorized to receive notice of the right to rescind and resolve issues concerning the consumer's payments on the loan, if this information is different than the covered persons information listed in (1) above. More than one agent may be disclosed, depending on the circumstances.

The agent's email address and / or web site address may also be listed.

**Regulatory Text**

**39(d) Content of Required Disclosures**

(3) The name, address and telephone number of an agent or party authorized to receive notice of the right to rescind and resolve issues concerning the consumer's payments on the loan. However, no information is required to be provided under this paragraph if the consumer can use the information provided under paragraph (d)(1) of this section for these purposes.

**Regulatory Commentary**

***Paragraph 39(d)(3)***

1. ***Identifying agents.*** *Under §1026.39(d)(3), the covered person must provide the name, address and telephone number for the agent or other party having authority to receive the notice of the right to rescind and resolve issues concerning the consumer's payments on the loan. If multiple persons are identified under this paragraph, the disclosure shall provide the name, address and telephone number for each and indicate the extent to which the authority of each person differs. Section 1026.39(d)(3) does not require that a covered person designate an agent or other party, but if the consumer cannot contact the covered person for these purposes, the disclosure must provide the name, address and telephone number for an agent or other party that can address these matters. If an agent or other party is authorized to receive the notice of the right to rescind and resolve issues concerning*

*the consumer's payments on the loan, the disclosure can state that the consumer may contact that agent regarding any questions concerning the consumer's account without specifically mentioning rescission or payment issues. However, if multiple agents are listed on the disclosure, the disclosure shall state the extent to which the authority of each agent differs by indicating if only one of the agents is authorized to receive notice of the right to rescind, or only one of the agents is authorized to resolve issues concerning payments.*

2. ***Other contact information.*** *The covered person may also provide an agent's electronic mail address or Internet Web site address, but is not required to do so.*

## *Recording Information - 12 CFR § 1026.39(d)(4)*

### Regulatory Discussion

The disclosure must contain whether or not the transfer of ownership of the debt has been recorded in public records.

### Regulatory Text

### 39(d) Content of Required Disclosures

(4) Where transfer of ownership of the debt to the covered person is or may be recorded in public records, or, alternatively, that the transfer of ownership has not been recorded in public records at the time the disclosure is provided.

### Regulatory Commentary

### *Paragraph 39(d)(4)*

1. ***Where recorded.*** *Section 1026.39(d)(4) requires the covered person to disclose where transfer of ownership of the debt to the covered person is recorded if it has been recorded in public records. Alternatively, the disclosure can state that the transfer of ownership of the debt has not been recorded in public records at the time the disclosure is provided, if that is the case, or the disclosure can state where the transfer may later be recorded. An exact address is not required and it would be sufficient, for example, to state that the transfer of ownership is recorded in the office of public land records or the recorder of deeds office for the county or local jurisdiction where the property is located.*

# *Partial Payment Policy - 12 CFR § 1026.39(d)(5)*

**Regulatory Discussion**

The disclosure must contain the partial payment policy of the covered person. This disclosure is only required for closed-end consumer credit transactions secured by a dwelling or real property, other than a reverse mortgage

**Regulatory Text**

**39(d) Content of Required Disclosures**

(5) **Partial payment policy.** Under the subheading "Partial Payment":

(i) If periodic payments that are less than the full amount due are accepted, a statement that the covered person, using the term "lender," may accept partial payments and apply such payments to the consumer's loan;

(ii) If periodic payments that are less than the full amount due are accepted but not applied to a consumer's loan until the consumer pays the remainder of the full amount due, a statement that the covered person, using the term "lender," may hold partial payments in a separate account until the consumer pays the remainder of the payment and then apply the full periodic payment to the consumer's loan;

(iii) If periodic payments that are less than the full amount due are not accepted, a statement that the covered person, using the term "lender," does not accept any partial payments; and

(iv) A statement that, if the loan is sold, the new covered person, using the term "lender," may have a different policy.

**Regulatory Commentary**

***39(d)(5) Partial payment policy.***

1. ***Format of disclosure.*** *Section 1026.39(d)(5) requires disclosure of the partial payment policy of covered persons for closed-end consumer credit transactions secured by a dwelling or real property, other than a reverse mortgage transaction subject to §1026.33. A covered person may utilize the format of the disclosure illustrated by form H-25 of appendix H to this part for the information required to be disclosed by §1026.38(l)(5). For example, the statement required §1026.39(d)(5)(iii) that a new covered person may have a different partial payment policy may be disclosed using the language illustrated by form H-25, which states "If this loan is sold, your new lender may have a different policy." The text illustrated by form H-25 may be modified to suit the format of the covered person's disclosure under §1026.39. For example, the format illustrated by form H-25 begins with the text, "Your lender may" or "Your lender does not," which may not be suitable to the format of the covered person's other disclosures under §1026.39. This text may be modified to suit the format of the covered person's integrated disclosure, using a phrase such as "We*

*will" or "We are your new lender and have a different Partial Payment Policy than your previous lender. Under our policy we will." Any modifications must be appropriate and not affect the substance, clarity, or meaningful sequence of the disclosure.*

# Section 5: Optional Disclosures
# 12 C.F.R. § 1026.39(e)

## *Optional Disclosures - 12 CFR § 1026.39(e)*

**Regulatory Discussion**

At the covered person's option, the disclosure may contain additional information about the mortgage transaction. For example, the disclosure may state that the payment address has not changed.

**Regulatory Text**

(e) **Optional disclosures.** In addition to the information required to be disclosed under paragraph (d) of this section, a covered person may, at its option, provide any other information regarding the transaction.

**Regulatory Commentary**

***39(e) Optional Disclosures***

1. ***Generally.*** *Section 1026.39(e) provides that covered persons may, at their option, include additional information about the mortgage transaction that they consider relevant or helpful to consumers. For example, the covered person may choose to inform consumers that the location where they should send mortgage payments has not changed. See comment 39(b)(1)-1 regarding combined disclosures.*