

Semi-Annual Report of the Consumer Financial Protection Bureau



Consumer Financial
Protection Bureau

October 1, 2013 – March 31, 2014

Message from Richard Cordray



Director of the CFPB

At the Consumer Financial Protection Bureau, we are the nation's first federal agency whose sole focus is protecting consumers in the financial marketplace. Financial products like mortgages, credit cards, and student loans involve some of the most important financial transactions in people's lives. In the Dodd-Frank Act, Congress created the Bureau to stand on the side of consumers and ensure they are treated fairly in the financial marketplace. Since we opened our doors, we have been focused on making consumer financial markets work better for the American people, and helping them improve their financial lives.

In this, our fifth Semi-Annual Report to Congress and the President, we describe the Bureau's efforts to achieve this vital mission. Through fair rules, consistent oversight, appropriate enforcement of the law, and broad-based consumer engagement, the Bureau is helping restore American families' trust in consumer financial markets, protect consumers from improper conduct, and ensure access to fair, competitive, and transparent markets.

Through our enforcement actions, we have aided in efforts to refund more than \$867 million for consumers who fell victim to various violations of consumer financial protection laws, and we have deposited over \$119 million into our Civil Penalty Fund, which is used to compensate wronged consumers and provide financial education. In Fall 2013, for the first time, we took enforcement actions against an online loan servicer for collecting money that consumers did not owe, and a payday lender for illegally overcharging servicemembers in violation of the Military Lending Act. We also brought enforcement actions against a financial institution for discriminatory pricing of indirect auto loans, and the nation's largest nonbank mortgage loan servicer for misconduct at every stage of the mortgage servicing process.

In January 2014, critical mortgage rules the Bureau issued in January 2013 to implement provisions of the Dodd-Frank Act took effect. During the reporting period, we also issued another major mortgage rule mandated by the Dodd-Frank Act: the final rule to consolidate federal mortgage disclosures under the Truth in Lending Act and the Real Estate Settlement Procedures Act. We also issued an Advanced Notice of Proposed Rulemaking, asking the public 162 questions about debt collection, and received hundreds of thorough responses.

To promote informed financial decision making, we have continued providing consumers with useful tools, including the *AskCFPB* section of our website, where we have answers for over 1,000 questions most frequently asked by consumers.

The premise that lies at the very heart of our mission is that consumers deserve to be treated fairly in the financial marketplace and to have someone stand on their side when that does not happen. To this end, the Bureau has strengthened its Office of Consumer Response, and as of March 31, 2014, we have received over 332,300 consumer complaints on credit reporting, debt collection, money transfers, bank accounts and services, credit cards, mortgages, vehicle loans, payday loans, and student loans.

The progress we have made has been possible thanks to the engagement of hundreds of thousands of Americans who have utilized our consumer education tools, submitted complaints, participated in rulemakings, and told us their stories through our website and at numerous public meetings from coast to coast. We have benefited as well from an ongoing dialogue and constructive engagement with the institutions we supervise, with community banks and credit unions with whom we regularly meet. Our progress has also resulted from the extraordinary work of the Bureau's employees—dedicated public servants of the highest caliber who are committed to promoting a healthy consumer financial marketplace. Each day, we work to accomplish the goals of renewing people's trust in the marketplace and ensuring that markets for consumer financial products and services are fair, transparent, and competitive. These goals not only support consumers in all financial circumstances, but also help responsible businesses compete on a level playing field, and reinforce the stability of our economy as a whole.

In the years to come, we look forward to continuing to fulfill Congress's vision of an agency dedicated to cultivating a consumer financial marketplace based on transparency, responsible practices, sound innovation, and excellent customer service.

Sincerely,

A handwritten signature in blue ink that reads "Richard Cordray". The signature is written in a cursive, flowing style.

Richard Cordray

Table of contents

Message from Richard Cordray	2
Table of contents.....	5
1. Executive summary	8
1.1 Listening to consumers.....	9
1.2 Delivering for American consumers and leveling the playing field.....	10
1.3 Building a great institution	12
2. Consumer challenges in obtaining financial products and services	14
2.1 Consumer concerns	14
2.2 Shopping challenges	49
3. Delivering for American consumers and leveling the playing field	53
3.1 Resources for consumers.....	53
3.2 Outreach	70
3.3 Partnerships.....	72
4. Regulations and guidance	78
4.1 Implementing statutory protections	78
4.2 Addressing longstanding consumer protection and regulatory burden concerns in other markets.....	81
4.3 Facilitating implementation of new regulations.....	83

5. Supervision	85
5.1 Supervisory activities.....	85
5.2 Supervisory guidance	87
5.3 Coordination and information sharing with state regulators.....	90
5.4 Examiner training and commissioning.....	90
5.5 Technology.....	91
5.6 2013 annual report for the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)	91
6. Enforcement.....	93
6.1 Conducting investigations.....	93
6.2 Enforcement actions.....	93
7. Fair lending	103
7.1 Fair lending supervision and enforcement	104
7.2 Interagency fair lending coordination and outreach	107
8. Building a great institution: update	110
8.1 Open government	110
9. Budget	113
9.1 How the CFPB is funded	113
10. Diversity and excellence	128
10.1 Recruiting and hiring	128
10.2 Staff education, training, and engagement	130
10.3 Diversity.....	132
Appendix A:	140
More about the CFPB.....	140

Appendix B:	142
Statutory reporting requirements	142
Appendix C:	144
Significant rules, orders, and initiatives	144
Appendix D:	158
Actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions...	158
Appendix E:	160
Significant state attorney general and regulator actions	160
Appendix F:	162
Reports.....	162
Appendix G:	165
Congressional testimony	165
Appendix H:	167
Speeches.....	167
Appendix I:	171
Financial budget reports	171
Financial and budget reports	171
Appendix J:	174
CFPB organizational chart	174
Appendix K:	175
Defined terms	175

1. Executive summary

The Consumer Financial Protection Bureau (CFPB or Bureau) presents this Semi-Annual Report to the President, Congress, and the American people, in fulfillment of its statutory responsibility and commitment to accountability and transparency. This report provides an update on the Bureau's mission, activities, accomplishments, and publications since the last Semi-Annual Report, and provides additional information required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank or Dodd-Frank Act).¹

The Dodd-Frank Act created the Bureau as the nation's first federal agency with a mission of focusing solely on consumer financial protection and making consumer financial markets work for American consumers, responsible businesses, and the economy as a whole. In the wake of the financial crisis of 2008-2010, the President and Congress recognized the need to address widespread failures in consumer protection and the rapid growth in irresponsible lending practices that preceded the crisis. To remedy these failures, the Dodd-Frank Act consolidated most Federal consumer financial protection authority in the Bureau.² The Dodd-Frank Act charged the Bureau with, among other things:

¹ Appendix B provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act. The last Semi-Annual Report was published in November 2013 and may be viewed at: http://files.consumerfinance.gov/f/201311_cfpb_semi-annual-report.pdf.

² Previously, seven different federal agencies were responsible for rulemaking, supervision, and enforcement relating to consumer financial protection. The agencies which previously administered statutes transferred to the Bureau are the Federal Reserve Board (and the Federal Reserve Banks) (Board), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National

- Ensuring that consumers have timely and understandable information to make responsible decisions about financial transactions;
- Protecting consumers from unfair, deceptive, or abusive acts and practices, and from discrimination;
- Monitoring compliance with Federal consumer financial law and taking appropriate enforcement action to address violations;
- Identifying and addressing outdated, unnecessary or unduly burdensome regulations;
- Enforcing Federal consumer financial law consistently in order to promote fair competition;
- Ensuring that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation;³ and
- Conducting financial education programs.⁴

The Bureau has continued its efforts to listen and respond to consumers and industry, to be a resource for the American consumer, and to develop into a great institution worthy of the responsibility conferred on it by Congress.

1.1 Listening to consumers

Listening and responding to consumers is central to the Bureau's mission. The Bureau continues to provide consumers with numerous ways to make their voices heard. Consumers nationwide have engaged with the Bureau through public field hearings, listening events, roundtables, and town halls, and through our website, consumerfinance.gov. Consumer engagement strengthens

Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).

³ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(b).

⁴ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(c).

the Bureau's understanding of current issues in the ever-changing consumer financial marketplace and informs every aspect of the Bureau's work, including research, rule writing, supervision, and enforcement.

The Bureau has continued to improve and expand the capabilities of its Office of Consumer Response (Consumer Response) to receive, process, and facilitate responses to consumer complaints. For example, in November 2013, the Bureau added complaints about payday loans to the already wide range of products and services for which it accepts complaints, and as of the publication date of this report has received about 2,300 complaints on this topic. Consumer Response has also continued to develop and update a robust public Consumer Complaint Database. The database updates nightly and is populated by over 230,000 complaints from consumers about financial products and services from all over the country.

1.2 Delivering for American consumers and leveling the playing field

The Bureau has continued to expand its efforts to serve and protect consumers in the financial marketplace. The Bureau seeks to serve as a resource on the macro level, by writing clear rules of the road and enforcing consumer financial laws in ways that improve the consumer financial marketplace, and on the micro level, by helping individual consumers resolve their specific issues with financial products and services. While the various divisions of the Bureau play different roles in carrying out the Bureau's mission, they all work together to protect and educate consumers, help level the playing field for participants, and fulfill the Bureau's statutory obligations and mission under the Dodd-Frank Act. In all of its work, the Bureau strives to act in ways that are fair, reasonable, and transparent.

To educate and empower consumers to make better-informed financial decisions, our Consumer Education and Engagement Division has developed and implemented programs, initiatives and digital experiences, including the "Your Money, Your Goals" toolkit, which provides front-line staff in organizations that provide direct social services to consumers with information they can share on topics such as emergency saving; understanding, correcting and building credit history; managing debt flow; cash flow budgeting; and identifying financial products to use to pursue various financial and life goals. The Bureau's Office of Financial Education has engaged a variety of communities and stakeholders through webinars, listening sessions, large consumer events, and collaborations with community leaders and educators. For example, the office promoted the

new protections for consumers who send money overseas. The multimedia campaign reached consumers nationwide, with materials and information in English, Spanish, Chinese, Tagalog, and French Creole. The Bureau is also conducting special consumer outreach and engagement efforts for groups in special need of support with consumer finance issues, including military servicemembers, veterans, older Americans, and students.

When federal consumer protection law is violated, the Bureau's Supervision, Enforcement, and Fair Lending Division is committed to holding the responsible parties accountable. As of the date of publication, the Bureau's enforcement efforts have returned over \$867 million to the pockets of wronged consumers. The Bureau has also continued to develop and refine its supervisory program, through which financial institutions are examined for compliance with Federal consumer financial protection law, including a comprehensive evaluation of the examination report review process at both the headquarters and regional levels. Continuing the CFPB's policy of transparency, the Bureau has released its third edition of *Supervisory Highlights*. This publication is intended to inform both industry and the public about the development of the Bureau's supervisory program and to discuss, in a manner consistent with the confidential nature of the supervisory process, broad trends in examination findings in key market or product areas. The Bureau has also published new examination procedures and supervisory guidance documents to help institutions know what to expect and how to become, or remain, compliant with the law, including procedures or guidance with respect to the Home Mortgage Disclosure Act (HMDA), the Truth in Lending Act (TILA), the Real Estate Settlement Procedures Act (RESPA), education loan origination and servicing, and mortgage servicing and origination.

Reasonable regulations are essential for protecting consumers from harmful practices and ensuring that consumer financial markets function in a fair, transparent, and competitive manner. The Research, Markets, and Regulations Division has focused its efforts on promoting markets in which consumers can shop effectively for financial products and services and are not subject to unfair, deceptive, or abusive acts or practices. During this reporting period, the Research and Markets teams released reports on the CARD Act, college credit card agreements, payday lending, and the operational effects of certain regulations on banks, as well as preliminary research results from a study of arbitration. The Regulations office issued regulations modifying and clarifying a number of rules, implementing changes made by the Dodd-Frank Act to the laws governing various aspects of the mortgage market.

The Bureau has issued or updated several rules under the Dodd-Frank Act, including seven during this reporting period, and including the final rule to consolidate federal mortgage

disclosures under the TILA and RESPA. The new “Know Before You Owe” mortgage forms will replace the existing federal disclosures and help consumers understand their options, choose the deal that is best for them, and avoid costly surprises at closing. The Bureau also convened a Small Business Review panel to provide feedback on proposals the Bureau is considering to improve information about access to credit in the mortgage market.

To support the implementation of and industry compliance with these rules, the Bureau has published plain-language compliance guides and video presentations summarizing them, and it has actively engaged in discussions with industry about ways to achieve compliance.⁵ The Bureau also continued its efforts to streamline, modernize, and harmonize financial regulations that it inherited from other agencies.

In addition to implementing the Dodd-Frank Act, the Bureau is exploring other areas where regulations may be needed to ensure that markets function properly and harmful practices are addressed. For example, in November 2013, the Bureau released an advance notice of proposed rulemaking regarding debt collection, asking the public 162 questions about the topic, and received over 400 unique comments and a wealth of information from many facets of the industry. Over the next six months, the Bureau will continue implementing the Dodd-Frank Act and using its regulatory authority to ensure that consumers have access to consumer financial markets that are fair, transparent, and competitive.

1.3 Building a great institution

The Bureau continues to grow and evolve as an institution. As of March 22, 2014, the CFPB team consisted of 1,362 employees working to carry out the Bureau’s mission. It has worked to build a human and physical infrastructure that promotes – and will continue to promote – transparency, accountability, fairness, and service to the public. That includes:

⁵ <http://www.consumerfinance.gov/guidance/#compliance>.

- Demonstrating a strong commitment to openness and utilizing the Bureau’s website to share information on its operations;
- Recruiting highly-qualified, diverse personnel;
- Providing training and engagement opportunities for CFPB staff to improve skills, increase knowledge, and maintain excellence; and
- Further promoting diversity in the CFPB’s workforce and among its contractors, including through the Bureau’s Office of Minority and Women Inclusion (OMWI).

The Bureau recognizes that the best way to serve consumers is to ensure that its workforce reflects the ideas, backgrounds, and experiences of the American public. OMWI supports the Bureau’s mission by working with the offices of Human Capital and Equal Employment and Opportunity to continue building a diverse and inclusive workforce, with which the Bureau can foster broader and better thinking about how to approach markets.

As time moves forward, we will continue working hard to ensure that the American people are treated fairly in the consumer financial marketplace. We encourage you to visit consumerfinance.gov for updates.

2. Consumer challenges in obtaining financial products and services

The challenges consumers face in navigating and obtaining financial products and services are a driving force behind the CFPB's efforts to make consumer financial markets work better.

Listening and responding to consumers are integral components of our mission, and the Bureau provides numerous ways for consumers to make their voices heard.

2.1 Consumer concerns

The Bureau's long-term vision for consumer finance markets is one where consumer protections and business opportunities work in tandem; where financial firms lead through responsible business practices; and where educated consumers can make well-informed decisions. It is critical for the stability of the marketplace and the well-being of consumers to ensure that everyone is playing by the same rules.

As we continue to emerge from the devastating financial crisis of 2008-2010, we find that debt collection is a central issue of our times, cutting across consumers' experiences with financial products such as credit cards, mortgages, student loans, payday loans, and other consumer loans. Currently, about 30 million consumers – nearly one out of every ten Americans – are being pursued by debt collectors, for amounts that average about \$1,500 each.

Many companies in this industry play by the rules. But others cut corners and seek to gain an advantage by ignoring the rules. These bad actors are a detriment to every company that is faithfully following the law, and their actions harm consumers.

During the reporting period covered by this report, consumers have shared with the CFPB their experiences – positive and negative – with financial products and services, including debt collection. Consumers have the opportunity to provide the Bureau with such feedback through a variety of forums, including the “[Tell Your Story](#)” feature on the CFPB’s website, and by participating in roundtables, town halls, and field hearings. This feedback is critical to our efforts to understand the challenges consumers face in obtaining the financial products and services they need.

Particularly in the area of debt collection, many of the stories that consumers have shared with us over the past year through “[Tell Your Story](#)” illustrate the negative impact that bad actors in this industry have upon consumers’ lives, with many disheartened consumers expressing sheer frustration and exasperation with debt collection practices. Stories reflect complaints, with many consumers reporting harassing communication tactics, such as a high frequency of calls and robo-calls throughout the day, including during the early morning, evening, and weekends. Some consumers indicate that they receive harassing calls even when their loans are within a payment grace period.

Consumers also express frustration with companies’ repeated attempts to collect debts the consumers do not owe, either because they have already paid the debt or because they are not the person the debt collector is attempting to reach. Consumers also report confusion over debt resale, including companies’ inability or refusal to validate the debt claim and the various fees that are added to a debt.

In addition to “[Tell Your Story](#),” consumers have opportunities to voice concerns and share their experiences in person at field hearings and public meetings, focused on particular consumer finance issues. During this reporting period, consumers and advocates have participated in large Bureau-sponsored public events in [Chicago, IL](#); [Boston, MA](#); [Dallas, TX](#); [Phoenix, AZ](#); [Atlanta, GA](#); and [Nashville, TN](#).⁶ These events have drawn hundreds of participants, many of whom have shared their personal experiences with credit cards, arbitration, workplace financial education, mortgages, payday lending, and other consumer financial issues.

⁶ Between October 1, 2013 and March 31, 2014.

The CFPB's Office of Community Affairs has also hosted roundtable conversations with leaders of consumer, civil rights, community, housing, faith-based, student, and other organizations. The roundtables have provided opportunities for stakeholders to meet with Director Cordray, Deputy Director Antonakes, and other senior Bureau staff to share their first-hand perspectives on key consumer finance issues that affect their communities.

Collecting, investigating, and responding to consumer complaints are integral parts of the CFPB's work, as Congress set forth in the Dodd-Frank Act.⁷ The Bureau hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints.

⁷ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(c)(2).

Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get a response from them.

CHECK YOUR COMPLAINT STATUS

 [Check status](#)

[First login?](#)

Para presentar una queja en español, llamar al (855) 411-2372

Choose a product or service to get started

If you don't want to submit a complaint, you can [tell your story](#).

MOST COMMON

 [Mortgage](#)

 [Debt collection](#)

 [Credit reporting](#)

OTHER PRODUCTS AND SERVICES

 [Bank account or service](#)

 [Credit card](#)

 [Money transfer](#)

 [Payday loan](#)

 [Student loan](#)

 [Vehicle or other consumer loan](#)

consumerfinance.gov/complaint

The CFPB began Consumer Response operations on July 21, 2011, by accepting consumer complaints about credit cards. The Bureau now accepts complaints about mortgages, bank accounts and services, student loans, vehicle and other consumer loans, credit reporting, money transfers, debt collection, and payday loans. The CFPB continues to work toward expanding its complaint-handling capacity and plans to include other products and services, such as prepaid cards. Consumers may also contact the CFPB with questions about other products and services. The Bureau answers questions and refers consumers to other regulators or additional resources as appropriate.

Consumer Complaint Database



These are complaints we've received about financial products and services.

[Learn about the complaint process.](#)

We don't verify all the facts alleged in these complaints but we do take steps to confirm a commercial relationship between the consumer and company. Complaints are listed here after the company responds or after they have had the complaint for 15 calendar days, whichever comes first. We remove complaints if they don't meet all of the [publication criteria](#). Data is refreshed nightly.

DATA BY PRODUCT

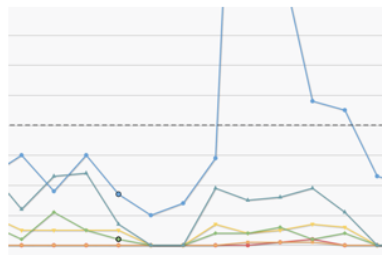
- [All](#)
- [Bank accounts or services](#)
- [Credit cards](#)
- [Credit reporting](#)
- [Debt collection](#)
- [Money transfers](#)
- [Mortgages](#)
- [Student loans](#)
- [Other consumer loans](#)

Download, sort, and visualize

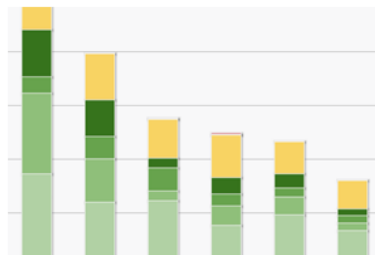
We're using a tool called Socrata to make it easier to view and organize the data into subsets and visualizations. Additionally, Socrata provides a RESTful API for programmers and researchers.

- [Visualization tutorials from data.gov](#)
- [Technical documentation](#)

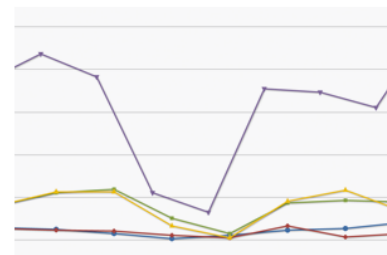
Example visualizations



COMPLAINTS BY CHANNEL



CREDIT CARD COMPLAINT
RESPONSES BY ISSUE



COMPLAINTS BY PRODUCT

consumerfinance.gov/complaintdatabase

Information about consumer complaints is available to the public, through the Bureau's public Consumer Complaint Database, launched on June 19, 2012. It was initially populated with credit card complaints received on and after June 1, 2012, and has been expanded over time:

- October 2012: added credit card complaints dating back to December 1, 2011;
- March 2013: added mortgage complaints dating back to December 1, 2011, bank account and service complaints, student loan complaints, vehicle and other consumer loan complaints, all dating back to March 1, 2012;

- May 2013: added credit reporting complaints dating back to October 22, 2012 and money transfer complaints dating back to April 4, 2013; and
- November 2013: added debt collection complaints dating back to July 10, 2013.

A complaint is listed in the database when the company responds to the complaint confirming a commercial relationship with the consumer, or after the company has had the complaint for 15 days, whichever comes first. Complaints can be removed if they do not meet all of the publication criteria.

The database is live, updates nightly, and contains certain individual complaint-level data collected by the CFPB, including the type of complaint, the date of submission, the consumer's zip code, and the company that the complaint concerns. The database also includes information about the actions taken by a company in response to a complaint – whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include confidential information about consumers' identities. Web-based and user-friendly features of the database include the ability to filter data based on specific search criteria, to aggregate data in various ways, such as by complaint type, company, zip code, date, or any combination of available variables, and to download data. Information from the database has been shared and evaluated on social media and using other new applications.

The Bureau continues to evaluate, among other things, the release of consumer narratives, the potential for normalization of data to make comparisons easier, and the expansion of functionality to improve user experience.

2.1.1 How the CFPB handles complaints

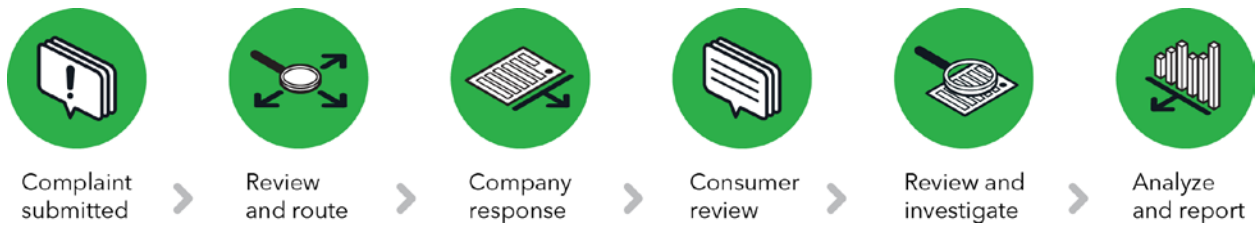
In keeping with the CFPB's statutory responsibility and its commitment to accountability, the following pages provide an overview of the handling and analysis of complaints received by the Bureau from April 1, 2013 through March 31, 2014.⁸

The CFPB's Consumer Response team screens all complaints submitted by consumers based on several criteria, including whether the complaint falls within the Bureau's primary enforcement authority, whether the complaint is complete, and whether the complaint is duplicative of a prior submission by the same consumer. Screened complaints are forwarded via a secure web portal to the appropriate company.⁹ The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company then reports back to the consumer and the CFPB via the secure company portal, and the Bureau invites the consumer to review the response and provide feedback. Consumer Response reviews the feedback consumers provide about company responses, using this information along with other information such as the timeliness of the company's response, for example, to help prioritize complaints for investigation.¹⁰ Consumers who have submitted complaints to the Bureau through Consumer Response can log onto the secure consumer portal available on the CFPB's website, or call a toll-free number, to receive status updates, provide additional information, and review responses provided to the consumer by the company.

⁸ While the reporting period for this Semi-Annual Report is six months, Dodd-Frank Act § 1016(c)(4) requires "an analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year." Therefore, this section reports on the time period April 1, 2013 through March 31, 2014.

⁹ If a particular complaint does not involve a product or market that is within the Bureau's enforcement authority, or that is not currently being handled by the Bureau, Consumer Response refers it to the appropriate regulator.

¹⁰ The CFPB requests that companies respond to complaints within 15 calendar days. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is "In progress" and provide a final response within 60 calendar days.



Throughout this process, subject-matter experts help monitor certain complaints. For example, the Office of Servicemember Affairs coordinates with Consumer Response on complaints filed by servicemembers or their spouses and dependents.

The Bureau continually strives to improve data quality and protect sensitive information, while increasingly making data about the complaints the CFPB receives available through reports to Congress and the public, and by sharing certain data with the public through the Consumer Complaint Database.

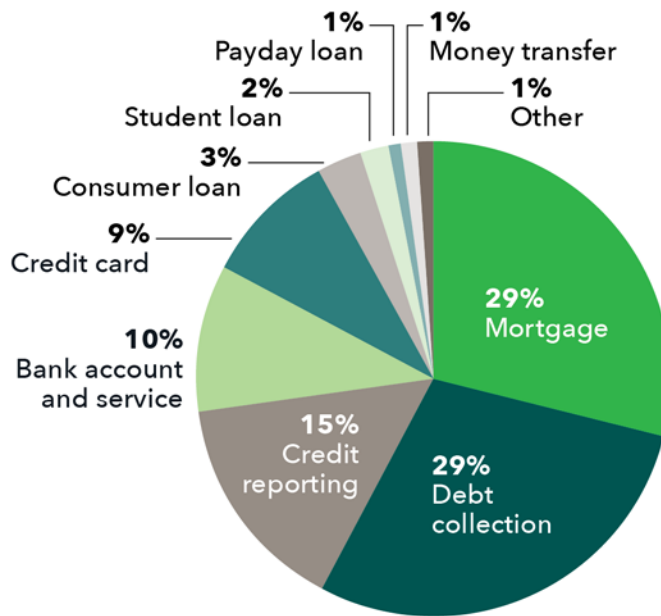
2.1.2 Complaints received by the CFPB

Between April 1, 2013 and March 31, 2014, the CFPB received approximately 192,200 consumer complaints.¹¹ Approximately 60% of all consumer complaints were submitted through the CFPB’s website and 11% via telephone calls. Referrals accounted for 19% of all complaints received, with the remainder submitted by mail, email, and fax.¹²

¹¹ Unless otherwise noted or the context suggests otherwise, the various tables and complaint tabulations appearing herein cover this period.

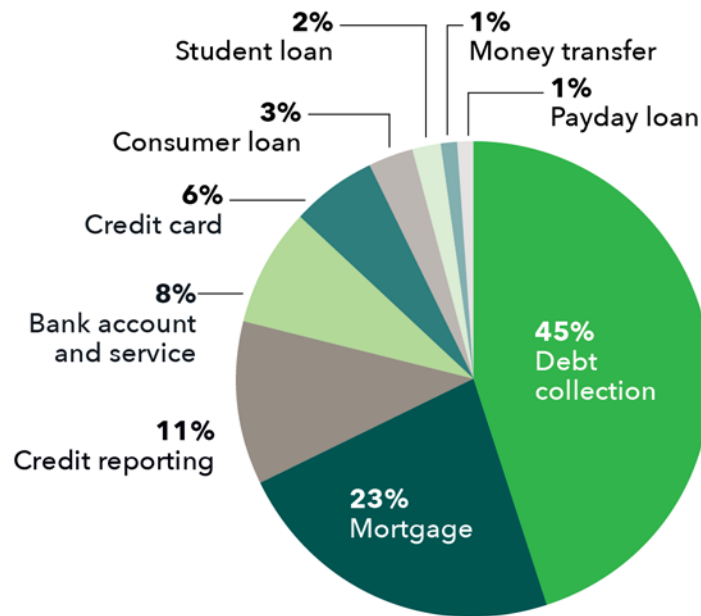
¹² This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. All data are current as of April 1, 2014. Since launching Consumer Response operations on July 21, 2011 through March 31, 2014, the CFPB received approximately 332,300 consumer complaints.

FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT



The Dodd-Frank Act created the Office of Servicemember Affairs to address the specific challenges faced by servicemembers, veterans, and their families (collectively “servicemembers”). It monitors complaints from servicemembers in conjunction with Consumer Response. Between April 1, 2013 and March 31, 2014, approximately 11,700 complaints were submitted by servicemembers.

FIGURE 2: SERVICEMEMBER COMPLAINTS BY PRODUCT



The tables and figures presented below show complaints by type, actions taken, company responses, and consumers' feedback about company responses.¹³

Consumers' Credit Card Complaints

Table 1 shows the most common types of credit card complaints that the CFPB has received as reported by consumers. About 72% of the approximately 16,900 credit card complaints fell into these 10 categories.

¹³ Percentages may not sum to 100% due to rounding.

TABLE 1: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY CONSUMERS

Complaint	%
Billing disputes	18%
Other	12%
Identity theft/Fraud/Embezzlement	10%
Closing/Cancelling account	7%
APR or interest rate	6%
Late fee	4%
Customer service/Customer relations	4%
Credit determination	4%
Advertising and marketing	4%
Delinquent account	3%
Credit Card Complaints in Top 10 Types	72%

As the table illustrates, billing disputes are the most common type of credit card complaint. Consumers continue to be confused and frustrated by the process and by their limited ability to challenge inaccuracies on their monthly credit card billing statements. For example, some consumers realize only after their claim has been denied that they needed to notify their credit card companies within 60 days of any billing errors. In other cases, consumers are not aware that companies typically do not stop a merchant charge once the cardholder has authorized it, or do not override a merchant’s “no-return policy.” Other common types of credit card complaints relate to annual percentage rates, interest rates, credit reporting, identity theft, fraud, or embezzlement.

The Bureau generally has relied on the consumer’s characterization of his or her complaint to identify its nature for analytical purposes. However, the CFPB’s experience to date suggests that consumers may have differing interpretations of what these categories mean. For example, one consumer might choose to categorize a problem as a billing dispute, while another might

identify the same issue as a concern with a provider's setting or changing of an interest rate. To improve our reporting on the data we receive, the Bureau is evaluating the use of these categories by consumers to date and developing simplified identification to promote more consistent categorization of complaints.

Consumers' Mortgage Complaints

Figure 3 shows the types of mortgage complaints reported by consumers for the approximately 55,200 mortgage complaints the CFPB has received.

FIGURE 3: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS

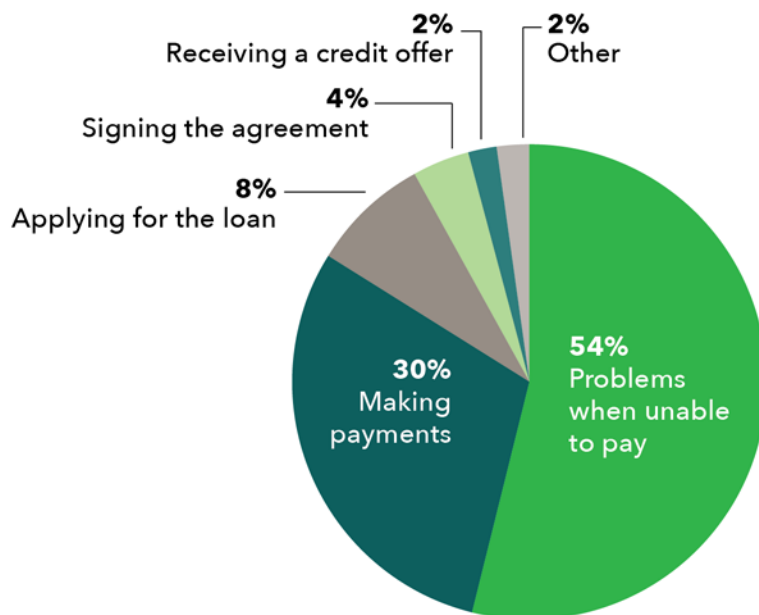


TABLE 2: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS

Types of Mortgage Complaints	%
Problems when you are unable to pay (Loan modification, collection, foreclosure)	54%
Making payments (Loan servicing, payments, escrow accounts)	30%
Applying for the loan (Application, originator, mortgage broker)	8%
Signing the agreement (Settlement process and costs)	4%
Receiving a credit offer (Credit decision/Underwriting)	2%
Other	2%
Total Mortgage Complaints	100%

The most common type of mortgage complaint involves problems consumers face when they are unable to make payments, such as issues relating to loan modifications, collections, or foreclosures. Consumers with successfully completed loan modifications have complained that some servicers do not amend derogatory credit reporting accrued by consumers during trial periods – even when documents provided to the consumers by servicers indicated that they would do so. Consumers seeking short sales have reported that second-lien holders refuse to accept or subordinate in a short sale, whereas some consumers who do obtain a short sale have concerns with the loan account being incorrectly reported as a foreclosure. Consumers facing foreclosure have expressed concern and confusion about fees assessed in connection with the foreclosure process. The fees often seem to represent a substantial barrier to a consumer’s ability to reinstate the loan and avoid foreclosure, as many servicers will not roll the fees into the loan balance. Consumers are then required to pay hundreds or thousands of dollars, in addition to the loan reinstatement amount, to avoid foreclosure, and the amount of fees the consumer must pay to reinstate the loan can be confusing. Finally, foreclosure fees are sometimes listed as one line-item on a reinstatement quote, with no itemization provided unless the consumer specifically requests more information on what fees are being assessed.

Other common types of mortgage complaints address issues related to making payments, including loan servicing, or escrow accounts. For example, consumers express concern over difficulties they experience when the servicing of their loans are transferred, including

complaints about fees charged by the prior servicer, unexplained escrow deficiencies, issues with the new servicer accepting the previous servicer’s modification, and communication between the old and new servicer, especially when loss mitigation efforts are ongoing.

For consumers applying for a mortgage loan, consumers raise issues related to interest rate-lock agreements, such as lenders refusing to honor rate-locks, or assessing penalties when the loan does not close.

Consumers’ Bank Account and Service Complaints

Figure 4 shows types of bank account and service complaints, such as complaints about checking and savings accounts, reported by consumers for the approximately 19,900 bank account and service complaints received by the CFPB.

FIGURE 4: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY CONSUMERS

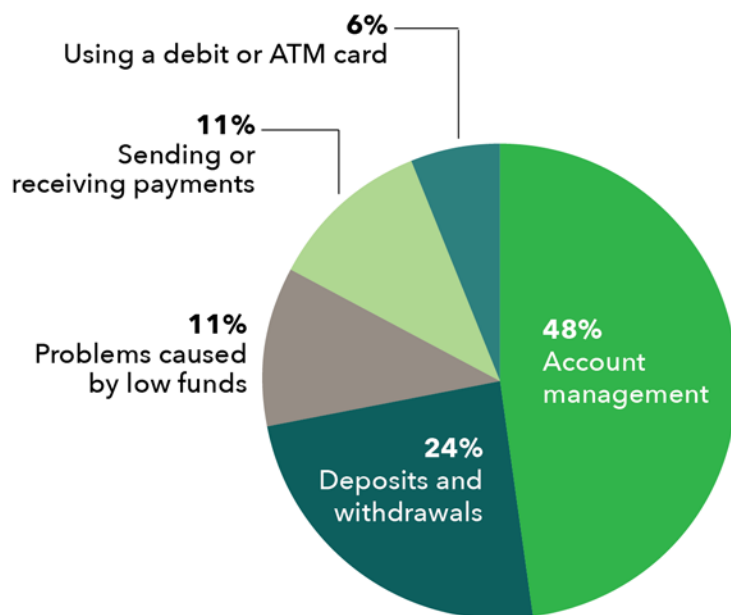


TABLE 3: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY CONSUMERS

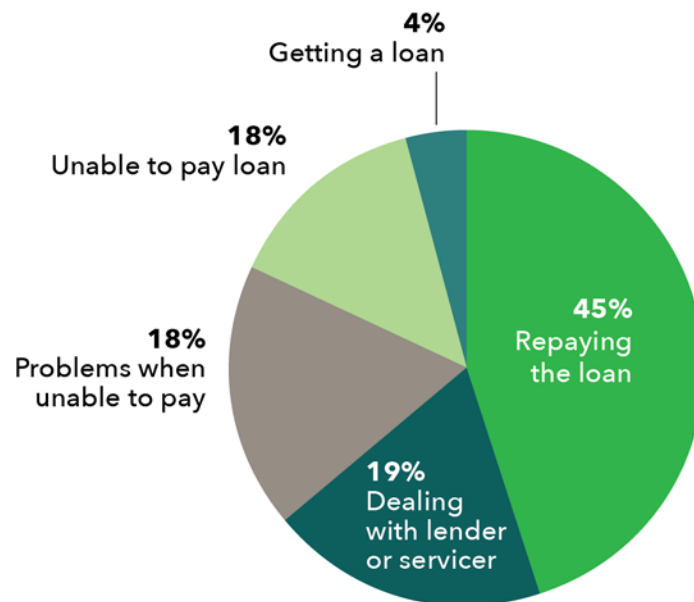
Types of Bank Account and Service Complaints	%
Account opening, closing, or management (Confusing marketing, denial, disclosure, fees, closure, interest, statements, joint accounts)	48%
Deposits and withdrawals (Availability of deposits, withdrawal problems and penalties, unauthorized transactions, check cashing, payroll deposit problems, lost or missing funds, transaction holds)	24%
Making or receiving payments, sending money to others (Problems with payments by check, card, phone or online, unauthorized or fraudulent transactions, money/wire transfers)	11%
Problems caused by my funds being low (Overdraft fees, late fees, bounced checks, credit reporting)	11%
Using a debit or ATM card (Disputed transaction, unauthorized card use, ATM or debit card fees, ATM problems)	6%
Total Bank Account and Service Complaints	100%

As the table illustrates, the most common type of bank account and service complaint relates to opening, closing, or managing the account. These complaints address issues such as account maintenance fees, legal processing fees for judgments and levies, changes in account terms, confusing marketing, early withdrawal penalties for certificates of deposit, and involuntary account closures. Other common complaints relate to deposit and withdrawal issues, such as transaction holds, the company's right to offset deposit accounts, and unauthorized debit card charges. In this area, many consumers are frustrated by companies' handling of error disputes and requests to stop payment on preauthorized electronic debits. A third common type of complaint relates to problems caused by a consumer's funds being low, including overdraft fees, bounced checks, charged-off accounts, and negative reporting to credit reporting agencies. In this area, many consumers are frustrated by the way some companies appear to manipulate the order in which deposits and withdrawals are posted to consumers' accounts to maximize overdraft fees.

Consumers' Student Loan Complaints

Figure 5 shows the types of student loan complaints reported by consumers for the approximately 4,800 student loan complaints received by the CFPB.¹⁴

FIGURE 5: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS



¹⁴ Prior to December 18, 2013, consumers submitting student loan complaints could select from three types of complaint categories: *Getting a loan*, *Repaying your loan*, and *Problems when you are unable to pay*. Beginning on December 18, 2013, the student loan complaint form was updated to make it easier for consumers submitting a complaint to categorize the problems they are having with their student loan. Consumers now select from the following three types of complaint categories: *Getting a loan*, *Can't pay my loan*, and *Dealing with my lender or servicer*. This report includes the types of complaints submitted under both the original and updated forms.

TABLE 4: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS

Types of Student Loan Complaints	%
Repaying your loan (Fees, billing, deferment, forbearance, fraud, credit reporting)	45%
Dealing with lender or servicer	19%
Problems when you are unable to pay (Default, debt collection, bankruptcy)	18%
Unable to pay loan	14%
Getting a loan (Confusing terms, rates, denial, confusing advertising or marketing, sales tactics or pressure, financial aid services, recruiting)	4%
Total Student Loan Complaints	100%

The most common type of student loan complaint relates to repaying the loan, such as fees, billing, deferment, forbearance, fraud, and credit reporting. Consumers report that they continue to struggle with the limited affordable payment options permitted in their loan agreements. Specifically, consumers say they are unable to refinance or restructure the repayment terms of their loan, either to lower monthly payments during periods of financial hardship, or to improve existing terms based upon the consumer's improved credit profile and credit-worthiness. Consumers also raised concerns about a range of other servicing problems, including payment processing problems, challenges obtaining necessary documentation about their private student loans, difficulty obtaining accurate information about their loan status and repayment options, and obstacles to accessing basic account information. Another common type of complaint addresses problems consumers confront when they are unable to pay, such as issues related to default, debt collection, and bankruptcy.

Consumers' Consumer Loan Complaints

Figure 6 shows the types of consumer loan complaints, such as complaints about installment loans, vehicle loans and leases, and personal lines of credit reported by consumers for the approximately 5,900 consumer loan complaints received by the CFPB.

FIGURE 6: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS

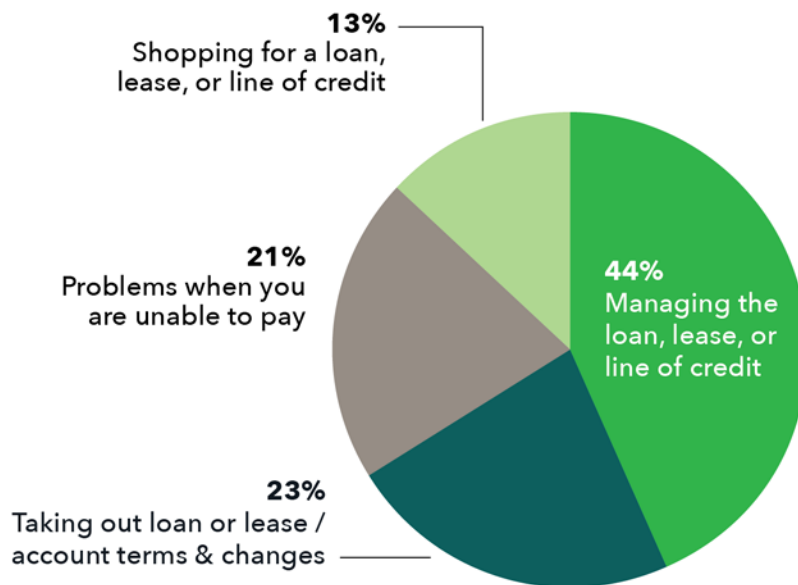


TABLE 5: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS

Types of Consumer Loan Complaints	%
Managing the loan, lease, or line of credit (Billing, late fees, damage or loss, insurance (GAP, credit, etc.), credit reporting, privacy)	44%
Taking out the loan or lease / Account terms and changes (Term changes (mid-deal changes, changes after closing, rates, fees, etc.), required add-on products, trade-in payoff, fraud)	22%
Problems when you are unable to pay (Debt collection, repossession, set-off from bank account, deficiency, bankruptcy, default)	21%
Shopping for a loan, lease, or line of credit (Sales tactics or pressure, credit denial, confusing advertising or marketing)	13%
Total Consumer Loan Complaints	100%

The table illustrates that the most common type of consumer loan complaint pertains to managing the loan, lease, or line of credit. Other common types of complaints address problems consumers have when taking out the loan or lease, such as term changes, and problems when they are unable to pay, including issues related to debt collection, bankruptcy, and default.

Consumers' Credit Reporting Complaints

Figure 7 shows the types of credit reporting complaints reported by consumers for the approximately 29,600 credit reporting complaints the CFPB has received.

FIGURE 7: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY CONSUMERS

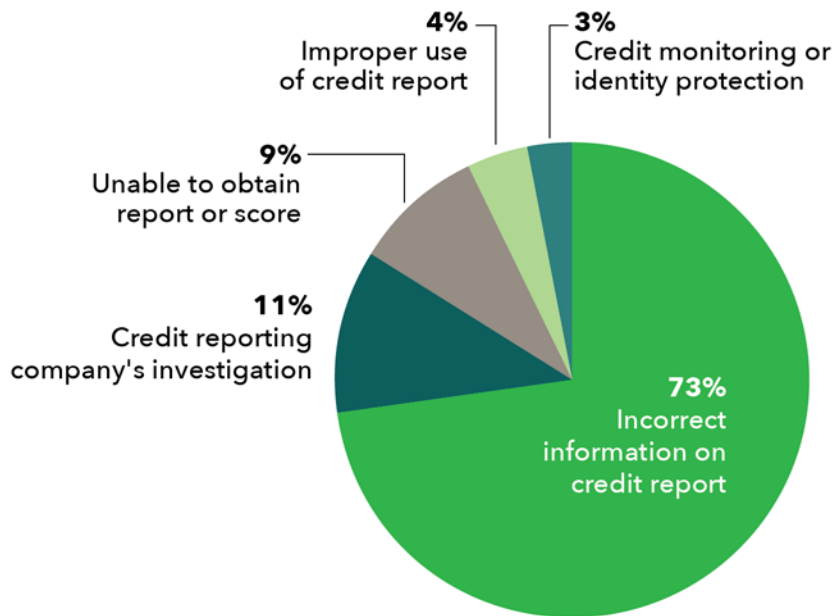


TABLE 6: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY CONSUMERS

Types of Credit Reporting Complaints	%
Incorrect information on credit report (Information is not mine, Account terms, Account status, Personal information, Public record, Reinserted previously deleted information)	73%
Credit reporting company's investigation (Investigation took too long, Did not get proper notice of investigation status or results, Did not receive adequate help over the phone, Problem with statement of dispute)	11%
Unable to get my credit report or credit score (Problem getting free annual report, Problem getting report or credit score)	9%
Improper use of my credit reporting (Report improperly shared by credit reporting company, Received marketing offers after opting out, Report provided to employer without written authorization)	4%
Credit monitoring or identity protection services (Problem cancelling or closing account, Billing dispute, Receiving unwanted marketing or advertising, Account or product terms and changes, Problem with fraud alerts)	3%
Total Credit Reporting Complaints	100%

This table illustrates that the most common type of credit reporting complaint is about incorrect information appearing on the consumer's credit report, such as information that does not belong to the consumer, incorrect account status, and incorrect personal information.

Another common type of complaint is about issues with credit reporting companies' investigations of information disputed by consumers. Consumers report that credit reporting companies sometimes return findings on their disputes within only a few days, and consumers question the depth and validity of such quick investigations. Additionally, consumers report frustration when they have submitted documentation that they believe proves that the information provided by the data furnisher was inaccurate, but no change is made to their credit report.

Consumers' Money Transfer Complaints

Figure 8 shows the types of money transfer complaints reported by consumers for the approximately 1,500 money transfer complaints the CFPB has received.

FIGURE 8: TYPES OF MONEY TRANSFER COMPLAINTS REPORTED BY CONSUMERS

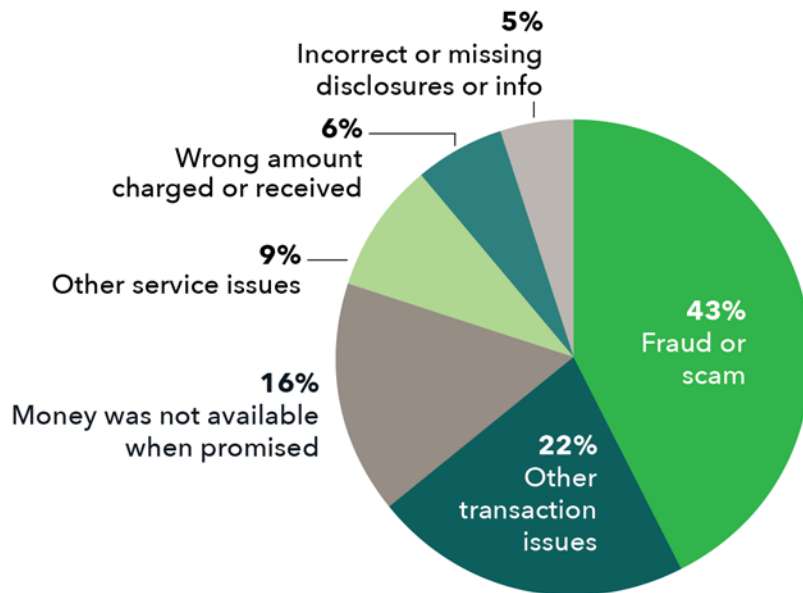


TABLE 7: TYPES OF MONEY TRANSFER COMPLAINTS REPORTED BY CONSUMERS

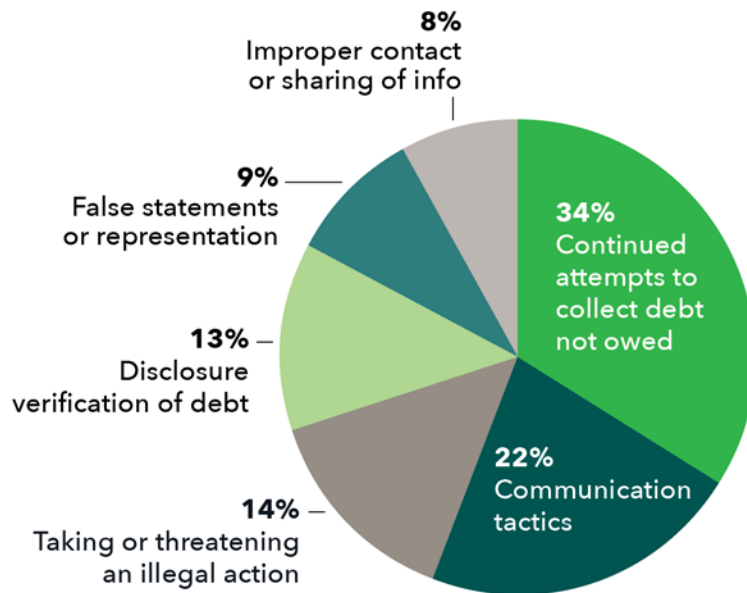
Types of Money Transfer Complaints	%
Fraud or scam	43%
Other transaction issues (Unauthorized transaction, cancellation, refund, etc.)	22%
Money was not available when promised	16%
Other service issues (Advertising or marketing, pricing, privacy, etc.)	9%
Wrong amount charged or received (Transfer amounts, fees, exchange rates, taxes, etc.)	6%
Incorrect/missing disclosures or info	5%
Total Money Transfer Complaints	100%

This table illustrates that the most common type of money transfer complaint is about fraud or scams. In these cases, the consumer is prompted to send funds as a result of a scam, and someone other than the consumer’s intended recipient ultimately receives the funds. For example, consumers often complain that they were prompted to transfer funds in response to a request for help from a family member or friend, for the purchase of goods or services, the rental of an apartment, a loan, a job opportunity, or to pay taxes on lottery earnings. In response to such complaints, companies engaged in money transfers say they have no liability when someone other than the intended recipient receives the funds, as long as the company complied with its policies and procedures and the minimum identification requirements were satisfied by the recipient. Another common type of complaint involves issues with other transactions, such as unauthorized transactions, cancellations, or refunds.

Consumers' Debt Collection Complaints

Figure 9 shows the types of debt collection complaints reported by consumers for the approximately 55,200 debt collection complaints the CFPB has received.¹⁵

FIGURE 9: TYPES OF DEBT COLLECTION COMPLAINTS REPORTED BY CONSUMERS



¹⁵ The CFPB began handling debt collection complaints on July 10, 2013.

TABLE 8: TYPES OF DEBT COLLECTION COMPLAINTS REPORTED BY CONSUMERS

Types of Debt Collection Complaints	%
Continued attempts to collect debt not owed (Debt was discharged in bankruptcy, debt resulted from identity theft, debt was paid, debt is not mine)	34%
Communication tactics (Frequent or repeated calls, called outside of 8am-9pm, used obscene, profane or other abusive language, threatened to take legal action, called after sent written cease of communication notice)	22%
Taking/threatening an illegal action (Threatened to arrest me or take me to jail if I do not pay, threatened to sue me on debt that is too old to be sued on, sued me without properly notifying me of lawsuit, sued me where I did not live or did not sign for the debt, attempted to/collected exempt funds, seized or attempted to seize property)	14%
Disclosure verification of debt (Did not receive notice of right to dispute, not enough information to verify debt, did not disclose communication was an attempt to collect a debt)	13%
False statements or representation (Attempted to collect wrong amount, impersonated attorney, law enforcement or government official, indicated committing crime by not paying debt, indicated should not respond to lawsuit)	9%
Improper contact or sharing of information (Contacted me after I asked not to, contacted my employer, contacted me instead of my attorney, talked to a third party about my debt)	8%
Total Debt Collection Complaints	100%

As the table illustrates, the most common type of debt collection complaint is about continued attempts to collect a debt that is not owed. In many of these cases the attempt to collect the debt is not itself the problem; rather, consumers argue that the calculation of the underlying debt is inaccurate or unfair. In other cases, the consumer’s complaint centers on the credit reporting of the debt. These complaints, which are often mirrored by credit reporting complaints submitted to the Bureau, indicate that consumers frequently only learn about debt collection accounts when they check their credit reports.

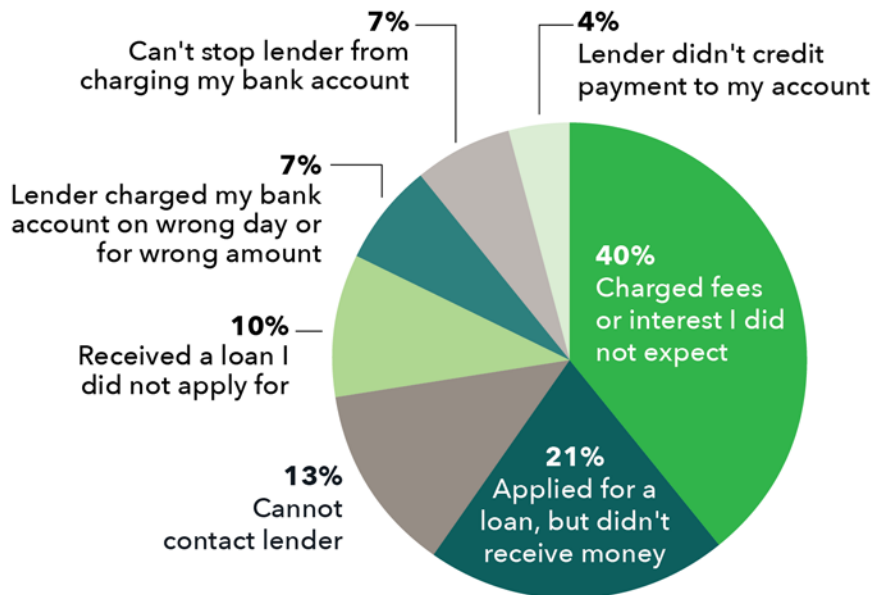
Another common type of complaint, related to consumers' questions about the underlying debt, involves verification of the debt. In these complaints, consumers ask the debt collection company to provide them with validation or verification of the underlying debt. Consumers are generally seeking documentation that they were the ones who signed the contract underlying the debt in question. Consumers, however, report that collectors do not provide them with information that the consumers believe they should provide.

Complaints about communication tactics, particularly telephone collections, are another common type of consumer complaint. Consumers complain about telephone collections which are too frequent and which come at inconvenient times of the day. They also complain about debt collectors calling their place of employment or third parties. The most common telephone collection related complaint is when a consumer gets a call about another person's debt. Sometimes the call is for someone with a similar name. More often, it appears the consumer's phone number has mistakenly been attached to another person's account. In most cases, it appears that consumers are submitting their complaint to the CFPB after repeated failed attempts to inform the company calling them that the debtor is not located at that number.

Consumers' Payday Loan Complaints

Figure 10 shows the types of payday loan complaints reported by consumers for the approximately 2,200 payday loan complaints the CFPB has received.¹⁶

FIGURE 10: TYPES OF PAYDAY LOAN COMPLAINTS REPORTED BY CONSUMERS



¹⁶ The CFPB began handling payday loan complaints on November 6, 2013.

TABLE 9: TYPES OF PAYDAY LOAN COMPLAINTS REPORTED BY CONSUMERS

Types of Payday Loan Complaints	%
Charged fees or interest I did not expect	40%
Applied for a loan, but didn't receive money	21%
Cannot contact lender	13%
Received a loan I did not apply for	10%
Payment to account not credited	7%
Can't stop lender from charging my bank account	7%
Lender charged my bank account on wrong day or for wrong amount	4%
Total Payday Loan Complaints	100%

This table illustrates that the most common type of payday loan or deposit advance (i.e., bank payday advance loan) complaint is about being charged unexpected fees or interest. Another common type of complaint involves issues with applying for the loan, but not receiving the money. Consumers also complain about problems with contacting their lender, and about receiving loans they did not apply for.

The remaining complaints involve issues surrounding payments, such as the use of check holding and electronic debit authorization that hands control of the consumer's bank account over to the lender. Most consumers are not aware that the payday contract can authorize the lender to withdraw the funds electronically in the event that the consumer stops payment on the first check. Additionally, such agreements can allow the payday lender to re-present the check several times, causing the consumer to incur a nonsufficient funds fee each time.

Many consumers are unaware that funds would be taken from the next direct deposit to pay the direct deposit advance they took. There is also confusion over the repayment date. Consumers with multiple advances and deposits often have difficulty managing a short repayment period and will roll-over the loan, inflating the effective cost of the original loan.

The cost and structure of a particular loan can make it difficult for consumers to repay. Consumers raised concerns about the risk of being unable to repay the loan and being left without enough money for other expenses. Similarly, some complaints center on the high cost of the loan or aggressive debt collection practices in the case of delinquency or default.

Other common complaints include the non-disclosure of fees, lack of clarity about repayment of the loan using automatic withdrawal features on a bank card, prepaid card, or by direct deposit. Another common type of complaint involves disputes with lenders about whether the loan had been paid off.

How Companies Respond to Consumer Complaints

Approximately 126,700 (or 66%) of all complaints received between April 1, 2013 and March 31, 2014 were sent by Consumer Response to companies for review and response.¹⁷ Table 10 shows how companies responded to these complaints during this time period.

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, discussion of follow-up actions or planned follow-up actions, and categorization of the response. Based on industry comments received about disclosure of credit card complaint data, beginning June 1, 2012, response category options included “closed with monetary relief,” “closed with non-monetary relief,” “closed with explanation,” “closed,” “in progress,” and other administrative options. “Monetary relief” is defined as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with non-monetary relief” indicates that the steps taken by the company in response to the complaint did not result in monetary

¹⁷ The remaining complaints have been referred to other regulatory agencies (21%), found to be incomplete (9%), or are pending with the consumer or the CFPB (2% and 2%, respectively).

relief to the consumer that is objective, measurable, and verifiable, but may have addressed some or all of the consumer’s complaint involving non-monetary requests. Non-monetary relief is defined as other objective and verifiable relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with explanation” indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer’s complaint. For example, this category would be used if the explanation substantively meets the consumer’s desired resolution or explains why no further action will be taken. “Closed” indicates that the company closed the complaint without relief – monetary or non-monetary – or explanation. Consumers are given the option to review and dispute all company closure responses.

TABLE 10: HOW COMPANIES HAVE RESPONDED TO CONSUMER COMPLAINTS¹⁸

Company response	All	Mortgage	Debt collection	Credit reporting	Bank account or service
Closed with monetary relief	7%	2%	2%	1%	22%
Closed with non-monetary relief	13%	5%	17%	34%	6%
Closed with explanation	68%	79%	65%	56%	62%
Closed (without relief or explanation)	2%	3%	3%	0%	4%
Administrative response	3%	4%	1%	1%	2%

¹⁸ While companies’ responses under previous categorizations were maintained, for operational and reporting purposes, responses categorized as “full resolution provided,” “partial resolution provided,” and “closed with relief” are considered a subset of “closed with monetary relief,” and responses categorized as “no resolution provided” and “closed without relief” are categorized as “closed with explanation.” “Closed with non-monetary relief” and “closed” reflect only those responses provided by companies after June 1, 2012.

Company reviewing	4%	4%	5%	8%	3%
Company did not provide a timely response	3%	3%	6%	1%	1%
Total Complaints Sent to Companies for Response	100%	100%	100%	100%	100%

Company response	All	Credit card	Consumer loan	Student loan	Money transfer	Payday loan
Closed with monetary relief	7%	22%	7%	8%	17%	6%
Closed with non-monetary relief	13%	10%	7%	12%	2%	6%
Closed with explanation	68%	60%	75%	73%	68%	62%
Closed (without relief or explanation)	2%	1%	3%	1%	2%	1%
Administrative response	3%	2%	1%	1%	1%	4%
Company reviewing	4%	2%	4%	3%	7%	8%
Company did not provide a timely response	3%	4%	3%	3%	2%	13%
Total Complaints Sent to Companies for Response	100%	100%	100%	100%	100%	100%

Companies have responded to approximately 95%¹⁹ of complaints sent to them and report having closed 90% of the complaints sent to them.

Beginning December 1, 2011, companies had the option to report an amount of monetary relief, where applicable. Between April 1, 2013 and March 31, 2014, companies have provided relief amounts in response to more than 8,620 complaints. The median amount of relief reported by companies was \$150; however, company reports of relief amounts and medians vary by product. For the approximately 3,050 credit card complaints where companies provided a relief amount, the median amount of relief reported was approximately \$122. For the approximately 1,140 mortgage complaints where companies provided a relief amount, the median amount of relief reported was approximately \$460. For the more than 3,110 bank account and service complaints where companies provided a relief amount, the median amount of relief reported was approximately \$110. For the approximately 280 student loan complaints where companies provided a relief amount, the median amount of relief reported was approximately \$168. And for the approximately 260 consumer loan complaints where companies provided a relief amount, the median amount of relief reported was approximately \$251. For the approximately 140 money transfer complaints where companies provided a relief amount, the median amount of relief reported was approximately \$136. For the approximately 460 debt collection complaints where companies provided a relief amount, the median amount of relief was approximately \$334. For the approximately 40 payday loan complaints where companies provided a relief amount, the median amount of relief was approximately \$290. For the approximately 120 credit reporting complaints where companies provided a relief amount, the median amount of relief report was approximately \$33.

Companies also have the option to provide non-monetary relief in response to complaints. Consumers have received a range of non-monetary relief in response to their complaints, such as:

- providing mortgage foreclosure alternatives that do not have direct monetary value to the consumer, but that help them to keep their home;

¹⁹ Companies have responded to approximately 120,700 of the 126,700 sent to them for response.

- stopping harassment from debt collectors;
- cleaning up consumers' credit reports by correcting submissions to credit bureaus; restoring or removing a credit line;
- correcting account information, including in credit reports; and
- addressing formerly unmet customer service issues.

Consumers' Reviews of Companies' Responses

Once the company responds, the CFPB provides the company's response to the consumer for review. Where the company responds "closed with monetary relief," "closed with non-monetary relief," "closed with explanation," or "closed," consumers are given the option to provide feedback on the company's response. Table 11 shows how consumers responded to the approximately 114,000 complaints where they were given the option to provide feedback.

Consumers are asked to notify the CFPB within 30 days if they want to provide feedback by disputing a company's response. Approximately 59% of such consumers did not dispute the responses provided, while approximately 20% of consumers did dispute the response provided. The rest were pending with consumers at the end of this period.

TABLE 11: CONSUMER FEEDBACK ABOUT COMPANY RESPONSES

Consumer review of company's response	All	Mortgage	Debt collection	Credit reporting	Bank account or service
Consumer did not dispute company's response	59%	62%	53%	53%	64%
Consumer disputed company's response	20%	23%	18%	16%	19%
Pending consumer review of company's response	21%	15%	29%	32%	17%
Total Responses for Consumer Review	100%	100%	100%	100%	100%

Consumer review of company's response	All	Credit card	Consumer loan	Student loan	Money transfer	Payday loan
Consumer did not dispute company's response	59%	63%	59%	60%	65%	43%
Consumer disputed company's response	20%	20%	23%	20%	14%	21%
Pending consumer review of company's response	21%	17%	18%	20%	21%	36%
Total Responses for Consumer Review	100%	100%	100%	100%	100%	100%

Consumer Response Investigation and Analysis

After requesting that companies respond to complaints sent to them for response and giving consumers the opportunity to review and provide feedback on company responses, Consumer Response prioritizes complaints for investigation based on a review of the complaint, the company's response, and the consumer's feedback. Consumer Response seeks to determine why a company failed to provide a timely response (if applicable) and whether the consumer's feedback about the company's response (if applicable) justifies additional review of the company's minimum required actions under the consumer financial protection laws within the CFPB's authority. In the course of an investigation, Consumer Response may ask companies and consumers for additional information. In some cases, Consumer Response has referred complaints to colleagues in the CFPB's Division of Supervision, Enforcement, and Fair Lending and Equal Opportunity for further consideration.

Listening to consumers and reviewing and analyzing their complaints is an integral part of the CFPB's work in understanding issues in the consumer financial marketplace, and in helping the market work better for consumers. The information shared by consumers and companies throughout the complaint process informs the Bureau about business practices that may pose risks to consumers and helps the Bureau supervise companies, enforce federal consumer financial laws, and write better rules and regulations.

2.2 Shopping challenges

The challenges that consumers face in the marketplace highlight the importance of a tenet that is central to the CFPB's mission – promoting markets in which consumers can understand and anticipate the risks, costs, and other terms of financial products and services. When the costs, risks, and other key features of financial products are transparent and understandable, consumers are better able to compare products and choose the best one for them.

Prior Semi-Annual reports highlighted challenges facing consumers shopping for a particular lending or deposit product, including the markets for mortgages, credit cards, student loans, checking accounts, and small-dollar credit. Over the past six months, the Bureau has been engaged in work that sheds further light on certain challenges consumers face with respect to prepaid cards.

2.2.1 Prepaid cards

Prepaid cards are one of the fastest growing forms of noncash payment. According to a Federal Reserve System study, prepaid card transactions have been growing 15.8 percent annually, ending 2012 with a total of 9.2 billion transactions.²⁰ Prepaid card use is particularly significant among households without checking accounts. Approximately 16.5 percent of such households use prepaid cards compared to about nine percent of households with checking accounts.²¹

While there are different types of prepaid cards, such as benefits cards, payroll cards, and gift cards, the following discussion will cover one specific type of card – the general purpose reloadable prepaid card (GPR card). GPR cards are “open-loop” cards, meaning they can be used at any merchant that accepts payments through the retail electronic payments network(s), such

²⁰ Federal Reserve System, *The 2013 Federal Reserve Payments Study*, December 19, 2013, http://www.frbservices.org/files/communications/pdf/research/2013_payments_study_summary.pdf.

²¹ In its *2011 FDIC National Survey of Unbanked and Underbanked Households*, the FDIC found that the share of underbanked and unbanked households using prepaid cards has grown between 2009 and 2011. Federal Deposit Insurance Corporation, *2011 FDIC National Survey of Unbanked and Underbanked Households*, September 2012, http://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf.

as Visa or MasterCard, indicated on the card. GPR cards generally are initially issued for a set amount in exchange for payment made by a consumer and are reloadable, meaning the consumer can add additional funds to the card. It was estimated that approximately one-third of all prepaid transactions in 2012 (or 3.1 billion transactions) were from GPR cards alone. This particular segment of the prepaid card market is expected to continue to grow. The total amount loaded onto GPR cards was approximately \$65 billion in 2012 and could potentially reach close to \$100 billion by 2016.²²

2.2.2 Shopping channels and challenges

Consumers can purchase GPR cards through a number of distribution channels. For example, GPR cards are sold online through a website maintained by the issuer or, in many cases, by a program manager who is responsible for, among other things, marketing the product. Some banks also offer prepaid cards which can be purchased either online or at a branch. Program managers and some issuers also partner with retail establishments, such as drugstores, supermarkets, or check cashers, to sell their cards.

Regardless of the channel through which a consumer acquires a card, consumers may be able to find information about the product by reviewing fee schedules and product terms and conditions found on the websites of issuers or program managers. In addition, some shopping websites aggregate information from multiple prepaid cards and provide a means of comparison shopping.

In a retail setting, comparison shopping may be more challenging since not all relevant information may be available on a card's external packaging. Since there is limited space on which to disclose fees and other information, consumers who have not researched the product online may need to purchase the product and open the packaging to learn more about the card's fees and other features. In addition, it may be difficult to compare GPR cards from different companies due to a lack of standardized information on the packaging. Information on the card

²² Mercator Advisory Group, Tenth Annual U.S. Prepaid Cards Market Forecasts, 2013 – 2016, October 2013.

packaging may be presented in various formats and the types of fees and features disclosed may differ across products.

Even with information provided on packaging, through program managers' websites, or third-party websites, it still may be difficult to determine the ultimate cost of a GPR card for an individual consumer. Similar to debit cards and checking accounts, the future costs of a prepaid card depends on individual usage. The market today currently offers two basic forms of pricing: a monthly (or, in some cases, annual) fee plan which allows for unlimited purchase transactions for a periodic fee that can often be waived under certain conditions (which vary from product to product) and a pay-as-you-go plan in which consumers do not pay a monthly fee but pay on a per-transaction basis. With both types of plans, there may be fees for certain types of transactions, such as ATM withdrawals and balance inquiries (with some products differentiating between in-network and out-of-network transactions), cash reloads, or declined transactions.

Given all this, the ultimate cost of the product will differ from consumer to consumer because, among other things, frequency of purchases, in-network or out-of-network ATM withdrawals, and cash reloads will vary. Research from the Federal Reserve Bank of Philadelphia indicated that, beyond individual activity on the cards, individual costs can also differ depending on whether the consumer has direct deposit for the card and on the channel used to purchase the card.²³ Therefore, cost comparisons will be difficult for the consumer, because the costs will be different for each consumer.²⁴

2.2.3 Bureau activity around prepaid cards

The CFPB continues to monitor the prepaid card market and to consider meaningful policy solutions that can help protect consumers when shopping for and using this product. In May 2012, the CFPB released an advanced notice of proposed rulemaking (ANPR), seeking public

²³ Stephanie M. Wilshusen, Robert M. Hunt, James van Opstal, and Rachel Schneider, *Consumers' Use of Prepaid Cards: A Transaction-Based Analysis*, August 2012, <https://www.philadelphiafed.org/consumer-credit-and-payments/payment-cards-center/publications/discussion-papers/2012/D-2012-August-Prepaid.pdf>.

²⁴ <http://www.nerdwallet.com/prepaid/>.

comments on the costs and, benefits of, and consumer protection issues with regards to GPR cards.²⁵ Among the issues on which the Bureau sought to gain insight were disclosures of product fees and other terms, liability protection from unauthorized transactions, and product features such as associated credit availability or credit repair functions. The Bureau received a significant amount of feedback on consumers' experiences with the product, industry practices in providing prepaid products, consumer service, and consumer protections, and potential impacts to the market from different types of policy interventions.

As indicated in the Fall 2013 regulatory agenda, the CFPB is currently in the proposed rule stage with respect to prepaid cards.²⁶ The CFPB continues to evaluate the comments received from the public in response to the ANPR regarding various consumer protection issues associated with GPR cards. In addition, the CFPB has begun conducting consumer testing of model disclosure forms to help inform our policy deliberations.

²⁵ http://files.consumerfinance.gov/f/201205_cfpb_GPRcards_ANPR.pdf.

²⁶ <http://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201310&RIN=3170-AA22>.

3. Delivering for American consumers and leveling the playing field

The CFPB is responsible for exercising its authorities under Federal consumer financial protection laws to administer, implement, and promote compliance with those laws. To this end, the Bureau has worked to expand the resources it makes available to consumers to build the foundation necessary for making consumer financial markets work better.

3.1 Resources for consumers

The CFPB has launched a variety of offices, detailed in each subsection below, to provide assistance and information to consumers. The Bureau strives to provide individualized help to consumers based on their specific issues with financial products and services, and it works to improve financial literacy and capability – among the public as a whole, and among consumers who have experienced particular challenges in the financial markets.

3.1.1 Consumer response

As detailed in the previous section, Consumer Response receives complaints and inquiries directly from consumers. The CFPB accepts complaints through its website and by telephone, mail, email, fax, and referral.

Consumers submit complaints on the CFPB [website](#) using complaint forms tailored to specific products, and can also log on to the secure consumer portal to check the status of a complaint and review a company's response. While on the website, consumers can chat with a live agent to receive help completing a complaint form. Consumers can also call the Bureau's toll-free number to ask questions, submit a complaint, check the status of a complaint, and more.²⁷ The CFPB's U.S.-based contact centers handle calls with little-to-no wait times, can provide services to consumers in more than 180 languages, and serve hearing- and speech-impaired consumers via a toll-free telephone number. Cutting-edge technology, including the secure company and consumer portals, makes the process efficient and user-friendly for consumers and companies. The CFPB also provides secure channels for companies to communicate directly with dedicated staff about technical issues.

As Consumer Response processes complaints and responds to inquiries, it continues to seek new ways to improve existing processes to make them as efficient, effective, and easy-to-use as possible. Based on feedback from consumers and companies, as well as its own observations, Consumer Response identifies new opportunities to improve its processes and implement changes with each product launch. By applying the lessons learned through previous complaint function rollouts, it has continued to improve its intake process, enhance communication with companies, and ensure the system's ease-of-use and effectiveness for consumers, while providing services trusted by consumers and companies alike.

3.1.2 Consumer education and engagement

The CFPB's Consumer Education and Engagement Division (CEE) is responsible for developing and implementing initiatives to educate and empower consumers to make better-informed financial decisions. Improving financial literacy and capability encompasses many short and longer-term efforts, and CEE seeks to engage consumers by providing information and educational tools designed to provide clear and meaningful assistance to consumers when they need it.

²⁷ To find more information about submitting a complaint, please see Appendix A.

Direct engagement with consumers is essential to the work of this division. From October 1, 2013 through March 31, 2014, the division's offices engaged with different groups across the country through more than 418 listening sessions, town halls and roundtables, visits to military installations, and other stakeholder events. These and other opportunities to hear directly from consumers about their financial needs, aspirations, and experiences help inform all of the Bureau's work. Through this outreach work, the CFPB has connected to more than 22,737 participants that were involved in these events.

As a 21st-century agency, the Bureau has focused on bringing financial decision-making tools and information to consumers through an accessible online format, and a steadily increasing number of consumers have taken advantage of these offerings. During the period covered by this report, more than 3.9 million unique visitors came to the Bureau's website, and the Bureau estimates that more than three million of these visitors were to areas of the website providing consumer tools, information, and assistance.

3.1.3 Financial education

The Bureau's Office of Financial Education (OFE) focuses its efforts on: (1) developing and implementing initiatives to improve consumers' financial literacy and capability, (2) engaging in ongoing outreach efforts to understand the financial education needs of various communities, and (3) managing a research and innovation portfolio to enhance existing approaches to financial education.

One of OFE's major initiatives this year was around remittance transfers. OFE led the effort to inform and educate consumers about new consumer protections for remittance transfers that became effective in October 2013. The multimedia campaign was produced and delivered in the five languages most used by consumers who send money overseas. OFE communicated the new protections directly to consumers by using print materials, social media channels, and radio. OFE personnel appeared on three national Spanish-language network television news programs as well as on local television news. OFE also conducted webinars and provided materials to key stakeholders who could help distribute and promote the information about the new protections. These stakeholders included community leaders, embassies and consulates, remittance providers, faith-based organizations, government agencies, and trade associations.

OFE has also continued its work on tax-time savings. For the third year, the Bureau worked to promote wealth building and financial services for consumers during the tax preparation season and encouraged savings in connection with earned income tax credits. Building on the work of

prior years, the Bureau made materials broadly available via the internet to encourage consumers to save a portion of their refunds. In 2013, the offices partnered with three Volunteer Income Tax Assistance (VITA) sites, where low- and moderate-income taxpayers received free tax preparation help, as a pilot to the CFPB *Ready? Set, Save!* campaign. Listening sessions with VITA site coordinators and tax preparers from the 2013 pilot uncovered common barriers to discussing savings with clients, which informed the development of new program materials. In 2014 the Bureau is piloting an expanded *Ready? Set, Save!* campaign in 13 communities around the country, in coordination with approximately 100 VITA sites, which includes training 2,000 tax preparer volunteers who will serve approximately 75,000 consumers. At the end of tax season, pilot sites will report to the Bureau on the aggregated savings activity of consumers and on the effectiveness of the training and tools provided by CFPB to develop processes to better equip volunteer tax preparers to promote saving at tax time.

In July 2013, OFE initiated a community financial education project to promote access to reliable, unbiased financial education and resources through public libraries across the country. Libraries served 297.6 million Americans in 2010. In particular, libraries are heavily utilized by parents, children, and low-income families.²⁸ Further, recent research indicates that libraries are highly trusted as a source of unbiased information, and serve consumers effectively in times of economic stress.²⁹ These factors, along with library presence in local communities across the country, make them natural partners for financial education.

We selected some libraries that have been innovative in providing financial education programs, and some that had not yet offered financial education programs. We also chose libraries that would represent a range of geographic locations and types of communities, including tribal, urban, rural and suburban communities. Our initial nine partner libraries are: Brooklyn Public Library, New York; Columbus Metropolitan Library, Ohio; Florence County Library System, South Carolina; Fresno County Public Library, California; Georgetown County Library, South Carolina; Menominee Tribal College, Wisconsin; Orange County Library System, Florida; Pelham Public Library, Alabama; and San Francisco Public Library, California.

²⁸ http://files.consumerfinance.gov/f/201307_cfpb_report_financial-literacy-annual.pdf.

²⁹ http://files.consumerfinance.gov/f/201307_cfpb_report_financial-literacy-annual.pdf.

We are also partnering with a group of federal agencies and national organizations that have relationships with libraries and local communities. These federal agencies and organizations are the American Library Association, the FINRA Investor Education Foundation, the U.S. Department of Agriculture National Institute of Food and Agriculture, United Way, the Institute of Museum and Library Services, the Urban Libraries Council, the Chief Officers of State Library Agencies, and the FDIC. We will work together with the libraries to help them develop partnerships in their communities and build on existing programs, resources, and infrastructure to reach consumers in their neighborhoods.

Beyond these specific initiatives, OFE has continued to produce and develop a range of educational materials for consumer reference. Currently, there are 14 publications available either electronically or in hard copy, in both English and Spanish. OFE also has publications available in Tagalog, Chinese, and French-Creole. From October 1, 2013 through March 31, 2014, 424,815 print publications were distributed, and 35,491 publications were downloaded.

OFE has engaged a variety of communities and stakeholders, and continues to reach out to key financial educators and community leaders. OFE communicates directly with consumers through webinars, listening sessions, and large consumer events. OFE's outreach this year has focused on workplace financial education, youth financial education and policies, and identifying approaches to resolve common financial challenges for consumers. OFE held a number of events around the country to assess needs and establish its priorities in these areas. OFE launched a LinkedIn online discussion group for financial education practitioners, which shares information on trends, news, and practices in financial education. Engaging consumers directly on consumer financial education topics always has been, and remains, a priority for OFE.

The Bureau is an active member of the Financial Literacy and Education Commission ("Commission"). The Director of the CFPB serves as the Vice-Chair of the Commission, which was created with the broad purpose of improving Americans' financial literacy. It has actively worked to make improvements in the financial capability of young people by implementing programs to help Americans start early for financial success. This focus and the programs of the Commission are intended to help young people start early in learning about money and building sound habits in order to enable them to be successful throughout their lives. This effort is intended to ensure that parents, teachers, community leaders, and others have the knowledge, resources, and tools available to guide young people in starting early for financial success.

Workplace financial education is one pathway for reaching people early in their careers. The Commission hosted a field hearing on workplace financial education in Atlanta, GA on February 25, 2014. During the hearing, the Commission heard from a range of human resource professionals, financial education service providers, and policy-makers about how workplace education can assist employees in improving their financial capabilities. The presentations highlighted promising practices for delivering financial education in the workplace; considered existing opportunities, challenges and barriers to delivery of financial education in the workplace; and heard about strategies for engaging employees with respect to financial education in the workplace.

The Bureau has developed a workplace financial education program to help employees who wish to further develop their skills as managers of their personal finances. Based on findings from recent workplace research, the program combines tools such as automatic enrollment in retirement plans, training and information sessions for employees, and free financial planning assistance. The program both assists CFPB employees and deploys effective practices in the workplace that can be shared with other federal agencies as well as state and local governments and private sector employers.

OFE also continues to advance its research and innovation portfolios by working to develop metrics for success in financial education and to test solutions for consumers as they make regular, everyday financial decisions.

In particular, a project to develop metrics for success in financial education for working age and older American consumers launched in FY 2013. In the past year, the Bureau completed much of the first phase by developing definitions of financial well-being for working-age and older Americans and developing hypotheses regarding the drivers of financial well-being. This work included:

- Background research on how financial well-being is defined and measured in the literature to date, and what is already known about the relationship between financial knowledge, behavior, and well-being;
- In-depth qualitative interviews with consumers, as well as various types of financial professionals, such as financial educators, advisers, planners, coaches, tax preparers, and credit counselors; and
- Consultation with academic and practitioner experts.

The products of this project should allow the CFPB, other government agencies, and others involved in financial education to further hone informed approaches to improving consumer financial well-being. Further, by creating or vetting measures for consumer financial knowledge, behavior, well-being, and related factors, the project will create a strong basis for evaluating financial education policies and programs. More specifically, these metrics should significantly increase the ability of the CFPB, other government agencies, and other financial education providers to select approaches that make the biggest difference in improving consumer outcomes.

3.1.4 Consumer engagement

The Bureau's Office of Consumer Engagement (CE) continues to encourage the public to participate in the Bureau's work by developing programs, initiatives, and digital experiences that help consumers make informed financial decisions.

CE continues to improve and build out the Bureau's online presence with innovative, user-focused, approaches to social media and web development. Through research and user testing, CE has been able to tap into the needs and interests of consumers, thus creating opportunities to engage the public in the moments when the Bureau's tools and resources can be most useful to them.

For example, the *Paying for College* project is a suite of online tools for students and families evaluating their higher education financing options when comparing college costs and financial aid, learning about college money and loan options, and assessing repayment options.³⁰

CE also creates scalable platforms that empower American consumers to navigate financial markets. In particular, *Ask CFPB* is an interactive online tool that gives consumers answers to over 1,000 questions about financial products and services, including credit cards, mortgages, student loans, bank accounts, credit reports, payday loans, and debt collection.³¹ Since

³⁰ <http://www.consumerfinance.gov/paying-for-college/>.

³¹ <http://www.consumerfinance.gov/askcfpb>.

launching in March 2012, *Ask CFPB* has provided clear, authoritative financial information to more than 2,000,000 unique visitors, and currently receives about 300,000 visits per month.

CE has also prioritized making the Bureau's information more accessible in non-English languages, especially Spanish. According to Census data, 37 million people in the U.S. primarily speak Spanish at home. Recognizing that at least some portion of this population could be well served by Spanish language resources, the Bureau launched *CFPB en Español*, a Bureau website that provides Spanish-speaking consumers a central point of access to the Bureau's resources, in Spanish.³² The website has four major components: a homepage that highlights CFPB services, *Ask CFPB* content in Spanish, a complaints page that highlights the phone number consumers can call to submit a complaint in Spanish, and an "About Us" page that features a Spanish-language video and introductory content about how the CFPB works to protect consumers. The website was created using responsive design, meaning it is optimized for use on both mobile devices and computers in order to better serve all consumers. The website launched in May 2013.

The Bureau also launched a consumer education initiative about the Bureau's new mortgage rules. Bureau rules went into effect by January 2014 that provide new rights and protections to homeowners and to consumers shopping for a home mortgage.³³ CE led a cross-Bureau effort to develop educational resources to help mortgage consumers, and those who interact with consumers on their home loans, understand the new rules and protections. These resources focused on a new web resource for consumers, consumerfinance.gov/mortgage. The web page contains easy-to-read guides to the mortgage rules for homeowners and for homebuyers, links to find a housing counselor, and links to how to file a complaint with the Bureau.

The Bureau also developed a detailed guide for housing counselors who help borrowers having trouble paying their mortgage that is available through the mortgage web resource. The guide, *Help for Struggling Borrowers*, is a step-by-step guide through the mortgage servicing rules.

³² <http://www.consumerfinance.gov/es/>.

³³ See Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z), 78 Fed. Reg. 79730 (Dec. 31, 2013) (codified at 12 C.F.R. 1024 & 12 C.F.R. 1026).

The Bureau is also conducting webinars and in-person trainings for housing counselors and other intermediaries throughout the country. As of March 31, 2014, the Bureau had offered 27 webinars and in-person training events, reaching well over 2,000 housing counseling agencies and other intermediaries—and through them, the many homeowners that they serve.

3.1.5 Servicemember affairs

The CFPB's Office of Servicemember Affairs (OSA) conducted 77 outreach events from October 1, 2013 through March 31, 2014, delivering consumer financial information to more than 6,066 military and veteran consumers to help them make better informed financial decisions. OSA also delivered consumer financial education information using Facebook and Twitter accounts specifically to serve the military and veteran communities with a potential reach of more than one million consumers.

More specifically, these figures include reaching out to servicemembers where they live and work. OSA visited 10 military installations and National Guard units and participated in four town halls and four roundtable discussions with senior military leaders during the same time period. At these outreach events, the Servicemember Affairs team listened to military personnel and their families discuss the financial challenges they face, observed financial education training, and provided educational materials. In addition to the military units and installations visited, OSA participated in seven Military Saves events sponsored by external organizations seeking additional educational information about OSA and the CFPB. OSA continues to utilize Facebook and Twitter accounts specifically to serve the military and veteran communities.

In January 2013, OSA began development of a “just enough and just in time” financial education experience to equip Delayed Entry Program (DEP) participants with the information and education needed to make sound financial decisions in certain target subject areas. A prototype containing the first educational module was completed in late September 2013. Further work on a complete product suitable for field testing began in October 2013. DEP participants are individuals who have committed to join the military but have not yet reported to boot camp. Our DEP education program aims to offer experiential education that engages the interest and caters to the learning style of the recruit demographic. The Bureau and the Department of Defense will work together to make course content and materials available across the varied timelines and geographical locations of future recruits and across the armed services.

Collaboration and building upon viable outreach networks remains a key focus for OSA. We continue to work with the Departments of Defense, Veterans' Affairs, Justice, and Labor to raise

awareness of the CFPB's mission and OSA's specific efforts on behalf of the military and veteran communities. At the state level, efforts have centered on introducing state and local resources to the military/veteran community. Outreach efforts have included establishing direct lines of communication with the State Directors of Veterans' Affairs, state Attorneys General, US Attorneys, and state legislators.

On January 14, 2014, OSA made on-demand video training available to military service providers. The Office of Servicemember Affairs hosts an ongoing series of virtual Military Financial Educator Forums on consumer financial topics for service providers who deliver financial, educational, or legal counseling to servicemembers and their families worldwide. The goal of these Military Financial Educator Forums is to supply incremental and easily digestible information on current military consumer financial topics to those service providers.

Content highlights from the video forums are relayed through social media channels with a demonstrated reach of approximately 25,000 individuals. External social media partnerships with the Department of Defense and the Military Family Learning Network were used to amplify the message delivered by the video trainings to servicemembers stationed overseas, including individuals at military bases located from the Middle East (Turkey) to East Asia (Okinawa) and a deployed U.S. Navy unit operating off the coast of West Africa.

OSA continues its work to determine the quality of unique financial education and counseling programs and services provided to servicemembers and their families by the Department of Defense and the United States Coast Guard. The year-long project, performed under an inter-agency agreement with the Library of Congress' Federal Research Division, will engage in a quantitative and qualitative assessment using industry-recognized standards and processes. The work will help inform OSA's future educational initiatives by identifying effective ways of delivering personal financial education and counseling services to servicemembers and their families.

3.1.6 Older Americans

The Bureau's Office for Older Americans (OA) has continued its outreach efforts nationwide with its core constituency, key public officials, financial institutions, industry, advocates, and other stakeholders. OA's mission is to facilitate the financial literacy of individuals who are 62 or older on protection from unfair, deceptive, and abusive practices, and on current and future financial choices, including the dissemination of materials on these topics.

OA has held or engaged in 70 events from October 1, 2013 through March 31, 2014, reaching more than 6,459 people. The engagement with consumers and stakeholders ranges from in-person presentations nationwide, webinars and electronic communications via social media.

OA's outreach work is raising awareness of the critical problem of financial exploitation and unfair, deceptive, or abusive practices targeted at older people. OA is also building on its outreach work to help foster local networks to prevent financial harm directed at older people. We also collaborate with direct service providers, such as legal aid, senior service hotlines and other consumer advocates on the frontlines to best assist older consumers as they navigate financial decisions while attempting to plan for later life financial security.

Specific examples of these outreach efforts include advising elder exploitation networks in Illinois, Florida and North Carolina, and representing the CFPB on the federal Elder Justice Coordinating Council, which consists of 12 federal agencies that play a role in addressing elder abuse.

OA released a consumer guide in November 2013 to help older consumers understand the wide variety of designations used by financial advisers to signify expertise in senior financial issues and verify senior designation and certification titles. The guide is available on the Bureau website at http://files.consumerfinance.gov/f/201311_cfpb_flyer_senior-financial-advisors.pdf, and through other federal agencies, non-profit organizations, and consumer advocate organizations nationwide. The guide was developed following the Bureau's report to Congress and the U.S. Securities and Exchange Commission in April 2013, which outlined the risks for consumers of confusion surrounding these designations. The report included recommendations to help older consumers verify credentials, improve the consistency of standards for acquiring the credentials, improve the consistency of standards for conduct of designees, and reduce consumer confusion.³⁴

³⁴ Consumer Financial Protection Bureau, *Senior Designations for Financial Advisers: Reducing Consumer Confusion and Risks* (April 18, 2013), available at files.consumerfinance.gov/f/201304_CFPB_OlderAmericans_Report.pdf.

OA produced four *Managing Someone Else's Money* guides to assist people who are managing money or property for a family member or friend who is unable to pay bills or make financial decisions. The *Managing Someone Else's Money* guides are aimed at lay people who are responsible for managing someone's money. This includes agents under powers of attorney, court-appointed guardians and conservators, trustees, and government benefit fiduciaries (Social Security representative payees and Veterans Administration fiduciaries). The guides explain the duties and responsibilities of people acting in each of these fiduciary roles; how to watch out for scams and financial exploitation and what to do if a loved one is a victim; and where to go for help. The guides are available for download from the Bureau's website and can be ordered individually or in bulk at no charge at <http://promotions.usa.gov/cfpbpubs.html>.

To date, the GSA distribution center has received orders for almost 100,000 guides, in addition to numerous downloads and extensive information-sharing about the guides by other federal and state agencies, non-profits, community groups and financial institutions. The second phase of the project includes the development of state-specific guides for six states (Arizona, Florida, Georgia, Illinois, Oregon and Virginia) and a replication manual for other states. These additional guides are expected to be released in 2014.

In June 2013, the CFPB and the FDIC released *Money Smart for Older Adults* (MSOA), an instructor-led curriculum for the FDIC's Money Smart program to provide older consumers and their caregivers with information on preventing and responding to elder financial exploitation.³⁵ Older Americans and the FDIC have also developed train-the-trainer materials and offer in-person training sessions for national non-profit organizations and others that express interest in becoming Money Smart Alliance partners. Alliance partners can make presentations to community groups on recognizing and preventing elder financial exploitation. The materials include a PowerPoint, Instructor Guide, and Participant Resource Guide. The Participant Resource Guide presents information about different types of fraud, scams, and exploitation that target older persons and provides tips and warning signs on how to prevent losses and report cases. The Participant Resource Guide is available for download at

³⁵ Money Smart is a financial education curriculum designed to help low- and moderate-income individuals enhance their financial skills. See FDIC, *Money Smart – A Financial Education Program*, <http://www.fdic.gov/consumers/consumer/moneysmart/index.html> (last visited May 7, 2014).

files.consumerfinance.gov/f/201306_cfpb_msoa-participant-guide.pdf, or for order at promotions.usa.gov/cfpbpubs.html. Instructor materials are available from the FDIC at fdic.gov/consumers/consumer/moneysmart/olderadult.html.

To date, Older Americans has conducted more than 20 train-the-trainers sessions. Intermediary organizations that have received the CFPB-FDIC training have launched local, regional, and state training initiatives in North Carolina, New York, Illinois, Ohio, Indiana, and California. To increase the reach of this program, the Bureau and FDIC are working on updating the MSOA content and translating the Participant Resource Guide into Spanish.

In 2012, financial institution officials raised concerns with the U.S. Government Accountability Office and Bureau officials about whether the privacy provisions of the Gramm-Leach-Bliley Act (GLBA) precluded financial institutions from reporting suspected elder financial abuse. The Office for Older Americans, working in coordination with the CFPB's Office for Supervision Policy, developed interagency guidance for financial institutions to clarify the applicability of privacy provisions of GLBA to their reporting of suspected financial exploitation of older adults. Eight federal regulatory agencies with authority to enforce the privacy provisions of GLBA released the document on September 24, 2013.³⁶ The goal of the guidance is to provide financial institutions more certainty about the legality of reporting suspected abuse. This clarity will facilitate financial institutions' timely reporting of suspected abuse so that law enforcement and Adult Protective Services officials can take appropriate protective action.

The Bureau has launched a nationwide outreach campaign to raise awareness about the guidance and about the importance of reporting suspected elder financial exploitation to appropriate local, state, and federal agencies. The outreach events have included calls with industry, Congressional staff, state agencies and regulators, community groups, aging advocates, and the Bureau's Consumer Advisory Board; speeches to national organizations; webinars; and

³⁶ See *Interagency Guidance on Privacy Laws and Reporting Financial Abuse of Older Adults* (Sept. 24, 2013), available at http://files.consumerfinance.gov/f/201309_cfpb_elder-abuse-guidance.pdf. The eight agencies are the FRB, the CFTC, the CFPB, the FDIC, the FTC, the NCUA, the OCC, and the SEC. The CFTC issued the document as staff guidance.

presentations to federal interagency groups such as the working groups of FLEC and the Elder Justice Coordinating Council.

The Bureau believes that the interagency guidance is helping raise awareness of the problem of elder financial exploitation and has influenced activity by financial institutions. For example, following the release of the guidance, the SeniorSafe training program for financial institutions in Maine was launched through a collaborative effort between financial institutions and organizations including the Maine Department of Professional and Financial Regulation and the state's Office of Aging and Disability Services— Adult Protective Services.

3.1.7 Students

Financial aid offers from colleges and universities often fail to make basic information clear, such as how much of a particular aid offer is made up of loans that need to be paid back and how much comes from grants that do not. The Higher Education Opportunity Act of 2008 required the Secretary of Education to develop a model financial aid offer format to help students and their families make informed decisions about how to finance postsecondary educational expenses. The Bureau partnered with the Department of Education to develop a “[Financial Aid Shopping Sheet](#)” to help students and their families make informed decisions about how to finance postsecondary educational expenses. The shared mission to improve the shopping process for potential student borrowers made the Bureau and the Department of Education natural partners in a Know Before You Owe project on student loans.³⁷

The Financial Aid Shopping Sheet is a standardized, easy-to-read form of financial aid award letter that colleges and universities can send to prospective students. The Shopping Sheet is designed to allow college applicants to better understand the debt implications of their college choice and compare the costs of the schools to which they apply.

In April 2012, the President of the United States issued an Executive Order requiring colleges that accept Department of Defense Tuition Assistance Program funds to provide military students with an offer letter based on the principles developed for the Financial Aid Shopping

³⁷ <http://www.consumerfinance.gov/students/knowbeforeyouowe/>.

Sheet, in order to provide better information to recipients of military and veteran education benefits.³⁸ The Executive Order also encourages colleges that accept Post-9/11 G.I. Bill benefits to do the same.

As of January 24, 2014, 2,017 colleges and universities, with a combined enrollment of more than 8.7 million students, had voluntarily agreed to adopt the Financial Aid Shopping Sheet.³⁹

The Bureau has continued to develop more tools to help consumers make better financial decisions about paying for college and managing student debt. As part of the *Paying for College* suite of tools, the Bureau launched [Repay Student Debt](#), a combined, expanded version of our tools for borrowers in repayment.

In April 2014, the Bureau published a consumer advisory warning consumers that they can avoid defaults following the death or bankruptcy filing of a co-signer by pursuing a co-signer release.⁴⁰ The advisory contained sample instructions borrowers or co-signers may use to instruct their student loan servicer to provide information on co-signer release or advise the consumer when they are eligible for co-signer release. The Bureau also published a mid-year update on student loans that describes complaints received related to the private student loan industry's practice of placing borrowers in default when a co-signer dies or files for bankruptcy.⁴¹

In December 2013, the Bureau issued a request to several financial institutions to voluntarily disclose to the Bureau their affinity agreements entered into with colleges and universities to market bank accounts, prepaid cards, debit cards, and other financial products to students.⁴²

³⁸ <http://www.whitehouse.gov/the-press-office/2012/04/27/executive-order-establishing-principles-excellence-educational-instituti>.

³⁹ <http://www2.ed.gov/policy/highered/guid/aid-offer/shopping-sheet-institutions.xls>.

⁴⁰ <http://www.consumerfinance.gov/blog/consumer-advisory-co-signers-can-cause-surprise-defaults-on-your-private-student-loans/>.

⁴¹ http://files.consumerfinance.gov/f/201404_cfpb_midyear-report_private-student-loans-2014.pdf.

⁴² <http://www.consumerfinance.gov/blog/sunshine-for-student-financial-products/>.

Credit card issuers are currently required to disclose marketing agreements with universities and affiliated organizations under the Credit CARD Act of 2009. The Bureau publishes a database of these agreements on consumerfinance.gov.⁴³

3.1.8 Financial empowerment

Between October 1, 2013 and March 31, 2014, the Office of Financial Empowerment (Empowerment) conducted extensive outreach to consumers and stakeholders from around the country. Empowerment participated in listening sessions in Seattle, WA; Ketchikan, AK; San Bernardino, CA; Philadelphia, PA; Orlando, FL; Grand Junction, CO; New Orleans, LA; and Washington, DC. The team conducted field research focused on organizations and companies that provide innovative programs and services designed to build the financial capability of underserved and vulnerable consumers. It also participated in community events and conferences focused on low-income consumer issues.

Empowerment has begun working to help social service providers and other stakeholders integrate financial capability information and tools into the services they currently offer. Empowerment developed a toolkit called *“Your Money, Your Goals”* for use by front-line staff in organizations that provide direct social services to consumers. The toolkit provides staff with tools to incorporate financial-empowerment support into their work with their clients and to make effective referrals to specialized providers. The toolkit includes information that staff can share with clients on topics such as emergency savings; understanding, correcting, and building credit history; managing debt; cash flow budgeting; and identifying financial products to use to pursue various financial and life goals. It also includes worksheets and other tools individuals can use to strengthen their personal money management skills.

A multi-site training program using the *“Your Money, Your Goals”* toolkit was initiated in August 2013.⁴⁴ The 26-site pilot took place through January 2014 in 21 states and the District of Columbia. Workshops in local communities and internal staff trainings within national

⁴³ <http://www.consumerfinance.gov/credit-cards/college-agreements/>.

⁴⁴ <http://www.consumerfinance.gov/blog/a-new-toolkit-for-social-services-providers/>.

organizations are projected to reach over 6,000 caseworkers and other front-line staff by mid-fiscal year 2015. These staff members, in turn, have the potential capacity to reach tens of thousands of low-income and economically vulnerable clients.

The Empowerment Office, together with the Bureau's Office of Enforcement, repurposed content from *"Your Money, Your Goals"* to create a toolkit for use by students and staff in law school clinics that work with consumers on financial services issues. The toolkit focuses on debt collection and credit reporting issues, provides useful information about consumer financial protection laws, and contains CFPB consumer education materials and resources.

Empowerment is also conducting a three-phase research, evaluation, and pilot project that will help the Bureau determine whether the financial capability of low-income and economically vulnerable consumers can be enhanced through bundled financial products and services (such as a credit-builder loan with a savings component or integration of financial coaching and counseling into the offering of financial products).

The now-concluded initial research phase of the project commenced a scan of the field to identify a comprehensive list of existing strategies, products, or programs that seek to help consumers build positive credit histories and savings through bundled products and services. This phase included a review of existing literature on savings and credit building strategies, products, or programs focused on economically vulnerable consumers. It also included a report documenting discussions with academics and practitioners on types of barriers for consumers, program features that overcome those barriers, and recommendations for specific types of programs the Bureau should evaluate. The second phase of the project, which began in the summer of 2013, involved a randomized control trial of credit builder loans, designed to determine whether it improves credit histories, increases savings, or produces other positive financial outcomes for economically vulnerable consumers. As a result of this research, the Bureau decided to test various iterations of this intervention.

Empowerment is also working with other federal agencies to streamline and integrate empowerment resources and services. Current work includes coordination with the Department of Labor's Office of Disability Employment Policy (ODEP) to identify opportunities to promote financial capability strategies for selected ODEP grantees, and participates in other activities with the Departments of Health and Human Services and HUD.

3.2 Outreach

In addition to its efforts to engage specific populations, the CFPB has hosted public events across the country to discuss CFPB initiatives and to solicit input about issues related to consumer financial products and services. More than 500 members of the public participated in field hearings on credit card issues in Chicago, IL; TILA/RESPA in Boston, MA; arbitration issues in Dallas, TX; mortgage servicing rules implementation in Phoenix, AZ; workplace financial education in Atlanta, GA; and payday lending in Nashville, TN. The CFPB also hosted a [public meeting](#) of its Consumer Advisory Board in Washington, DC on February 27, 2014.



The audience views the presentation on arbitration issues in Dallas, TX.

In conjunction with these field events, Director Cordray and Deputy Director Antonakes held roundtables with community leaders, legal services attorneys, housing counselors, local officials, community banks, credit unions, housing industry participants, and others as part of the CFPB's commitment to engage with the public.

The CFPB unveiled Project Catalyst as part of its effort to foster consumer-friendly innovation in the marketplace. The Bureau believes markets work best when they are open to new ideas, and that the insights and innovations that come from looking at problems and solutions from new

angles hold great potential in our efforts to achieve our mission of making the consumer finance market work for all consumers. Project Catalyst is designed to open lines of communication and foster collaborations that promote consumer-friendly innovation.

To these ends, Project Catalyst has continued to develop its outreach efforts and has introduced policy tools. One policy tool is the pilot program in which Bureau subject matter experts work with entrepreneurial companies to understand consumer behavior to better understand what works for consumers in the marketplace and to inform our policy-making in the process. Another is the trial disclosure program in which the CFPB provides waivers to federal disclosure requirements for successful applicants to develop and test innovative and consumer-friendly disclosures. More information about the Project Catalyst portfolio of initiatives, which continues to grow, is available on the CFPB's website.⁴⁵ Innovators can obtain relevant information, propose ways the Bureau can make innovation easier, or suggest pilot projects to develop and test new market ideas.

The Bureau has actively solicited the perspectives of consumer and civil rights groups and has held roundtables with community-based organizations across the country. Since October 2013, the Bureau's Office of Community Affairs has engaged thousands of community group representatives through more than 100 meetings, briefing calls, and public appearances. Topics discussed include mortgage, credit cards, payday loans, student loans, bank accounts, prepaid cards, credit reporting and scoring, debt collection, remittances, and more.

The Bureau's Office of Financial Institutions and Business Liaison was established in April 2013 to facilitate and coordinate dialogue with all industry participants, and since October 2013, has hosted more than 300 meetings, briefing calls, and public appearances with financial institutions and financial industry trade associations.

⁴⁵ <http://www.consumerfinance.gov/ProjectCatalyst/>.

Director Cordray and senior CFPB leadership have also delivered several speeches at widely-attended industry and nonprofit conferences.⁴⁶



Deputy Director Antonakes and Director Cordray at a field hearing on Know Before You Owe: Mortgages in Boston, MA.

3.3 Partnerships

The Bureau has furthered many existing partnerships and formalized several new ones.

To date, the Bureau has signed numerous memoranda of understanding (MOU) with intergovernmental partners, including federal agencies, state financial regulatory entities, state

⁴⁶ A list of speeches given in this reporting period by CFPB personnel may be found in Appendix H of this report.

attorneys general, and municipal law enforcement agencies.⁴⁷ The Bureau has also actively solicited the perspectives of consumer and civil rights groups.

Senior Bureau leadership has also testified before Congress 46 times since opening its doors in 2011, including 15 occasions between October 1, 2013 and March 31, 2014 to discuss policy, operations and budget matters.⁴⁸

3.3.1 Office of the Consumer Advisory Board and Councils

The CFPB's [Office of the Consumer Advisory Board and Councils](#) is charged with managing the Bureau's advisory groups and serving as the liaison between advisory group members and the Bureau.⁴⁹ In addition to its regular engagements with external stakeholders, the Bureau's outreach also includes the:

- Consumer Advisory Board (CAB);
- Community Bank Advisory Council (CBAC);
- Credit Union Advisory Council (CUAC); and
- Academic Research Council (ARC)

Among its responsibilities, the Office of CAB and Councils:

- Manages the policies and procedures for the constitution and management of advisory boards and councils;
- Manages the selection process for the Bureau's advisory boards and councils;
- Conducts agenda setting for advisory board and council meetings;

⁴⁷ A list of MOUs is available at: consumerfinance.gov/newsroom/.

⁴⁸ CFPB testimony before Congress may be found in Appendix G of this report.

⁴⁹ <http://www.consumerfinance.gov/blog/category/consumer-advisory-board/>.

- Regularly facilitates discussions between the Bureau and advisory board/council members; and
- Recommends policy and associated strategies as suggested by advisory boards and councils.

The CAB and Councils meet at least twice per year and offer vital insight and perspective of financial service providers as the Bureau strives to issue thoughtful, research-based rules.



Participants at the Consumer Advisory Board meeting in Jackson, MS.

Role of the Consumer Advisory Board

Section 1014(a) of the Dodd-Frank Act states:

The Director shall establish a Consumer Advisory Board to advise and consult with the Bureau in the exercise of its functions under the Federal consumer financial laws, and

*to provide information on emerging practices in the consumer financial products or services industry, including regional trends, concerns, and other relevant information.*⁵⁰

The CAB and Councils help the Bureau solicit external stakeholder feedback on a range of topics, including consumer engagement, policy development, and research, and from a range of actors, including academics, industry, community members, and advocates. Advisory boards and councils may consult on a variety of cross-cutting topics, report on meetings, and provide minutes and/or summaries of their meetings. Members of boards and councils serve for limited, specified terms.

Membership and Public Nominating Process of the Consumer Advisory Board and Councils

Membership to all the Bureau's Advisory bodies is facilitated through a public process whereby members of the public may apply to serve on a board or council. In January 2014, we announced that the Bureau will begin to [accept applications for seats on our Consumer Advisory Board and Councils](#). A complete application packet consists of a résumé, letter of recommendation from a third party, and application. Also in January 2014, we announced that the Bureau will begin to [accept applications for seats on our ARC](#). A complete application packet consists of a resume and completed application.

Section 1014(b) of the Dodd-Frank Act states:

In appointing the members of the Consumer Advisory Board, the Director shall seek to assemble experts in consumer protection, financial services, community development, fair lending and civil rights, and consumer financial products or services and representatives of depository institutions that primarily serve underserved communities, and representatives of communities that have been significantly

⁵⁰ Dodd-Frank Act, Pub. L. No. 111-203, § 1014(a).

*impacted by higher-priced mortgage loans, and seek representation of the interests of covered persons and consumers, without regard to party affiliation.*⁵¹

Meetings of the Consumer Advisory Board and the other councils

The Bureau has held six in-person meetings with the CAB and Councils during this reporting period:⁵²

- Two CAB meetings – [September 2013](#) in Itta Bena, MS, and [February 2014](#) in Washington, DC.
- Three CBAC meetings – October 2013 in Washington, DC, December 2013 by conference call, and March 2014 in Washington, DC.
- Three CUAC meetings – October 2013 in Chicago, IL, December 2013 by conference call, and March 2014 in Washington, DC.
- The ARC has not held a meeting this quarter. The Bureau is expected to announce the selection of new ARC members in April 2014 and the ARC will meet in closed session in April 2014.

At each meeting of the CAB, the Bureau invites members of the public to watch a portion of the meeting and to provide testimony directly to the CAB and the Bureau. The public portion of the meeting also provides an opportunity for members of the CAB to hear testimony and to provide information to the Bureau on the financial issues affecting their communities or constituencies. Director Cordray generally provides remarks at CAB meetings, and these are available on our website.

Topics covered with our Consumer Advisory Board and the other Councils

In our September 2013 meeting with the CAB in Mississippi, we hosted a public session focused

⁵¹ Dodd-Frank Act, Pub. L. No. 111-203, § 1014(b).

⁵² The September 2013 CAB meeting falls outside of the reporting period for this report, but was not included in the previous Semi-Annual Report.

on access-to-credit issues where we heard a great deal from state officials and members of the public.

In our October 2013 meeting in Chicago, we met with the CUAC and discussed how credit unions manage card services, our new mortgage rules, and gave an overview of the CARD Act. In our December 2013 meeting with the CUAC, we discussed the new Qualified Mortgage rules and how they would affect credit unions. We also discussed the findings in the [Compliance Cost](#) study. The goal of the study is to improve the ability to describe and measure cost. The study interviewed 200 individuals over a five-week period.

In our October 2013 meeting with the CBAC, we discussed implementation of our mortgage rules; among other things, CBAC members urged us to work with the prudential regulators to ensure that they also post our guidance materials publicly. Other topics discussed included auto lending, consumer complaints, and the role of small retail financial institutions. In our December 2013 meeting with the CBAC, we discussed the new Qualified Mortgage rules and how they would affect community banks. CBAC members shared their concerns about the challenges for smaller banks regarding compensation plans. We also discussed the findings in the [Compliance Cost](#) study. The goal of the study is to improve the ability to describe and measure cost. The study was well received by a CBAC member, who stated that his bank staff had a positive experience with the Bureau staff that conducted the interviews.

For more information about the CAB and the other CFPB advisory bodies, please visit our [website](#).

4. Regulations and guidance

In the past six months, the Bureau has issued a number of proposed and final rules on a variety of issues, including adjustment of the new mortgage and remittance transfer protections called for by the Dodd-Frank Act. The Bureau is also working on a number of proposed and final rules on various other matters within its authority, including addressing longstanding consumer protection concerns in a number of other consumer financial services markets and follow-up on an earlier Request for Information seeking public comment on potential projects to streamline regulations.

4.1 Implementing statutory protections

The CFPB issued several rules in January 2013 implementing changes made by the Dodd-Frank Act to the laws governing various aspects of the mortgage market, including assessments of consumers' ability to repay their loans, mortgage servicing, loan originator compensation, and other topics. These rules, all of which took effect by January 18, 2014, are now providing significant improvements in the mortgage process that benefit both consumers and the mortgage industry alike through strengthened consumer protections and increased efficiencies. In the months leading up to the January 2014 effective dates, the Bureau issued supplemental regulations that amended and clarified the January 2013 mortgage rules as part of its broader ongoing efforts to facilitate compliance, which are discussed further below, and has continued work on other Dodd-Frank Act mortgage mandates:⁵³

⁵³ consumerfinance.gov/regulations/.

- In May 2013, the Bureau issued a final rule in connection with a proposal that it had issued concurrent with the ability-to-repay regulations in January 2013 to seek public comment on a number of adjustments that were designed to facilitate access to credit and compliance with the regulations. Specifically, the final rule exempts from the ability-to-repay requirements certain nonprofit and community development lenders as well as loans made by or through a housing finance agency or through certain homeownership stabilization and foreclosure prevention programs. The final rule also facilitates lending by small creditors, including community banks and credit unions, by making it easier for them to originate “qualified mortgages.” The amendment also revised rules governing how to calculate loan originator compensation for certain purposes under the qualified mortgage requirements.
- The Bureau proposed and finalized several technical amendments, clarifications, and adjustments to the January mortgage rules to address issues that have arisen during implementation and facilitate compliance with the new requirements. These changes are designed to address stakeholder questions and concerns on a number of issues, including clarifying standards for proving qualified mortgage status, confirming that the Bureau’s servicing regulations do not preempt all state laws on the same topic, clarifying the application of an exemption from certain rules for small servicers, addressing various issues regarding loss mitigation procedures, revising the rules implementing the Dodd-Frank Act prohibition on creditors’ financing of certain credit insurance premiums on mortgage loans, interpreting a requirement to provide homeownership counseling lists to mortgage applicants, and other topics. In October 2013, the CFPB also issued an interim final rule clarifying the specific disclosures that must be provided before counseling for high-cost mortgages can occur and the proper compliance regarding servicing requirements when a consumer is in bankruptcy or sends a cease communication request under the Fair Debt Collection Practices Act and making technical corrections to certain provisions of the January mortgage rules. In October 2013, the CFPB also issued an interagency statement with the FRB, FDIC, NCUA, and OCC, discussing how the disparate impact doctrine of the Equal Credit Opportunity Act (ECOA) and its implementing regulation, Regulation B, relates to origination of Qualified Mortgages under the Bureau’s ability-to-repay rules.
- In November 2013, the Bureau issued a final rule to consolidate federal mortgage disclosures under TILA and Sections 4 and 5 of RESPA. The new “Know Before You Owe” mortgage forms will replace the existing federal disclosures and help consumers understand their options, choose the deal that is best for them, and avoid costly surprises

at the closing table. The Bureau conducted extensive qualitative testing of the new forms prior to issuing a proposal, and also conducted a post-proposal quantitative study to validate the results of the new forms. The results of the quantitative testing showed that consumers of all different experience levels, with different loan types – whether focused on buying a home or refinancing – were able to understand the CFPB’s new forms better than the current forms. This rule will be effective August 1, 2015. In coming months, the Bureau will provide additional support to help industry understand and implement the rule and consumers understand and use the new forms.

- In December 2013, the Bureau, in conjunction with the FRB, FDIC, NCUA, OCC, and the Federal Housing Finance Agency (FHFA), issued a final rule that creates exemptions from certain appraisal requirements for a subset of higher-priced mortgage loans. The exemptions are intended to save borrowers time and money while still ensuring that the loans are financially sound. The final rule provides that loans of \$25,000 or less and certain “streamlined” refinancings are exempt from the Dodd-Frank Act appraisal requirements, which went into effect on January 18, 2014. In addition, the final rule contains special provisions for manufactured homes.
- The Bureau is also taking steps to prepare for a rulemaking to implement Dodd-Frank Act amendments to HMDA. The Bureau, along with the Small Business Administration Office of Advocacy and the Office of Management and Budget, launched a small business review panel process to gather input on the rulemaking in February 2014, and the Bureau is conducting extensive outreach with other stakeholders. The rulemaking focuses on implementing Dodd-Frank Act mandates to collect and report additional data elements. The CFPB will take steps to protect privacy interests of mortgage applicants and borrowers in the course of making any additional data available to the public under HMDA. The Bureau is using the rulemaking as an opportunity to explore ways to modernize and streamline the HMDA, particularly in light of other regulatory and mortgage market initiatives to improve the consistency of data standards and information flows.
- The Bureau is also continuing to work on certain issues from the January 2013 rulemakings that warrant additional follow up. For example, it is conducting further research in connection with certain Dodd-Frank Act provisions issues that modify general requirements for small creditors that operate predominantly in “rural or underserved” areas.

In addition to this mortgage-related work, the Bureau also continued to implement comprehensive new protections for consumers' remittance transfers to foreign countries as mandated by the Dodd-Frank Act. In April 2013, the Bureau issued a rule adjusting certain requirements concerning the disclosure of foreign taxes and recipient institution fees to address concerns that large numbers of remittance providers would be unable to comply with the new regime and would therefore reduce services. The new remittance protections, which include transaction cancellation and error resolution rights in addition to disclosures, took effect on October 28, 2013. In addition to working with industry and providing consumer education materials regarding implementation of the new requirements as described further below, the Bureau has also undertaken work to assess the operation of a temporary statutory exception that allows certain depository institutions to estimate certain disclosure elements. In April 2014, the Bureau intends to issue a proposal seeking comment on whether to extend the temporary exception to allow such estimates beyond July 2015, when the temporary exception will sunset absent Bureau action.

4.2 Addressing longstanding consumer protection and regulatory burden concerns in other markets

In addition to work implementing Dodd-Frank Act mandates relating to mortgages and remittance transfers, the Bureau has focused attention on a number of issues in other consumer financial products and services markets. This work includes rulemakings to address concerns about regulations the Bureau inherited from other agencies, as well as research and other preparations for rulemakings to address several longstanding issues regarding prepaid cards, debt collection, payday loans and deposit advance programs, and overdraft features on deposit accounts.

With regard to inherited regulations, the Bureau issued a Request for Information in December 2011 seeking comment on opportunities to streamline, modernize, and harmonize regulations that it inherited from other federal agencies. The Bureau has sought to address such concerns in the course of its rulemakings, for instance, by using the rulemakings to consolidate mortgage disclosures under TILA and RESPA to address concerns about vague or unnecessarily

burdensome requirements in the existing regulations. The Bureau has also launched other rulemaking and guidance initiatives, such as:

- In response to reports that employers, particularly in the retail and food service industries, were distributing wages solely through payroll cards, the Bureau published a bulletin in September 2013 to remind employers of the requirements for such cards under EFTA and Regulation E. The bulletin emphasizes that employers are prohibited from requiring their employees to receive wages on a payroll card and explains some of the federal consumer protections that apply to payroll cards, such as fee disclosure, access to account history, limited liability for unauthorized use, and error resolution rights.
- In spring 2014, the Bureau is working to prepare a Notice of Proposed Rulemaking to seek comment on ways to provide more efficient delivery of annual notices regarding financial institutions' information sharing practices under the Gramm-Leach-Bliley Act. In responding to the earlier Request for Information on streamlining, a large number of commenters suggested that the delivery of duplicate paper notices year after year results in unwanted paperwork for consumers and unwarranted costs for industry.

As reflected in its most recent regulatory agenda, the Bureau is also beginning work on a number of other potential rulemaking projects to address longstanding concerns in other consumer financial services markets. For example:

- The Bureau is developing a proposed rule building on the comments received concerning its earlier ANPR on general purpose reloadable prepaid cards, which are currently not subject to the same federal protections as debit and payroll cards or checking accounts.
- In November 2013, the Bureau issued an ANPR concerning debt collection, which generates more complaints to the federal government each year than any other consumer financial services market. The ANPR collects information on a wide array of issues, including the accuracy of information used by debt collectors, how to ensure consumers know their rights, the communication tactics collectors employ to recover debts, and the need to adapt the Fair Debt Collection Practices Act to account for modern technologies and media.
- The Bureau is in the process of considering what regulations to propose to address issues in the market for small dollar credit that have been identified through the Bureau's

research and public engagement. The Bureau expects to convene a Small Business Review Panel to provide feedback on proposals the Bureau is considering in Fall 2014.

- The Bureau is considering whether regulations are warranted to address issues that have been identified in connection with bank and credit union overdraft practices, notably concerns about whether the overdraft costs on consumer checking accounts can be anticipated and avoided, as discussed in a June 2013 [Bureau report](#).

4.3 Facilitating implementation of new regulations

As the Bureau has issued regulations to implement Dodd-Frank Act remittance and mortgage requirements, it has focused intensely on supporting the implementation process for these rules with both industry and consumers. The Bureau is in the process of assessing lessons learned from these implementation support initiatives as it plans further work in preparation for the new federal mortgage disclosure forms taking effect in August 2015.

These implementation support initiatives have included publication of plain-language small entity compliance guides and video presentations giving an overview of the rules, as well as in some cases, proposing various clarifications and amendments to certain regulations as discussed above. For the January 2013 mortgage rules, the Bureau also issued a readiness guide and other implementation materials, and coordinated closely with other agencies to develop and issue interim examination procedures well in advance of the effective dates of most of the rules. The materials are housed on specific Regulatory Implementation pages on the Bureau's website to facilitate industry access, particularly for smaller businesses with limited legal and compliance staff.⁵⁴ Bureau staff has also engaged in extensive outreach to discuss the new rules, identify and address implementation issues as they arise, and provide informal oral guidance in response to interpretive inquiries from a myriad of stakeholders.

⁵⁴ <http://www.consumerfinance.gov/regulatory-implementation/>.

The Bureau has also launched consumer-focused initiatives to educate consumers about their new rights. For example, in October 2013, the Bureau launched a nationwide multimedia campaign to inform consumers who send money internationally about the new remittances protections and posted consumer-focused summaries and factsheets about the new rule. In November 2013, the Bureau launched a tool to help consumers find local housing counseling agencies to answer their questions or address their concerns.⁵⁵ And in January 2014, the Bureau released additional consumer-oriented resources, such as sample letters, consumer tools, and answers to mortgage-related questions, as part of its campaign to educate the public about the new protections provided by the Bureau's mortgage rules.⁵⁶

Bureau staff is also working to monitor implementation of the new rules as they take effect, and to prepare broader research efforts to assess the impact of the rules over time. This information will provide vital feedback to the Bureau both in assessing the need for follow up within the remittances and mortgage markets and in improving its general rulewriting process over time.

Finally, one other important initiative launched by the Bureau to support both new and ongoing compliance efforts is the release of its "eRegulations" project, in which the Bureau released a web-based, open source tool that aims to make regulations easier to find, read, and understand. The Bureau began this effort in October 2013 with the online release of Regulation E (including the new remittance transfer rules) with the goals of increased compliance, more efficient supervision, and improved accessibility.⁵⁷ The Bureau expects to publicly announce a version of Regulation Z in May 2014.

⁵⁵ <http://www.consumerfinance.gov/find-a-housing-counselor/>.

⁵⁶ <http://www.consumerfinance.gov/newsroom/cfpb-releases-new-mortgage-rule-resources-for-consumers/>.

⁵⁷ <http://www.consumerfinance.gov/eregulations/1005>.

5. Supervision

The CFPB continues to develop and refine its supervisory program. Supervision Examinations and Supervision Policy, the Bureau's two supervisory offices, continue to coordinate closely to ensure supervisory consistency across markets, charters, and regions; and to maximize efficiency in examination activities.

During the reporting period, the CFPB initiated a comprehensive evaluation of the report review process at both the headquarters and regional levels. The initial review findings were released to CFPB senior leadership in December 2013 with implementation of recommendations scheduled to begin in the second quarter of FY 2014. The Bureau will continue to review and analyze its processes to determine methods for improvement and increased effectiveness and efficiency.

As mentioned in the previous report, the Bureau's focus on consumer protection and the wide range of entities and products under the Bureau's supervisory authority necessitates a risk-based approach to its examination program. The examination prioritization process takes into account various risk factors and allows for comparisons of products across different types of entities. This process allows the CFPB to direct its examination resources to the products and markets that pose greater risks to consumers.

5.1 Supervisory activities

Since the last Semi-Annual Report was released in November 2013, the CFPB has issued the following public documents:

Supervisory highlights

Continuing the CFPB's policy of transparency, Supervision has committed to periodically issuing "Supervisory Highlights." The goal of this publication is to inform both industry and the public about the development of the Bureau's supervisory program, as well as to discuss broad trends

in examination findings in key market or product areas. The third edition of Supervisory Highlights, issued in January 2014, describes mortgage servicing problems, including unfair and deceptive practices, as well as other significant compliance issues found and addressed during supervision work completed between July and October 2013. It also provides updates on public enforcement actions resulting from or supported by supervision, and relevant guidance issued during this period.

Examination procedures

Throughout the reporting period, the CFPB has maintained its commitment to help supervised institutions understand how they will be examined for compliance. The continued updates to published examination procedures reflect this commitment.

On October 9, 2013, the CFPB added transaction testing guidelines for evaluating compliance with HMDA to its examination procedures.⁵⁸ On October 22, 2013, the CFPB added examination procedures for remittance transfer examinations to the manual.⁵⁹ Remittance transfers were also included in the October 30, 2013 update of Regulation E examination procedures.⁶⁰ This update outlined procedures for evaluating compliance with EFTA.

On November 27, 2013, the CFPB released updates to examination procedures evaluating compliance with RESPA⁶¹ and TILA.⁶² These procedures are an update to the procedures released in June of 2013, and reflect the new CFPB-issued final rules that came into effect in January 2014.

⁵⁸ http://files.consumerfinance.gov/f/201310_cfpb_hmda_compliance-bulletin_fair-lending.pdf.

⁵⁹ http://files.consumerfinance.gov/f/201310_cfpb_remittance-transfer-examination-procedures.pdf.

⁶⁰ http://files.consumerfinance.gov/f/201310_cfpb_updated-regulation-e-examination-procedures_including-remittances.pdf.

⁶¹ http://files.consumerfinance.gov/f/201311_cfpb_respa-narrative-exam-procedures.pdf.

⁶² http://files.consumerfinance.gov/f/201311_cfpb_tila-narrative-exam-procedures.pdf.

On December 3, 2013, updates to the examination procedures for education loan origination and servicing were released.⁶³ This update reflects the inclusion of the student loan servicing market in the larger participant regulation issued by the CFPB on December 3, 2013, effective in March 2014. It also consolidates all of the procedures related to education loan origination and servicing.

Finally, on January 10, 2014, updates to the procedures for examination of an institution's mortgage servicing⁶⁴ and origination⁶⁵ practices were released. These updates synthesized all the procedures for those product lines into one document, and also included updates on the regulatory changes that took effect in January 2014.

5.2 Supervisory guidance

Readiness and compliance guides

In December of 2013, the CFPB issued the second version of the *Dodd-Frank Mortgage Rules Readiness Guide*, for use by institutions of all sizes.⁶⁶ This Guide is intended to assist institutions to come into and maintain compliance with the mortgage rules and amendments to existing regulations in Dodd-Frank.

During the reporting period, the CFPB also updated its series of Small Entity Compliance Guides, in particular providing updates related to the new mortgage rules.⁶⁷ These guides are updated periodically, and provide specific guidance to small entities on various aspects of the Dodd-Frank mortgage reform regulations.

⁶³ http://files.consumerfinance.gov/f/201312_cfpb_exam-procedures_education-loans.pdf.

⁶⁴ http://files.consumerfinance.gov/f/201401_cfpb_mortgage-servicing-exam-procedures.pdf.

⁶⁵ http://files.consumerfinance.gov/f/201401_cfpb_mortgage-origination-exam-procedures.pdf.

⁶⁶ http://files.consumerfinance.gov/f/201312_cfpb_mortgage-implementation-readiness-guide.pdf.

⁶⁷ http://files.consumerfinance.gov/f/201401_cfpb_atr-qm_small-entity-compliance-guide.pdf.

CFPB bulletin 2013-11: HMDA and Regulation C – Compliance management; CFPB HMDA Resubmission Schedule and Guidelines; HMDA enforcement

In this bulletin, the CFPB addresses mortgage lenders' compliance with HMDA and its implementing regulation, Regulation C. This bulletin addresses three main issues: it provides guidance on compliance with HMDA and Regulation C to depository and non-depository mortgage lenders subject to the CFPB's jurisdiction that must collect and accurately report data under HMDA, by highlighting how mortgage lenders may effectively structure HMDA compliance management systems; it announces the CFPB's HMDA Resubmission Schedule and Guidelines, which the Bureau will use in its HMDA data integrity reviews beginning on or after January 18, 2014; and it discusses factors that the CFPB may consider when evaluating whether to pursue a public HMDA enforcement action.

CFPB bulletin 2013-12: Implementation guidance for certain mortgage servicing rules

This bulletin provides guidance on compliance with RESPA and TILA. Specifically, the bulletin provides guidance on three issues: policies and procedures regarding identification of and communication with any successor in interest of a deceased borrower with respect to the property secured by the deceased borrower's mortgage loan; communications with borrowers under the Early Intervention Rule; and servicers' obligation to provide certain notices/communications to borrowers who have exercised their rights under the Fair Debt Collection Practices Act to bar debt collectors from communicating with them.

CFPB bulletin 2013-13: Homeownership counseling list requirements

This bulletin provides guidance to lenders regarding the homeownership counseling list requirement finalized in the High-Cost Mortgage and Homeownership Counseling Amendments to TILA (Regulation Z) and Homeownership Counseling Amendments to RESPA Final Rule (2013 HOEPA Final Rule). The bulletin indicates that lenders developing systems in good faith to generate their own lists to satisfy the regulation may provide a standard text and the resources on the CFPB website to consumers as an interim measure without raising regulatory or supervisory concerns.

CFPB Bulletin 2014-01: the FCRA's requirement that furnishers conduct investigations of disputed information

This bulletin highlights the obligation of furnishers to investigate disputed information in a consumer report. The bulletin addresses the Bureau's concern that when a furnisher responds to a consumer's dispute, it may, without conducting an investigation, simply direct the consumer reporting agency to delete the item it has furnished. The bulletin provides guidance to furnishers that they should not assume that simply deleting the item they have furnished will generally constitute a reasonable investigation under the law.

Social media: Consumer compliance risk management guidance

As a member of the Federal Financial Institutions Examination Council (FFIEC), the CFPB contributed to guidance on the applicability of existing regulations to activities conducted via social media by supervised entities.

Supervisory authority rulemakings

In addition to the areas of supervisory authority enumerated by the Dodd-Frank Act, the Bureau has the authority to supervise the "larger participant[s]" of markets for other consumer financial products or services, as the Bureau defines by rule. On December 3, 2013, the CFPB finalized a rule defining the "larger participants" of the student loan servicing market that will be subject to the CFPB's supervisory authority.⁶⁸ On January 31, 2014, the Bureau proposed a rule to define the "larger participants" of the market for international money transfers.⁶⁹

⁶⁸ <http://www.gpo.gov/fdsys/pkg/FR-2013-12-06/pdf/2013-29145.pdf>.

⁶⁹ <http://www.gpo.gov/fdsys/pkg/FR-2014-01-31/pdf/2014-01606.pdf>.

5.3 Coordination and information sharing with state regulators

The CFPB and state regulators coordinate on examinations under a framework for coordination on supervision and enforcement entered into by the CFPB and the Conference of State Bank Supervisors, acting on behalf of state financial regulatory authorities. The framework applies in situations where the CFPB and state regulators each have supervisory jurisdiction over particular banks or nonbanks. The framework is an outgrowth of information sharing MOUs entered into by the CFPB and 62 state financial regulatory authorities in all 50 states, Puerto Rico, the District of Columbia, and Guam. The MOUs provide that state regulators and the CFPB will work together to achieve examination efficiencies and to avoid duplication of time and resources expended, and they also establish safeguards and restrictions on the treatment of any shared information.

5.4 Examiner training and commissioning

The CFPB's Supervision Learning & Development (SL&D) team is responsible for training and commissioning the Bureau's field examination staff. The primary vehicle for commissioning will be SL&D's Examiner Commissioning Program (ECP). When complete, the ECP will include six instructor-led, classroom-based courses, as well as formal on-the-job training (OJT) modules, formal learning-transfer measures, a rotation assignment, and a comprehensive commissioning exam. Completed and fully-implemented components of the ECP currently include 32 formal OJT modules and the following instructor-led classroom-based courses: Excellence through Communication and Collaboration, Operations and Deposits/Prepaid Products, Lending Principles, and Fair Lending Examination Techniques. An Advanced Communications course and Capstone course are in development to complete the formal classwork for commissioning. SL&D is targeting Summer 2014 to release a final ECP Policy and the last quarter of the 2014 calendar year to have all components of the ECP completed and implemented.

Once all parts of the ECP are finished and fully deployed, the two paths to examiner commissioning will be through previous commissioning by another federal regulator (as required by the Dodd-Frank Act), and through successful completion of the ECP, including the comprehensive exam. In the meantime, SL&D is currently operating under an Interim Commissioning Policy (ICP), which allows regional directors to submit executive review

nomination memos for highly experienced examiners and field managers. Currently, 102 examiners have CFPB commissions.

5.5 Technology

The CFPB continues development of an improved Supervision and Examination system. This system aids the Bureau in supervising and enforcing consumer financial protection laws by utilizing current technology to support the monitoring of bank and nonbank entities, and to collaborate across offices to improve the efficiency of the supervisory process. The development of system functionality is prioritized by business needs.

5.6 2013 annual report for the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)⁷⁰

The CFPB's administration of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) during 2013 generally focused on the Act's provisions related to the licensing and/or registration of loan originators covered by the Act. The licensing and/or registration of such loan originators is facilitated by the Nationwide Mortgage Licensing System and Registry (NMLSR), which is managed by state regulatory officials, including officials from the Conference of State Bank Supervisors (CSBS).

Throughout 2013, officials from the CFPB and CSBS met regularly to discuss issues related to the operation of the NMLSR and to coordinate policy related to its management and functions. For example, the meetings have been used to discuss NMLSR information sharing between state and Federal regulators, and to provide background briefings on changes to NMLSR functions,

⁷⁰ The SAFE Act calls for an annual report to Congress on the effectiveness of the Act. 12 U.S.C. § 5115(a). This section of the CFPB's Semi-Annual Report constitutes the annual SAFE Act Report for 2013.

such as scoring methodology on licensing exams. Meetings included visits to the NMLSR operation location and direct discussions with NMLSR managers, demonstrations of NMLSR technology, and training opportunities to navigate the NMLSR. In addition to regularly scheduled meetings, CSBS officials contact the CFPB as needed to provide information about system irregularities, such as a shutdown or restoration of service, and to consult on questions from loan originators.

In 2013, the CFPB published a final rule amending the Loan Originator Rule in Regulation Z under TILA. The Loan Originator Rule governs compensation and qualification requirements for loan originators. It clarifies permissible compensation practices for loan originators and provides and establishes certain minimum qualifications for all loan originators. The final rule imposes duties on loan originator organizations to make sure that their individual loan originators are licensed or registered as applicable under the SAFE Act and other applicable law. For loan originator employers whose employees are not required to be licensed, the rule requires them to ensure that their loan originator employees meet character, fitness, and criminal background standards similar to existing SAFE Act licensing standards.

The CFPB also continued to provide guidance to industry and state governments on implementation of the SAFE Act. For example, in addition to fielding thousands of industry guidance calls on its rules generally, the CFPB maintains a SAFE Act Inquiries email box to manage questions about the SAFE Act and the Act's implementing regulations. The email box has provided a useful mechanism for fielding SAFE Act questions from loan originators and loan originator organizations, and for identifying issues associated with the SAFE Act regulations. The CFPB will continue to maintain the email box, and work with individual loan originators and loan originator organizations on their questions relating to SAFE Act compliance.

6. Enforcement

The CFPB aims to enforce the consumer protection laws within the Bureau's jurisdiction consistently and to support consumer-protection efforts nationwide by investigating potential violations both independently and in conjunction with other federal and state law enforcement agencies.

6.1 Conducting investigations

Since the CFPB's launch, the Office of Enforcement has been investigating potential violations of federal consumer financial laws. Some investigations were transferred to the Bureau by the prudential regulators and HUD, and the Bureau initiated other investigations based on potentially problematic practices that Bureau staff identified or consumers and others have reported. In utilizing its investigation resources, Enforcement considers many factors, including amount of consumer harm and the significance of the potential law violation. Investigations currently underway span the full breadth of the Bureau's enforcement jurisdiction. Further detail about ongoing investigations will not generally be made public by the Bureau until a public enforcement action is filed.

6.2 Enforcement actions

Section 1016(c)(5) of the Dodd-Frank Act requires the Bureau to include in the annual report "a list, with a brief statement of the issues, of the public supervisory and enforcement actions to which the Bureau was a party during the preceding year." The Bureau was a party in 31 public enforcement actions from April 1, 2013 through March 31, 2014, detailed as follows:

Consumer Financial Protection Bureau et al. v. Ocwen Financial Corporation and Ocwen Loan Servicing, LLC, (D.D.C. No. Case 1:13-cv-02025-RMC) (final consent judgment and order filed February 26, 2014).

The CFPB, along with authorities in 49 states and the District of Columbia, obtained an order from a federal court against the nation's largest nonbank mortgage loan servicer, Ocwen Financial Corporation, and its subsidiary, Ocwen Loan Servicing, addressing Ocwen's misconduct at every stage of the mortgage servicing process. The consent order requires Ocwen to provide \$2 billion in principal reduction to underwater borrowers and to refund \$125 million to nearly 185,000 borrowers who have already been foreclosed upon. The order also extends the standards for servicing loans found in the National Mortgage Settlement, as well as several new standards, to all of Ocwen's loans.

In the Matter of: 1st Alliance Lending, LLC (File No. 2014-CFPB-0003) (consent order entered February 24, 2014).

1st Alliance, a Connecticut mortgage lender, was ordered to pay \$83,000 in civil penalties after self-reporting to the Bureau that it had violated federal law by illegally splitting real estate settlement fees. 1st Alliance had used a hedge fund to refinance troubled mortgages it obtained from mortgage servicers. But when 1st Alliance obtained financing elsewhere, it continued to split origination and loss-mitigation fees with the hedge fund, notwithstanding the fact that the fund was no longer providing any funding or other services to 1st Alliance, in violation of RESPA. 1st Alliance cooperated with the investigation, admitted liability, and provided information that facilitated other enforcement investigations.

Consumer Financial Protection Bureau v. PHH Corp. et al. (File No. 2014-CFPB-0002) (notice of charges filed January 29, 2014).

The CFPB initiated an administrative proceeding against PHH Corporation and its affiliates, alleging that they harmed consumers through a mortgage insurance kickback scheme that started as early as 1995. A CFPB investigation showed that when PHH originated mortgages, it referred consumers to mortgage insurers with which it partnered. In exchange for this referral, these insurers purchased "reinsurance" from PHH's subsidiaries. CFPB alleges that PHH took the reinsurance fees as kickbacks, in violation of RESPA, which protects consumers by banning kickbacks that tend to unnecessarily increase the cost of mortgage settlement services. The CFPB alleges that because of PHH's scheme, PHH received as much as 40 percent of the

premiums that consumers paid to insurers and PHH collected hundreds of millions of dollars in kickbacks, while consumers ended up paying excessive mortgage insurance premiums.

In the Matter of: Fidelity Mortgage Corporation and Mark Figert (File No. 2014-CFPB-0001) (consent order entered January 16, 2014).

The CFPB took action against Fidelity Mortgage Corporation, a Missouri mortgage lender, and its former owner and current president, Mark Figert, after an investigation revealed that Fidelity had paid kickbacks in the form of inflated office-space rental payments to a bank in exchange for customer referrals in violation of RESPA. Under the consent order, Fidelity and Figert will disgorge \$27,076 and pay \$54,000 in civil penalties.

Consumer Financial Protection Bureau and United States of America v. National City Bank (W.D. Pa. No. 2:13-cv-01817-CB) (final consent judgment and order entered January 9, 2014).

At the request of the CFPB and the DOJ, a federal district court in Pennsylvania ordered National City Bank—now owned by PNC—to pay \$35 million in restitution to African-American and Hispanic borrowers who were charged higher prices on mortgage loans than similarly-situated non-Hispanic borrowers. This matter is discussed in more detail in the Fair Lending Enforcement section of this Report.

In the Matters of: American Express Centurion Bank, et al. (File Nos. 2013-CFPB-0011, 0012, 0013) (consent orders entered December 24, 2013).

The CFPB, working with the FDIC and OCC, ordered American Express to refund approximately \$59.5 million to more than 335,000 consumers for illegal credit card practices including unfair billing tactics and deceptive marketing of credit card add-on products. Consumers were misled about benefits of payment protection products, the terms and conditions, and the applicability of certain fees. In addition to consumer refunds, the CFPB has ordered American Express to pay \$9.6 million in civil penalties.

In the Matter of: Ally Financial Inc., and Ally Bank (File No. 2013-CFPB-0010) (consent order entered December 19, 2013).

The CFPB, in close coordination with the Department of Justice, ordered Ally Financial Inc. and Ally Bank (collectively, “Ally”) to pay \$80 million in damages to harmed African-American, Hispanic, and Asian and Pacific Islander borrowers for discriminatory pricing of indirect auto loans. In addition, the CFPB ordered Ally to pay \$18 million in civil penalties and to take

corrective action to prevent future discrimination. This matter is discussed in more detail in the Fair Lending Enforcement section of this Report.

Consumer Financial Protection Bureau v. CashCall, Inc., et al. (D. Mass. No. 1:13-cv-13167) (complaint filed December 16, 2013).

The CFPB filed a complaint against an online loan servicer, CashCall, Inc., for engaging in unfair, deceptive, and abusive practices, including debiting consumer checking accounts for loans that were void. The complaint seeks injunctive and monetary relief, as well as penalties for CashCall's allegedly collecting on debts that consumers do not owe.

In the Matter of GE Capital Retail Bank, CareCredit LLC (File No. 2013-CFPB-0009) (consent order entered December 10, 2013).

The CFPB ordered GE Capital Retail Bank and its subsidiary CareCredit to refund up to \$34.1 million to potentially more than one million consumers for illegal credit card enrollment practices. At doctors' and dentists' offices around the country, consumers were signed up for CareCredit credit cards thought to be interest free but that actually accrued interest that kicked in if the full balance was not paid at the end of a promotional period. The Bureau's investigation uncovered evidence of deceptive enrollment processes, inadequate disclosures, and poor training of the staff in providers' offices who were responsible for enrolling consumers. GE Capital and CareCredit were ordered to create a reimbursement fund, improve consumer disclosures with plain language descriptions and other consumer protection features, and institute mandatory training for staff responsible for enrollment.

In re: 3D Resorts-Bluegrass, LLC (W.D. Ky. Bankruptcy No. 11-41599) (proof of claim filed July 20, 2012); ***In the Matter of: 3D Resorts-Bluegrass, LLC*** (File No. 2013-CFPB-0002) (consent order entered December 2, 2013).

In the bankruptcy action, the CFPB filed a proof of claim related to potential violations including alleged misrepresentations by a developer/lot seller and others regarding the registration, marketing, and sale of certain lots on a property known as the Green Farms Resort in Grayson and Breckinridge Counties, Kentucky. In the administrative action, the Bureau filed a Notice of Charges against 3D Resorts-Bluegrass alleging a series of violations of the Interstate Land Sales Full Disclosure Act. The bankruptcy court approved a settlement between the parties and a consent order in the administrative action was entered on December 2, 2013. Under the settlement agreement and consent order, affected consumers will receive meaningful relief, including, depending on the consumer's circumstance: the option of returning the lots in

exchange for forgiveness of the outstanding mortgage, or the option of receiving a payment of \$4,000 or \$1,000. Among other relief, the Bureau received \$50,000 to be distributed to harmed consumers to the extent practicable.

In the Matter of: Cash America International, Inc. (File No. 2013-CFPB-0008) (consent order entered November 20, 2013).

In this case, the CFPB took its first enforcement action against a payday lender, Cash America International, Inc., for robo-signing court documents related to debt collection lawsuits, illegally overcharging servicemembers in violation of the Military Lending Act, and destroying records in advance of the Bureau's examination. Cash America will complete consumer refunds of up to \$14 million and pay a \$5 million civil penalty.

Consumer Financial Protection Bureau v. Castle & Cooke Mortgage, LLC, et al. (D. Utah No. 2:13-cv-684DAK) (stipulated final judgment and order entered November 12, 2013).

On July 23, 2013, the CFPB filed a complaint in the United States District Court for the District of Utah against Castle & Cooke Mortgage, LLC, and two of its officers, for violating the Loan Originator Compensation rule, record-retention requirements of Regulation Z, and Title X of the Dodd-Frank Act. The CFPB alleged that the defendants paid bonuses to loan officers who steered consumers into mortgages with higher interest rates. In addition to injunctive relief prohibiting the unlawful practices, the settlement required the defendants to pay, jointly and severally, consumer redress totaling more than \$9.2 million – the amount of money that consumers paid that went to unlawful bonuses. The settlement also required defendants to pay, jointly and severally, a \$4 million civil penalty.

Consumer Financial Protection Bureau v. Borders & Borders, PLC et al. (W.D. Ky. No. 3:13-cv-01047-JGH) (complaint filed October 24, 2013).

The CFPB filed a complaint alleging that Borders & Borders, a real estate closing law firm, had set up joint ventures with local real estate and mortgage brokers for the purpose of funneling kickbacks to those brokers in exchange for referrals to Borders & Borders.

In the Matter of: Washington Federal (File No. 2013-CFPB-0005); ***In the Matter of: Mortgage Master, Inc.*** (File No. 2013-CFPB-0006) (consent orders entered October 9, 2013).

After CFPB exams uncovered significant errors in the mortgage loan data provided by these two entities under HMDA, the Bureau ordered the companies—a bank and a non-bank—to pay civil

penalties, correct and resubmit data required by HMDA, and to develop and implement effective HMDA compliance management systems to prevent future violations. This matter is discussed in more detail in the Fair Lending Enforcement section of this Report.

Consumer Financial Protection Bureau v. Meracord LLC and Linda Remsberg (W.D. Wash. No. 3:13-cv-05871) (stipulated final judgment and consent order entered on October 4, 2013).

At the request of the CFPB, a federal district court in Tacoma, Washington, ordered a leading debt-settlement payment processor, Meracord LLC, and its CEO and owner, Linda Remsberg, to pay a \$1.376 million civil penalty for helping other companies collect millions of dollars in illegal upfront fees from consumers. Meracord and Remsberg are also subject to a lifetime ban from processing payments for debt relief services and mortgage relief services.

In the Matter of: JPMorgan Chase Bank, N.A., and Chase Bank USA, N.A. (File No. 2013-CFPB-0007) (September 19, 2013).

This enforcement action is the result of work started by the OCC, which the Bureau joined last year. The CFPB issued a consent order that found Chase Bank USA, N.A., and JPMorgan Chase Bank, N.A. (Chase) engaged in unfair billing practices for certain credit card “add-on products” by charging consumers for credit-monitoring services that they did not receive. Chase enrolled consumers in credit card add-on products that promised to monitor customer credit and alert consumers to potentially fraudulent activity. Chase, however, charged consumers for these products without or before having the written authorization necessary to perform the monitoring services. The CFPB ordered Chase to refund an estimated \$309 million to more than 2.1 million customers and assessed a \$20 million civil money penalty. Chase was also ordered to end unfair billing practices, repay consumers in a convenient manner requiring no action by consumers, submit to an audit, and improve oversight of third-party vendors who manage identity protection products.

Consumer Financial Protection Bureau v. Morgan Drexen, Inc., et al. (C.D. Cal. No. 13-cv-01267) (complaint filed August 20, 2013).

On August 20, 2013, the CFPB filed a lawsuit in federal district court against a Nevada corporation, Morgan Drexen, Inc. (Morgan Drexen), and its President and Chief Executive Officer, Walter Ledda. In the complaint, the CFPB alleged that Morgan Drexen and Ledda have violated the Telemarketing Sales Rule and the Dodd-Frank Act by charging illegal up-front fees

for debt-relief services, and falsely representing to consumers that they would become debt free in months if they worked with Morgan Drexen.

Consumer Financial Protection Bureau v. Gordon, et al. (C.D. Cal. No. 12-cv-06147) (stipulated judgment and order entered against various defendants on February 1, 2013; order granting the Bureau's motion for summary judgment against other defendants entered June 26, 2013; appeal pending).

This action involved a nationwide mortgage relief scheme in which the CFPB alleged that the defendants took advantage of financially distressed homeowners by promising to help them obtain loan modifications and charging them advance fees ranging from \$2,500 to \$4,500. On February 1, 2013, the court entered a stipulated final judgment and order for permanent injunction as to defendants Abraham Michael Pessar, Division One Investment and Loan, Inc., and Processing Division, LLC.

On June 26, 2013, the court granted summary judgment in favor of the CFPB against defendants Chance Edward Gordon and the Gordon Law Firm, P.C. (collectively, "Gordon"), finding that those defendants violated the Dodd-Frank Act by falsely representing: (1) that consumers would obtain mortgage loan modifications that substantially reduced consumers' mortgage payments or interest rates; (2) that consumers would obtain loan modifications that substantially reduced consumers' mortgage payments as a result of forensic audits conducted by defendants; and (3) that defendants were affiliated with, endorsed by, or approved by the U.S. government. The Court also found that Gordon violated Regulation O by receiving up-front payments, failing to make required disclosures, wrongly directing consumers not to contact lenders, and misrepresenting material aspects of defendants' services. The court awarded an \$11,403,338.63 judgment for disgorgement and restitution against Gordon. Gordon filed a notice of appeal of the court's decision on August 23, 2013.

Consumer Financial Protection Bureau v. Jalan, et al. (C.D. Cal. No. 8:12-cv-02088) (judgment entered July 23, 2013).

This action involves a nationwide mortgage relief scheme that the CFPB alleges took advantage of financially distressed homeowners. The defendants promised to help those homeowners obtain loan modifications and charged them advance fees ranging from \$1,000 to \$3,000 or more. The defendants provided consumers with little, if any, meaningful assistance to modify their mortgages. The complaint charged that these practices violated the Dodd-Frank Act and the Mortgage Assistance Relief Services Rule, recodified as Regulation O. On December 4, 2012, at the Bureau's request, the U.S. District Court issued a temporary restraining order, effectively

halting the alleged scheme, and the defendants subsequently stipulated to a preliminary injunction that was issued on December 14, 2012. On July 23, 2013, the court issued a default judgment and awarded \$2,057,983 in restitution for victims and a total of \$1,050,000 in civil money penalties, along with permanent injunctive relief.

In the Matter of: U.S. Bank National Association, File No. 2013-CFPB-0003; ***In the Matter of: Dealers' Financial Services, Inc.***, File No. 2013-CFPB-0004 (consent orders entered June 27, 2013).

These actions resulted from a CFPB targeted review of the Military Installment Loans and Educational Services (MILES) auto financing program at U.S. Bank and the subsequent, related targeted review of the program at Dealers' Financial Services, Inc. (DFS). The Bureau found U.S. Bank to have made inaccurate disclosures relating to the required use of military pay allotments to pay off the MILES installment loans. Additionally, U.S. Bank and DFS were found to have deceptively marketed the cost and coverage of certain add-on products sold in connection with the MILES installment loans.

The Bureau issued consent orders requiring U.S. Bank and DFS to provide restitution of approximately \$3.2 million and \$3.3 million, respectively, to about 50,000 servicemembers. The consent orders also direct both entities to stop requiring servicemembers to repay their auto loans by military pay allotment and to stop their deceptive marketing practices.

Consumer Financial Protection Bureau v. American Debt Settlement Solutions, Inc., et al. (S.D. Fla. No. 9:13-cv-80548) (stipulated final judgment entered June 7, 2013).

The CFPB obtained a stipulated final judgment in federal district court against a Florida debt-relief company, American Debt Settlement Solutions, Inc. (ADSS), and its owner, Michael DiPanni. The CFPB's investigation revealed that ADSS routinely charged consumers advance fees before attempting to settle their debts in violation of the Telemarketing Sales Rule and the Dodd-Frank Act. The investigation also found that ADSS engaged in several deceptive practices and one abusive practice – namely, collecting advance fees from consumers who ADSS knew could not afford to complete the debt-relief program. The court, at the request of the parties, entered a suspended judgment of \$499,247.96 in equitable monetary relief against ADSS, imposed a \$15,000 civil penalty, and permanently enjoined ADSS and DiPanni from engaging in debt-relief.

In the Matter of Paul Taylor, Paul Taylor Homes Limited, and Paul Taylor Corp., File No. 2013-CFPB-0001 (consent order entered May 17, 2013).

The CFPB determined that Paul Taylor and Paul Taylor Homes violated RESPA's prohibition on accepting "fees, kickbacks or other things of value" in exchange for referring customers of settlement services involving federally related mortgage loans. The CFPB issued a consent order requiring Paul Taylor to disgorge \$118,194.20. The CFPB also ordered Taylor and his companies to cease and desist from engaging in real estate settlement services or maintaining an ownership interest in any entity that provides or purports to provide real estate settlement services for a period of five years.

Consumer Financial Protection Bureau v. Mission Settlement Agency, et al. (S.D.N.Y. No.13-cv-3064) (complaint filed May 7, 2013).

The CFPB filed a complaint in the United States District Court for the Southern District of New York, alleging that the Mission Settlement Agency and its principal, Michael Levitis, routinely charged consumers advance fees before attempting to settle their debts, and engaged in deceptive and unfair practices by, among other things, misleading consumers about the timing and total cost of the fees charged in connection with the debt relief program, as well as misleading consumers into believing Mission was affiliated with the government. The complaint alleged that this conduct violated the Telemarketing Sales Rule and the Dodd-Frank Act. In addition, the complaint charged Premier Consulting Group, the Law Offices of Michael Levitis, and the Law Offices of Michael Lupolover with taking advance fees prior to settling a debt in violation of the Telemarketing Sales Rule. The United States Attorney's Office for the Southern District of New York filed a parallel criminal indictment against Mission Settlement Agency and Michael Levitis alleging conspiracy, mail fraud, and wire fraud, based on the above conduct. Mission and Levitis have pleaded guilty to those charges.

Consumer Financial Protection Bureau v. Mortgage Guaranty Insurance Corp. (S.D. Fla. No. 1:13-cv-21187) (final consent judgment and order entered April 5, 2013);

Consumer Financial Protection Bureau v. Genworth Mortgage Insurance Corp. (S.D. Fla. No. 1:13-cv-21183) (final consent judgment and order entered April 5, 2013);

Consumer Financial Protection Bureau v. United Guaranty Corp. (S.D. Fla. No. 1:13-cv-21189) (final consent judgment and order entered April 8, 2013); ***Consumer Financial Protection Bureau v. Radian Guaranty Inc.*** (S.D. Fla. No. 1:13-cv-21188) (final consent judgment and order entered April 9, 2013); ***Consumer Financial Protection Bureau v.***

Republic Mortgage Insurance Company (S.D. Fla. No. 1:13-cv-24146-JAL) (final consent judgment and order entered on November 15, 2013).

The CFPB brought enforcement actions against five mortgage insurance companies, after determining that the premiums they had paid for “captive reinsurance” were kickbacks to mortgage lenders prohibited under RESPA. The court entered consent orders against the five companies enjoining them from entering into captive reinsurance agreements for 10 years, assessing penalties totaling \$15.5 million, and imposing compliance and reporting obligations.

7. Fair lending

As part of its mandate, the CFPB's Office of Fair Lending and Equal Opportunity (Fair Lending) is charged by Congress with "providing oversight and enforcement of Federal laws intended to ensure fair, equitable, and nondiscriminatory access to credit for both individuals and communities" that are enforced by the CFPB, including ECOA and HMDA.⁷¹ This part of Fair Lending's mandate is accomplished primarily through fair lending supervision and enforcement work. Interagency coordination⁷² and outreach to industry groups and fair lending, civil rights, consumer and community advocates⁷³ are also important elements of our mandate. In this update, we focus on highlights from our fair lending supervision and enforcement programs; and continued efforts in interagency coordination and outreach.⁷⁴

⁷¹ Dodd-Frank Act, § 1013(c)(2)(A).

⁷² Dodd-Frank Act, §1013(c)(2)(B).

⁷³ Dodd-Frank Act, §1013(c)(2)(C).

⁷⁴ The CFPB released its annual Fair Lending Report, pursuant to Section 1013(c)(2)(D) of the Dodd-Frank Act, in April 2014.

7.1 Fair lending supervision and enforcement

7.1.1 Fair lending supervision

The CFPB's Fair Lending Supervision Program assesses compliance with Federal consumer financial laws and regulations at banks and nonbanks over which the Bureau has supervisory authority. Supervision activities range from assessments of the institutions' fair lending compliance management systems to in-depth reviews of products or activities that may pose heightened fair lending risks to consumers. As part of its Fair Lending Supervision Program, the Bureau continues to conduct three types of fair lending reviews at Bureau-supervised institutions: ECOA baseline reviews, ECOA targeted reviews, and HMDA reviews.

[ECOA baseline reviews](#) identify and analyze risks of ECOA violations, facilitate the identification of certain types of ECOA and Regulation B violations, and inform the fair lending prioritization decisions for future CFPB reviews.

An ECOA targeted review includes an in-depth look at a specific area of fair lending risk and is conducted using the ECOA Examination Procedures within the [CFPB Supervision and Examination Manual](#). The CFPB's priority areas for ECOA targeted reviews are mortgage lending and auto lending.

HMDA reviews include transactional testing for HMDA data accuracy, and are conducted using the HMDA Examination Procedures within the CFPB Supervision and Examination Manual. For HMDA reviews conducted after January 18, 2014, the CFPB's [HMDA Resubmission Schedule and Guidelines](#) apply. The Guidelines provide instruction to CFPB examination teams conducting HMDA reviews, and guidance to CFPB-supervised institutions about when HMDA data should be corrected and resubmitted.

7.1.2 Fair lending enforcement

The CFPB has the authority to bring enforcement actions pursuant to ECOA and HMDA. Specifically, the CFPB has the ability to conduct investigations, file administrative complaints, and hold hearings and adjudicate claims through the CFPB's administrative enforcement process. The CFPB also has independent litigating authority and can therefore file cases in federal court alleging violations of fair lending laws under the CFPB's jurisdiction. The CFPB

will also refer findings of a pattern or practice of lending discrimination in violation of ECOA to the Department of Justice (DOJ). The CFPB recently announced several fair lending enforcement actions, in the context of HMDA reporting, auto finance, and mortgage lending.

On October 9, 2013, the CFPB announced [two public enforcement actions](#) related to HMDA, 12 U.S.C. § 2801-2810, and its implementing regulation, Regulation C, 12 C.F.R. pt. 1003. These enforcement actions addressed violations of HMDA that the CFPB identified during examinations at Washington Federal Bank of Seattle, Washington, a federally insured savings and loan association subsidiary of Washington Federal, Inc.; and Mortgage Master, Inc., a large, privately owned mortgage company. The public enforcement actions resulted in an assessment of \$34,000 in civil money penalties against Washington Federal, Inc., and \$425,000 against Mortgage Master, Inc. The Bureau's Consent Orders also required both institutions to review, correct, and resubmit their respective HMDA data; and develop and implement HMDA compliance management systems.

On December 20, 2013, working in close coordination with the DOJ, the CFPB [ordered](#) Ally Financial Inc. and Ally Bank (Ally) to pay \$80 million in damages to harmed African-American, Hispanic, and Asian and Pacific Islander borrowers and \$18 million in penalties to the CFPB. On the same day, the DOJ filed a complaint and consent order in the U.S. District Court for the Eastern District of Michigan setting forth the same relief. The agencies determined that more than 235,000 minority borrowers paid higher interest rates for their auto loans between April 2011 and December 2013 because of Ally's discriminatory pricing system. This settlement represented the federal government's largest auto loan discrimination settlement in history.

As an indirect auto lender, Ally sets a risk-based interest rate, or "buy rate," and then allows auto dealers to charge a higher interest rate when they finalize the deal with the consumer. This is typically called the "markup." Ally then shares some or all of the revenue from that increased interest rate with the dealer. Markups can generate compensation for dealers while giving them the discretion to charge consumers different rates regardless of consumer creditworthiness.

The Ally enforcement action resulted from a CFPB examination that began in September 2012 and evaluated Ally's indirect auto lending program for compliance with ECOA, which prohibits creditors from discriminating against loan applicants in credit transactions on the basis of characteristics such as race and national origin. The CFPB and DOJ's coordinated investigation followed the CFPB's examination and concluded that Ally violated ECOA by charging African-American, Hispanic, and Asian and Pacific Islander borrowers higher markups for their auto loans than similarly-situated non-Hispanic white borrowers. The investigation found that these

discriminatory pricing differences resulted from Ally giving dealers the ability and incentive to mark up interest rates.

Under the consent order, Ally will pay \$80 million in damages to a settlement fund that will go to harmed African-American, Hispanic, and Asian and Pacific Islander borrowers whose auto loans were purchased by Ally between April 2011 and December 2013. Ally will also pay to hire a settlement administrator to distribute funds to victims identified by the CFPB and DOJ. The CFPB will issue a Consumer Advisory once a settlement administrator is named. Ally must also monitor markups to prevent future discrimination or may choose to eliminate markups altogether. Finally, Ally will pay \$18 million in penalties to the CFPB's Civil Penalty Fund.

The CFPB detailed its fair lending compliance expectations for indirect auto lending in a March 2013 [bulletin](#). The order in Ally demonstrates the type of fair lending risk identified in the CFPB's bulletin, and is part of a larger joint effort between the CFPB and DOJ to address discrimination in the indirect auto lending market.

On December 23, 2013, the CFPB and the DOJ [filed](#) a joint complaint against National City Bank for discrimination in mortgage lending, along with a proposed order to settle the complaint. Specifically, the complaint alleged that National City Bank charged higher prices on mortgage loans to creditworthy African-American and Hispanic borrowers than similarly situated non-Hispanic white borrowers between 2002 and 2008. The DOJ also alleged that National City violated the Fair Housing Act, which similarly prohibits discrimination in residential mortgage lending. This action marked the first joint lawsuit brought in federal court by the CFPB and the DOJ to enforce federal fair lending laws.

The consent order filed by the agencies on December 23, 2013 and entered on January 9, 2014 by the U.S. District Court for the Western District of Pennsylvania requires National City's successor, PNC Bank, to pay \$35 million in restitution to harmed African-American and Hispanic borrowers. The consent order also requires PNC to pay to hire a settlement administrator to distribute funds to victims identified by the CFPB and DOJ. The CFPB will release a Consumer Advisory regarding the settlement fund and administrator once an administrator is selected.

The CFPB and DOJ's joint investigation began in 2011. The agencies alleged that National City Bank's discretionary pricing and compensation policies caused the discriminatory pricing differences. National City gave its loan officers and brokers the discretion to set borrowers' rates and fees. National City then compensated the officers and brokers from extra costs paid by

consumers. Over 76,000 African-American and Hispanic borrowers paid higher costs because of this discriminatory pricing and compensation scheme.

Pursuant to Section 706(g) of ECOA, the CFPB has also referred eight matters to the DOJ with regard to:

- Discrimination on the basis of marital status in mortgage lending;
- Discrimination on the basis of race and national origin in auto finance; and
- Discrimination on the basis of age and national origin in credit cards.

7.2 Interagency fair lending coordination and outreach

7.2.1 Interagency coordination

The Bureau's Fair Lending supervision and enforcement programs involve close partnerships and coordination among the Bureau's federal and state regulatory and enforcement partners. Fair Lending continues to lead the Bureau's fair lending interagency coordination and collaboration efforts by working with partners on the Financial Fraud Enforcement Task Force's Non-Discrimination Working Group, the Interagency Task Force on Fair Lending, and the Interagency Working Group on Fair Lending Enforcement.

On October 24, 2013, the CFPB, along with other federal partners, presented a webinar on emerging fair lending issues and hot topics. The CFPB led a discussion of HMDA and Regulation C compliance. This webinar is but one example of the CFPB's commitment to working with federal regulatory and enforcement partners to ensure consistency in fair lending and access-to-credit matters.

7.2.2 Fair lending outreach

The CFPB is committed to communicating directly with industry and fair lending, civil rights, consumer, and community groups on its policies, compliance expectations, and priorities. Outreach is accomplished through Compliance Bulletins and Interagency Statements issued to

industry, for example, as well as through speeches and presentations addressing fair lending and access to credit matters.

7.2.3 CFPB bulletins

On October 9, 2013, the CFPB issued [CFPB Bulletin 2013-11](#) (Fair Lending), “Home Mortgage Disclosure Act (HMDA) and Regulation C – Compliance Management; CFPB HMDA Resubmission Schedule and Guidelines; and HMDA Enforcement.” Released in conjunction with the CFPB’s HMDA Resubmission Schedule and Guidelines, the Bulletin provides guidance to mortgage lenders under the CFPB’s jurisdiction on compliance with HMDA and its implementing regulation, Regulation C. The Bulletin emphasizes the importance of collecting and reporting accurate HMDA data, and highlights common components of effective HMDA compliance management systems. The Bulletin also announces the CFPB’s HMDA Resubmission Schedule and Guidelines, which apply to the Bureau’s HMDA data integrity reviews beginning on or after January 18, 2014. Finally, the Bulletin discusses factors that the CFPB may consider when evaluating whether to pursue a public HMDA enforcement action.

On October 22, 2013, the CFPB joined the OCC, FRB, FDIC, and NCUA to issue an [interagency statement](#) to address industry questions about the application of the disparate impact doctrine under the ECOA and Regulation B to qualified mortgages, as defined under the Bureau’s Ability-to-Repay and Qualified Mortgage Standards Rule. The “Interagency Statement on Fair Lending Compliance and the Ability-to-Repay and Qualified Mortgage Standards Rule” clarified that, for the reasons described in detail in the Statement, a creditor’s decision to offer only Qualified Mortgages would not, absent other factors, elevate a supervised institution’s fair lending risk.

The Ability-to-Repay Rule requires creditors to make a reasonable, good faith determination that a consumer has the ability to repay a mortgage loan before extending credit to the consumer. Lenders are presumed to have complied with the Ability-to-Repay Rule if they provide “Qualified Mortgages,” which must satisfy requirements that prohibit or limit risky features that harmed consumers in the recent financial crisis. In the Statement, the CFPB and the other agencies expressed their view that the requirements of the Ability-to-Repay Rule and ECOA are compatible.

7.2.4 Speeches and presentations

CFPB leadership and Fair Lending staff continue to deliver testimony, speeches, panel remarks, and presentations to diverse audiences, including Congressional committee staff, industry,

national and state fair lending and fair housing groups, and community and consumer advocates.

To continue dialogue with and among consumer and civil rights advocates, industry representatives, and federal regulatory and enforcement partners on perspectives on indirect auto finance practices, the CFPB hosted the [Auto Finance Forum](#) in November 2013. The forum included a panel of regulators from the CFPB, FRB, FDIC, FTC, DOJ, NCUA, and OCC. The regulators' panel was followed by two additional panel discussions providing on-the-ground perspectives on indirect auto finance and fair lending risk in indirect auto lending. The forum was notable for bringing together key stakeholders, including auto trade associations, lenders, and regulators, along with consumer and civil rights advocates, to discuss fair lending risk in the auto finance market.

The Bureau looks forward to continued dialogue with these and other stakeholders on important matters related to fair lending and access to credit.

8. Building a great institution: update

The CFPB seeks to promote transparency, accountability, and fairness. Built on these values, the CFPB is better able to make consumer financial markets work for consumers, honest businesses, and the economy.

8.1 Open government

The Bureau's mission is to be an agency that helps consumer finance work by making rules more effective, by consistently and fairly enforcing the rules, and by empowering consumers to take more control of their economic lives. A critical part of making financial markets work is ensuring transparency in those markets. The CFPB believes that it should hold itself to that same standard and strives to be a leader by being transparent with respect to its own activities. To accomplish this, the Bureau utilizes its website, consumerfinance.gov, as the primary vehicle to share information on the operations and decisions the CFPB undertakes every day.

Recent information posted on our website that illustrates the Bureau's commitment to openness includes:⁷⁵

- **Freedom of Information Act**

⁷⁵ The open government section of the Bureau's website is consumerfinance.gov/open/, and all documents and pages referenced in this section may be found there.

The CFPB is the 100th federal agency to be required to report to the Department of Justice under the Freedom of Information Act (FOIA). The Bureau posted its first [FOIA Annual Report](#) and [Chief FOIA Officer Report](#) that highlighted the Bureau's accomplishments over the past year. The reports emphasize the Bureau's quick response time to requests and exemplify the Bureau's commitment to educating all of its employees on the components of the FOIA. For example, the FOIA 360 initiative has facilitated a high level of *Awareness* on FOIA throughout the entire Bureau, *Compliance* with FOIA from conducting a reasonable records search to responding within the time limits allowed by the FOIA statute, and opportunities for *Education* on FOIA to every employee. The CFPB continues to focus on developing innovative ways to further transparency and FOIA in the federal government.

- **Leadership Calendars**

The CFPB remains committed to keeping consumers informed about the daily work of the Bureau's senior leadership by sharing their calendars. Presently, the Bureau posts the [monthly calendars](#) of Director Richard Cordray and Deputy Director Steven Antonakes to the Bureau's website. The calendars were accessed nearly 4,000 times during the time period of this report. The calendars of past leaders Elizabeth Warren and Raj Date are archived on the Bureau's website for the public to view as well.

- **Budget Updates**

The CFPB has published regular quarterly budget updates on its website, including financial reports for each quarter of the fiscal year, three fiscal years' worth of funding requests and acknowledgements, and information about the Bureau's [Civil Penalty Fund](#) that was created under the Dodd-Frank Act.

- **General Reports**

The CFPB published its fourth [Semi-Annual Report to Congress](#) in November 2013. This report provides Congress and the American people with an update on our mission, activities, accomplishments and publications since our last semi-annual report and contains additional information as required by the Dodd-Frank Act. The CFPB also continues to post a variety of reports to illustrate progress in several areas of the Bureau's operations and activities. Recent annual reports were posted to the CFPB's website on the [CARD Act](#), our [2013 CFPB annual employee survey](#), and our [financial report for FY 2013](#). Additionally, the Bureau published a report on [college credit card agreements](#), an update of [Supervisory Highlights](#), a report on [payday lending](#), and

annual reports on the [Fair Debt Collection Practices Act](#), the [No FEAR Act](#), and [Consumer Response](#).⁷⁶

- **Guidance Updates**

The CFPB periodically provides updates on regulations and guidance. The Bureau recently posted guidance on HMDA and Regulation C including Compliance Management, CFPB HMDA Resubmissions Schedule and Guidelines, and HMDA Enforcement. Additionally, the Bureau issued Implementation guidance for certain mortgage servicing rules, guidance on Homeownership Counseling list requirements, and FFIEC Guidance on Social Media.⁷⁷ [Regulatory implementation information](#) is available to help entities comply with the Dodd-Frank Act mortgage reforms and Bureau rules, which are delivered through downloadable compliance guides and videos. Lastly, the Office of Administrative Adjudication posts rules of practice, notices, and dockets for the public to view regarding charges and actions initiated by the CFPB based on alleged violation of federal statutes and regulations.

⁷⁶ All reports, white papers, and other informational documents are listed in Appendix F, and also may be found at: <http://www.consumerfinance.gov/reports/>.

⁷⁷ <http://www.consumerfinance.gov/guidance/>.

9. Budget

The Bureau is committed to fulfilling its statutory responsibilities and delivering value to American consumers by being accountable and using our resources wisely and carefully. The CFPB's Operations Division is responsible for coordinating activities related to the development of the CFPB's annual budget. The Office of the Chief Financial Officer within the Division has primary responsibility for developing the budget, and works in close partnership with the Office of Human Capital, the Office of Procurement, the Technology and Innovation team, and other program offices to develop budget and staffing estimates in consideration of statutory requirements, performance goals, and priorities of the Bureau. The CFPB Director ultimately approves the CFPB budget.

9.1 How the CFPB is funded

The CFPB is funded principally by transfers made by the Board of Governors from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. The Director of the CFPB requests transfers from the Federal Reserve System in amounts that he has determined are reasonably necessary to carry out the Bureau's mission. Annual funding from the Federal Reserve System is capped at a fixed percentage of the total 2009 operating expenses of the Federal Reserve System, equal to:

- 10% of these Federal Reserve System expenses (or approximately \$498 million) in fiscal year (FY) 2011;
- 11% of these expenses (or approximately \$547.8 million) in FY 2012; and

- 12% of these expenses (or approximately \$597.6 million) in FY 2013 and each year thereafter, subject to annual adjustments.⁷⁸

As of March 31, 2014, the CFPB had requested transfers from the Federal Reserve totaling \$307.3 million to fund CFPB operations and activities for the first two quarters of FY 2014.⁷⁹ These funds are held in an account for the Bureau at the Federal Reserve Bank of New York.

Bureau funds that are not funding current needs of the CFPB are invested in Treasury securities. Earnings from those investments are also deposited into the Bureau's account.⁸⁰

If the authorized transfers from the Federal Reserve are not sufficient in FY 2010-2014, the CFPB has the authority to ask Congress for up to \$200 million in additional funds, subject to the appropriations process.⁸¹ The CFPB did not request an appropriation in FY 2011, FY 2012 or FY 2013, and does not plan to request one in FY 2014.

9.1.1 Fiscal year 2014 spending

As of March 31, 2014, the end of the second quarter of FY 2014, the CFPB had spent approximately \$297 million (including commitments, obligations, and outlays)⁸² to carry out the authorities of the Bureau under Federal financial consumer law. Approximately \$125.7 million was spent on employee compensation and benefits for the 1,365 CFPB employees who were on-board by the end of the second quarter.

⁷⁸ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(a)(2).

⁷⁹ The Bureau posts all funding request letters on its website at consumerfinance.gov/budget.

⁸⁰ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(b).

⁸¹ See *id.* Sec. 1017(e).

⁸² Outlays are payments that result when the CFPB issues checks, disburses cash, or makes electronic transfers of funds to pay off a current fiscal year obligation. A commitment is a reservation of funds in anticipation of a future obligation. An obligation is a transaction or agreement that creates a legal liability and obligates the government to pay for goods and services ordered or received.

In addition to payroll expenses, the largest obligations made through the end of the quarter were related to contractual services. Some of the Bureau's significant obligations that occurred in the first two quarters of FY 2014 included:

- \$20.8 million for maintaining ongoing operations of CFPB's consumer contact center and enhancements to the case management database;
- \$11.1 million to the Department of Treasury's Bureau of Financial Services for cross-servicing of various human resource and financial management services, such as core financial accounting, transaction processing and reporting, travel and payroll;
- \$10.9 million for Bureau-wide IT management and consulting support services;
- \$8.2 million to the Department of Justice for the provision of technical litigation support services and products;
- \$3.5 million for enterprise-wide cloud hosting infrastructure and system administration support and services;
- \$3.5 million for facility operation and maintenance costs for CFPB's headquarters building;
- \$3.0 million for a services contract to collect anonymous data from credit card issuers. This data, which excludes any direct identifiers in order to maintain the anonymity and protect the privacy of consumers, is used to monitor conditions in consumer credit markets, to study credit card industry dynamics, to evaluate compliance with consumer laws, and to analyze other issues in support of the Bureau's supervision, research, and monitoring missions;
- \$2.4 million for management and consulting services for CFPB's Office of Consumer Response;
- \$2.1 million for an e-document review tool which allows CFPB to obtain, process and analyze electronic documents received in investigations;
- \$1.8 million for CFPB's headquarters electricity;
- \$1.2 million to further develop customized course software for delivering 5-day and 9-day consumer compliance courses that emphasize case studies, role-plays, and feedback

that support knowledge retention on Operations and Deposits/Prepaid Products and Lending Principles (Fidelity National Inform Services); and

- \$1.1 million to help CFPB build consumer-focused research studies; for engaging and communicating with the public to achieve the agency’s mission; and designing digital consumer experiences that are comprehensive and effective.

Table 12 and Table 13 categorize CFPB spending through the first quarter of FY 2014 by expense category and division/program area:

TABLE 12: FIRST QUARTER 2014 SPENDING BY EXPENSE CATEGORY

Expense Category	FY 2014
Personnel Compensation	\$86,231,000
Benefit Compensation	39,462,000
Travel	8,591,000
Transportation of Things	58,000
Rents, Communications, Utilities & Misc.	4,182,000
Printing and Reproduction	403,000
Other Contractual Services	130,226,000
Supplies & Materials	2,488,000
Equipment	25,245,000
Land and Structures	3,000
Interest and Dividends	0
Total (as of 3/31/14)	\$296,889,000

TABLE 13: FIRST QUARTER 2014 SPENDING BY DIVISION/PROGRAM AREA

Division/Program Area	FY 2014
Office of the Director	\$1,868,000
Operations	66,821,000
Consumer Education & Engagement	11,253,000
Research, Markets & Regulations	19,083,000
Supervision, Enforcement, Fair Lending	74,462,000
Legal Division	6,170,000
External Affairs	3,134,000
Other Programs ⁸³	1,309,000
Centralized Services ⁸⁴	112,789,000
Total (as of 12/31/13)	\$296,889,000

9.1.2 Fiscal year 2013 spending

In FY 2013, which ended on September 30, 2013, the CFPB incurred approximately \$539 million in obligations and outlays. Approximately \$192 million was spent on employee compensation and benefits for the 1,335 CFPB employees on-board by September 30, 2013.

⁸³ Other Programs comprises the costs of the CFPB Office of Ombudsman, Administrative Law Judges, and other CFPB programs.

⁸⁴ Centralized services include the cost of certain administrative and operational services provided centrally to other Divisions (e.g., building space, utilities, and IT-related equipment and services).

In addition to payroll expenses, the largest obligations for FY 2013 were related to other contractual services, such as administrative services provided by other Federal agencies, including Treasury.

As required by the Dodd-Frank Act, the CFPB prepared financial statements for FY 2013. The Government Accountability Office (GAO) rendered an unqualified, or “clean” [audit opinion](#) on the CFPB’s financial statements. GAO concluded that CFPB maintained, in all material respects, effective internal controls over financial reporting. While GAO did note two significant deficiencies involving internal controls for accounts payable accruals and recording of property and equipment, GAO provided recommendations for addressing them and CFPB has already moved forward in implementation. The GAO audit cited no instances of reportable noncompliance with laws and regulations. The CFPB financial statements and GAO’s opinion are available in the [Financial Report of the CFPB for FY 2013](#).

Tables 14 and 15 categorize final year-end CFPB spending for FY 2013 by expense category and division/program area.

TABLE 14: TOTAL FY 2013 SPENDING BY EXPENSE CATEGORY

Expense Category	FY 2013 Spending
Personnel Compensation	\$143,341,000
Benefit Compensation	49,069,000
Travel	14,484,000
Transportation of Things	154,000
Rents, Communications, Utilities & Misc.	5,612,000
Printing and Reproduction	2,228,000
Other Contractual Services	136,790,000
Supplies & Materials	4,660,000
Equipment	31,587,000
Building Improvements	150,806,000

Interest and Dividends	2,000
Total (as of 9/30/13)	\$538,733,000

TABLE 15: TOTAL FY 2013 SPENDING BY DIVISION/PROGRAM AREA

Division/Program Area	FY 2013 Spending
Office of the Director	\$5,235,000
Operations	93,758,000
Consumer Education & Engagement	22,263,000
Research, Markets & Regulations	32,895,000
Supervision, Enforcement, Fair Lending	105,568,000
Legal Division	10,309,000
External Affairs	4,834,000
Other Programs	1,242,000
Centralized Services	262,629,000
Total (as of 9/30/13)	\$538,733,000

Some of the Bureau's significant obligations that occurred during FY 2013 included:

- \$145.1 million to the General Services Administration to provide for a range of services related to the renovation of CFPB's headquarters building. In addition to the actual renovation of both the interior and exterior of the building, services include project management, contract management, environmental management, construction oversight and administration, and other technical services;
- \$19.2 million for the software development of the Consumer Response system;

- \$17.6 million to the Department of the Treasury's Departmental Offices for various services such as information technology and human resource systems support;
- \$10 million in agreements with the Office of the Inspector General (OIG) of the Board of Governors of the Federal Reserve System to provide fiscal year 2013 OIG services;
- \$7.6 million to the Department of Treasury's Bureau of Financial Services for cross-servicing of various human resource and financial management services, such as core financial accounting, transaction processing and reporting, travel and payroll, and;
- \$7.4 million for the software development of the compliance analysis tool kit.

9.1.3 Civil penalty fund

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect and retain for specified purposes civil penalties collected from any person in any judicial or administrative action under federal consumer financial laws.⁸⁵ The CFPB generally is authorized to use these funds for payments to victims of activities for which civil penalties have been imposed, and may also use the funds for consumer education and financial literacy programs under certain circumstances. The CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York.

⁸⁵ See Dodd-Frank, Pub. L. No. 111-203, Sec. 1017(d).

Civil Penalty Funds Collected in FY 2014

TABLE 16: FY 2014 CIVIL PENALTY FUND DEPOSITS

Defendant Name	CMP Collected	Collection Date
Washington Federal	\$34,000	October 11, 2013
Mortgage Master, Inc.	\$425,000	October 15, 2013
Castle & Cooke Mortgage, LLC	\$4,000,000	November 13, 2013
Cash America International, Inc.	\$5,000,000	November 25, 2013
Meracord LLC	\$555,000 ⁸⁶	November 26, 2013
Republic Mortgage Insurance Company	\$100,000	December 5, 2013
American Express Bank, FSB	\$2,000,000	December 23, 2013
American Express Centurion Bank	\$3,600,000	December 23, 2013
American Express Travel Related Services Company, Inc.	\$4,000,000	December 23, 2013
Ally	\$18,000,000	December 30, 2013
Fidelity Mortgage Corporation	\$54,000	January 21, 2014
1 st Alliance Lending, LLC	\$83,000	March 5, 2014
Total	\$37,851,000	

⁸⁶ Meracord agreed to pay \$1.38 million in civil penalties according to a four-year payment schedule.

In the first quarter of FY 2014, the CFPB collected a total of \$37.7 million in civil penalties from 10 defendants. In the second quarter of FY 2014, the CFPB collected a total of \$137,000 in civil penalties from two defendants.

Civil Penalty Funds Collected in FY 2013

TABLE 17: FY 2013 CIVIL PENALTY FUND DEPOSITS

Defendant Name	CMP Collected	Collection Date
American Express Centurion Bank	\$3,900,000	October 1, 2012
American Express Bank, FSB	\$1,200,000	October 1, 2012
American Express Travel	\$9,000,000	October 1, 2012
Payday Loan Debt Solution, Inc.	\$5,000	December 28, 2012
Abraham M. Pessar (Gordon, <i>et al.</i>)	\$1	February 26, 2013
United Guaranty Corporation	\$4,500,000	April 11, 2013
Genworth Guaranty Ins. Corp.	\$4,500,000	April 15, 2013
Mortgage Guaranty Ins. Corp. (MGIC)	\$2,650,000	April 16, 2013
Radian Guaranty Inc.	\$3,750,000	April 29, 2013
American Debt Settlement Solutions, Inc.	\$15,000	June 12, 2013
JPMorgan Chase	\$20,000,000	September 19, 2013
Total	\$49,520,001	

In the first quarter of FY 2013, the CFPB settled enforcement actions against three American Express subsidiaries and Payday Loan Debt Solution, Inc. The American Express subsidiaries agreed to pay a total of \$14.1 million in civil penalties to the CFPB. Payday Loan Debt Solution agreed to pay a total of \$5,000 in civil penalties to the CFPB.

In the second quarter of FY 2013, the CFPB settled an enforcement action against three defendants in the case of *CFPB v. Gordon, et al.* This resulted in the collection of \$1 in civil penalties, as well as injunctive and other significant relief.

In the third quarter of FY 2013, the CFPB collected a total of \$15.4 million in civil money penalties from five defendants through settlements of Bureau enforcement actions. In April, the Bureau settled with four defendants in captive reinsurance cases, collecting \$4.5 million, \$4.5 million, \$2.65 million, and \$3.75 million in civil penalties from United Guaranty Corporation, Genworth Mortgage Insurance Corporation, Mortgage Guaranty Insurance Corporation, and Radian Guaranty Inc., respectively. In June, American Debt Settlement Solutions paid \$15,000 in civil penalties.

In the fourth quarter of FY 2013, the CFPB collected \$20 million in civil penalties from one defendant, JPMorgan Chase.

Civil Penalty Funds Allocated in FY 2014

Period 2 Allocation: April 1, 2013 – September 30, 2013

On November 29, 2013, the Bureau made its second allocation from the Civil Penalty Fund. As of September 30, 2013, the Civil Penalty Fund contained an unallocated balance of \$56.1 million. This amount was available for allocation pursuant to 12 C.F.R. § 1075.105(c).

During Period 2, final orders in Bureau enforcement actions imposed civil penalties in seven cases. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were imposed in these cases are eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.⁸⁷

⁸⁷ Pursuant to the Civil Penalty Fund Rule, victims' compensable harm is determined by looking to the terms of the relevant court or administrative order. If the amount of a victim's compensable harm cannot be determined based on the terms of the relevant order, the victim's compensable harm generally will be his or her out-of-pocket losses that resulted from the violation. To determine the amount of a victim's uncompensated harm that may be compensated from the Civil Penalty Fund, the Bureau will take the victim's total compensable harm, and subtract

Of those seven cases, the Civil Penalty Fund Administrator determined that one case did not have a class of victims with uncompensated harm that is compensable from the Civil Penalty Fund, and that two cases included classes of victims with uncompensated harm that is compensable from the Civil Penalty Fund. As of the time of the allocation, the Fund Administrator did not have sufficient information to determine whether classes of victims in the remaining four cases had “compensable harm” or “uncompensated harm” as defined by the Civil Penalty Fund Rule.

The two cases with classes of victims with uncompensated harm that is compensable from the Civil Penalty Fund were ADSS and National Legal Help Center (NLHC). Specifically, the ADSS victims had \$499,248 in uncompensated harm and the NLHC victims had \$2.1 million in uncompensated harm.

The Bureau allocated \$499,248 to victims in ADSS and \$2.1 million to the NLHC class of victims, enough to compensate fully those victim classes’ uncompensated harm. No funds were allocated to consumer education and financial literacy programs.

TABLE 18: PERIOD 2 ALLOCATION SUMMARY

Type	Allocation
Victim Compensation	\$2,557,231
American Debt Settlement Solutions, Inc.	
Victim Class Allocation: \$499,248	
National Legal Help Center	
Victim Class Allocation: \$2,057,983	

out any compensation that the victim has received—or is reasonably expected to receive—for that harm. 12 CFR 1075.104.

Consumer Education and Financial Literacy Programs	\$0
Total Allocation	\$2,557,231

The remaining unallocated Civil Penalty Fund balance remains available for future allocations. Civil penalties collected on or after October 1, 2013 were deposited in the Fund. The amount in the Fund as of March 31, 2014 will be available for allocation following the conclusion of Period 3 to the extent permitted by 12 C.F.R. § 1075.105(c).

Civil Penalty Funds Allocated in FY 2013

Period 1 Allocation: July 21, 2011 – March 31, 2013

The Bureau made its first allocation from the Civil Penalty Fund, in accordance with the Civil Penalty Fund rule, on May 30, 2013.⁸⁸

As of March 31, 2013, the Bureau had received civil money penalties totaling \$46.1 million pursuant to seven final orders. Table 19 shows all Civil Penalty Fund deposits made as of the end of the first Civil Penalty Fund allocation period:

⁸⁸ 12 C.F.R. part 1075.

TABLE 19: CIVIL PENALTY FUND DEPOSITS AS OF MARCH 31, 2013

Quarter	Defendant	CMP Amount
FY12 Q4	Capital One Bank	\$25,000,000
FY12 Q4	Discover	7,000,000
FY13 Q1	American Express Centurion Bank	3,900,000
FY13 Q1	American Express Bank, FSB	1,200,000
FY13 Q1	American Express Travel	9,000,000
FY13 Q1	Payday Loan Debt Solution, Inc.	5,000
FY13 Q2	Abraham M. Pessar	1
Total Period 1 CMP Collections		\$46,105,001

Of the amount in the Civil Penalty Fund as of March 31, 2013, \$44.5 million was available for allocation under the Civil Penalty Fund rule. Of the cases that concluded as of March 31, 2013, two cases—PLDS and Gordon, *et al.*—had classes of victims with uncompensated harm that is compensable from the Civil Penalty Fund.

After allocating \$10.5 million to compensate the victims in the PLDS and Gordon cases, \$34.0 million remained available for allocation. Of this figure, the Bureau allocated \$13.4 million for consumer education and financial literacy programs.

TABLE 20: PERIOD 1 ALLOCATION SUMMARY

Type	Allocation
Victim Compensation	\$10,488,815
Payday Loan Debt Solution, Inc.	
Victim Class Allocation: \$488,815	
Gordon, et al.	
Victim Class Allocation: \$10,000,000	
Consumer Education and Financial Literacy Programs	\$13,380,000
Total Allocation	\$23,868,815

Civil penalties collected on or after April 1, 2013 were deposited in the Fund. The amount in the Fund as of September 30, 2013 was available for allocation following the conclusion of Period 2 as provided by 12 C.F.R. § 1075.105(c).

Additional information on the Civil Penalty Fund may be found at:

<http://www.consumerfinance.gov/budget/civil-penalty-fund/>.

10. Diversity and excellence

10.1 Recruiting and hiring

The CFPB continues a strategic imperative to recruit and hire highly qualified individuals from diverse backgrounds, focusing on filling vacancies at its headquarters in Washington, DC, and in its examiner workforce distributed across the country. The Bureau's examiners are organized by regions and anchored by key strategic satellite offices in three of the nation's financial hubs – Chicago, IL; New York, NY; and San Francisco, CA; and the fourth regional team of examiners is anchored in Washington, DC. As of March 22, 2014, there were 1,362 staff on-board and working to carry out the CFPB's mission.

As the CFPB continues to meet current and future staffing requirements, the Bureau will implement a continuously evolving strategic talent acquisition plan. The purpose of this plan is to engage a pipeline of diverse candidates for the current and future personnel needs of the CFPB through the following methods:

10.1.1 Becoming an employer of choice

The CFPB recruits inspired, goal-oriented professionals who derive intrinsic value from professional accomplishment. This high-caliber workforce supports the CFPB in attracting high-performing public-service-minded professionals. The CFPB's brand as an agency that protects consumers directly reinforces the Bureau's brand as an employer. As awareness of the Bureau and its work become prevalent, the image of the CFPB as a great place to work will also be enhanced.

10.1.2 Recruit the best from all corners of America

The Bureau is committed to hiring highly qualified individuals into all positions. In addition to utilizing USA Jobs and the posting of job announcements on the CFPB website, the Bureau achieves its hiring goals through:

- Engaging existing staff and providing them with the tools, messages, and resources to reach out to their own professional networks;
- Leveraging social media to maximize engagement while minimizing cost per applicant;
- External outreach, which includes attendance at professional conferences and university conferences;
- Holding large-scale recruitment events for high-volume positions;
- Leveraging the power of social media and the web to reach diverse talent pools with the competencies necessary to meet the Bureau's needs;
- Enlisting senior leadership to host outreach events to attract candidates to the CFPB as a "best place to serve"; and
- Creating professional development programs to build a robust pipeline of talent to meet the current and emerging workforce needs, including the Director's Financial Assistants Program, Pathways Program, and Presidential Management Fellows.

10.1.3 Build a diverse and inclusive workforce

Diversity is a keystone of the Bureau's hiring philosophy. By targeting diverse and specialized candidate pools, the Bureau is able to hire an innovative, professional, and productive workforce that reflects the backgrounds of the consumers we serve. The CFPB participated in dozens of recruiting events at colleges and conferences across the country, of which approximately 40% were primarily focused on diversity hiring initiatives in partnership with the Office of Minority and Women Inclusion (OMWI).

Involving the Bureau's current employees and leaders is also a core component of the Bureau's recruiting strategy. Currently, over 270 CFPB staff self-identify as recruiters, sharing and promoting key job opportunities across their respective professional and academic networks.

Additionally, the CFPB partnered with professional groups such as the Hispanic National Bar Association and the Partnership for Public Service to conduct online and in-person information sessions about applying for jobs within the CFPB and other Federal agencies.

10.1.4 Enhance the candidate experience

The CFPB's hiring process has progressed from focusing on immediate, high-impact hiring needs to an integrated, long-term hiring strategy, based on workforce planning best practices. The CFPB's OHC and Technology & Innovation (T&I) teams worked together to enhance the application process by making job postings more clear and increasing communication to candidates throughout the application process.

In addition, OHC created tailored assessment methods (e.g., structured interviews, work sample reviews) to support selections for specific positions. These candidate assessment strategies enhance the pool of highly-qualified candidates, enable hiring managers to make objective, data-driven employee selection decisions, and build a workforce that demonstrates the key competencies necessary for success at CFPB.

OHC also created and began administering a survey to hiring managers to identify processes that are working well, as well as areas for improvement.

10.2 Staff education, training, and engagement

Since its creation, the CFPB has focused on strong engagement with existing and potential Bureau staff, successfully utilizing education, training, and engagement programs. As the CFPB matures, it has increased both the reach and depth of these programs.

Examples during this reporting period include:

- Offering increased quantity and scope of learning programs for employees and leaders;
- Launched the individual development planning process leveraging an individual development plan template, related developmental guidance, a cross-reference to numerous off-the-shelf learning programs, as well as a career development workshop;

- Launched a core competency modeling development project to refine and expand the competency and technical expertise documentation for Bureau employees at all levels: Individual Contributors, Supervisors & Managers, and Executives;
- Initiated a job task and competency analysis for examiner positions to support development of specialized competency-based learning programs and the examiner commissioning program;
- Implemented a comprehensive coaching program for the CFPB leadership;
- Conducted an Administrative Conference to provide learning opportunities for administrative staff, to share best practices, and to optimize administrative collaboration;
- Offered 25 Lunch and Learn educational sessions on topics of cross-functional interest which support the CFPB's values of Serve, Lead, and Innovate and which foster successful achievement of our mission;
- Hosted Diversity and Inclusion training events and a number of cultural awareness events to raise awareness and develop cultural competency skills;
- Launched a "How Did I Get Here" series where Bureau leaders share stories and insights of how they made it to their current positions;
- Fully implemented a Learning Management System to automate the SF-182 training authorization process, and to track and report on compliance with orientation: attendance, mandatory training completion, other online course completion, classroom training workshops, and on-the-job training events;
- Refined a catalog of dozens of online courses targeted to address the CFPB core competencies and basic supervisory skills, and added managerial learning references;
- Launched a library of online reference material; and
- Refined a variety of examination tools, including: a full catalog of computer-based training modules on consumer compliance laws and regulations and general banking topics, a series of job aids that summarize important regulatory requirements, and access to a Regulatory Compliance Manual, which provides helpful commentary and explanation of consumer compliance regulatory requirements.

In addition, the Bureau is working to identify, cultivate, and sustain a diverse and inclusive work environment. The Bureau is committed to developing a culture that encourages collaboration and fairness, and leverages diversity throughout the organization so that all individuals are equipped to Serve, Lead, and Innovate.

10.3 Diversity

Attention to diversity and inclusion has been a cornerstone of the CFPB's foundation, its strategic workforce planning programs, and its contracting since its establishment. In January 2012, the Bureau formally established the Office of Minority and Women Inclusion (OMWI) to ensure that inclusion continues to inform its work.

OMWI focuses on developing and refining standards for:

- Equal employment opportunity, workforce diversity, and inclusion at all levels of the bureau;
- Increased participation of minority-owned and women-owned businesses in the programs and contracts of the agency, including standards for coordinating technical assistance to such businesses; and
- Assessing the diversity policies and practices of entities regulated by the agency.

10.3.1 Diversity in the CFPB's workforce

As of March 22, 2014, the Bureau had 1,362 total employees. Women represent 46% of the Bureau's workforce. The CFPB is committed not only to strong workforce demographics by gender, but also to increasing the number of women in leadership positions.

FIGURE 11: CFPB WORKFORCE BY GENDER FOR CALENDAR YEAR 2013

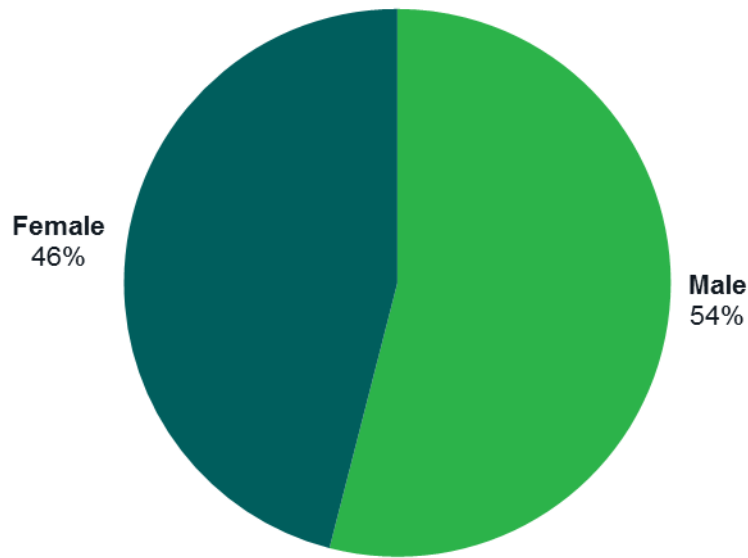
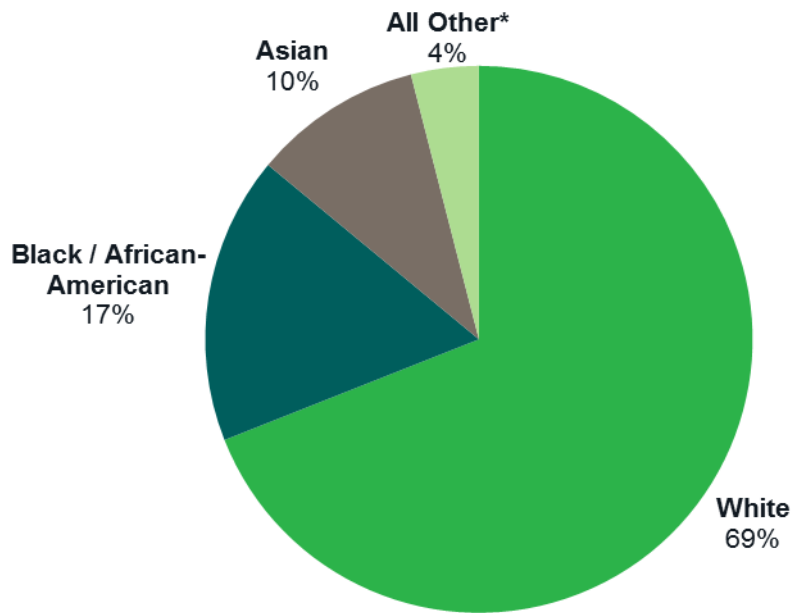


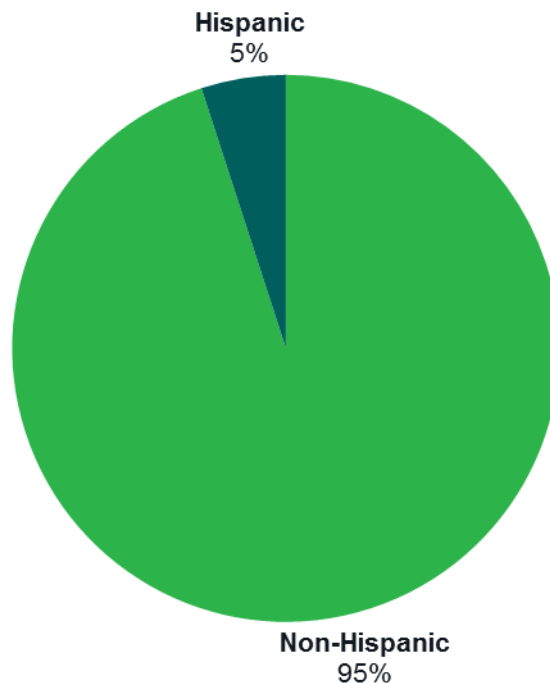
Figure 12 shows the CFPB workforce by race and ethnicity. Of the 1,354 employees at year end of 2013, 69% self-identify as White, 17% as Black/African-American, 10% as Asian American, and 4% as another racial group or belonging to two or more racial groups. In terms of ethnicity, 5% of employees self-identify as Hispanic, and 95% as Non-Hispanic.

FIGURE 12: CFPB WORKFORCE BY RACE FOR CALENDAR YEAR 2013



*Includes American Indian/Alaska Native, Native Hawaiian/Pacific Islander, Two or more Races, and all other employees who did not select a racial category.

FIGURE 13: CFPB WORKFORCE BY HISPANIC/NON-HISPANIC FOR CALENDAR YEAR 2013



10.3.2 OMWI's role at the CFPB

The OMWI supports the Bureau in creating a diverse and inclusive environment. OMWI supports the bureau's efforts to bring diverse perspectives to the CFPB's work by ensuring that the talents of all employees are maximized and that inclusion strategies are incorporated into the policies, practices, and training at the Bureau. The OMWI office focuses on organizational culture by promoting collaboration and creativity. OMWI promotes inclusive hiring practices as well as inclusive contracting practices at the Bureau.

INCLUSION

The CFPB is committed to fostering an environment in which every individual has an opportunity to excel and contribute to the mission and goals of the Bureau. OMWI plans to optimize training and education to enhance diversity management and leadership skill sets. OMWI has established an executive diversity council consisting of Bureau-wide leaders to promote diversity and inclusion practices throughout the Bureau. The OMWI office has also launched a Bureau-wide newsletter to better connect with employees about the work of the office and to solicit strategies and recommendations from employees on ways to improve workforce cultural climate.

OMWI continues to provide diversity and inclusion training to Bureau employees to expand awareness, knowledge and cultural competencies that aid in the understanding of a diverse workforce and its value to the CFPB mission. As of year-end 2013, OMWI has provided diversity and inclusion training to almost 75% of the Bureau's workforce. The office will launch a mentoring program to equip employees with the tools necessary to navigate their career path. OMWI continues to collaborate with OHC and division heads to promote policies, practices, and procedures to ensure that all employees are developed to their maximum potential. OMWI works closely with OHC, the Office of Equal Employment Opportunity (OEEEO), and department heads in analyzing annual employee survey results, exit interview trends, and workforce analytics to determine retention issues and areas of opportunity to maintain and grow an inclusive workforce at the CFPB.

EMPLOYMENT

OMWI is responsible for promoting diverse and inclusive hiring practices at the Bureau. OMWI continues to collaborate with OHC by participating at recruitment and outreach events in order to attract a diverse pool of qualified candidates emphasizing diversity from a wide range of American society. OMWI has assisted with the development of internal systems and processes and training to ensure that the CFPB has the benefit of a diverse and qualified pool of candidates for all job openings. OMWI has developed strategic partnerships with colleges, universities, professional organizations and affinity groups, and is working with hiring managers at the CFPB to create internship opportunities and entry-level positions that target diverse groups of students around the country. The Bureau has conducted extensive outreach to various organizations and formulated partnerships that we believe will continue to connect us to a diverse applicant pool.

OMWI continues to collaborate with OHC and OEEEO to develop tools to monitor and analyze the diversity of applicants and hires. OMWI is involved in developing applicant assessment processes, including exploring the use of methods that will enhance the qualifications review process. We have formulated internal working groups that include members from each office to address specific areas for potential growth.

DIVERSITY AND INCLUSION AT REGULATED ENTITIES

Under the Dodd-Frank Act, OMWI is required to create standards for assessing the diversity and inclusion policies and practices of the entities regulated by the CFPB. OMWI continues to coordinate with fellow OMWI Directors at the FDIC, FRB, NCUA, OCC, and SEC to develop standards. Draft standards were published in Fall 2013 and the agencies received public

comment and feedback. OMWI Directors are currently working on finalized standards for release to the public.

PROCUREMENT

OMWI and the Bureau's Procurement Office (Procurement) are committed to greater economic empowerment for women and minorities and aim to promote greater procurement opportunities for minority-owned and women-owned businesses.

OMWI has engaged in a dynamic outreach effort to raise the Bureau's profile and develop a series of outreach events focused on supplier diversity. This includes:

- Creating and developing relationships with key business stakeholders, industry groups, and trade groups;
- Speaking at and attending supplier diversity events and co-locating with other federal partners at events when available;
- Developing literature and educational materials aimed at minority- and women-owned businesses;
- Creating a communications plan to share with interested stakeholders about opportunities at the CFPB, upcoming events, and procurement news; and
- Developing a provision concerning the "fair inclusion of women and minorities in the workforce of the contractor," and of subcontractors when applicable, as required under Section 342(c)(2) of the Dodd-Frank Act to be included in applicable CFPB solicitations and contracts, and on the CFPB website.

The CFPB is a regular participant in an interagency working group consisting of other OMWI Directors from the FDIC, the FHFA, the FRB, the Department of the Treasury, the NCUA, the OCC, and the SEC. In 2013, the CFPB and interagency partners participated in a series of procurement events targeted at recruiting diverse suppliers. The working group also developed joint materials including information on the OMWIs' directives to share with suppliers. Procurement is currently measuring obligations for certain small business contracts awarded to

minority-owned small disadvantaged businesses and women-owned small businesses. As of the end of the second quarter in FY 2014⁸⁹, the Bureau awarded 25% of contract dollars to small businesses.⁹⁰ As shown in Table 21, of the total contract dollars awarded in FY 2014, 6%⁹¹ went to small disadvantaged businesses. Additionally, 11%⁹² of total contract dollars went to woman-owned small businesses.

TABLE 21: CONTRACT DOLLARS AWARDED TO SMALL BUSINESS BY TYPE

	Obligated dollars*
Small Business	\$20,403,118
Small disadvantaged business	\$5,219,446
Woman-owned small business	\$8,824,323
Service disabled veteran owned small business	\$1,630,614
HubZone small business	\$184,790

*Dollars may apply to multiple socio-economic categories.

Coordinating with OMWI, Procurement has developed an external website presence with a forecast of procurement opportunities, in addition to a direct Procurement email address that has fostered excellent communication between the office and potential small business vendors. Many small minority-owned and women-owned businesses may find trying to do business with the Federal Government difficult and unclear. In an effort to increase transparency and enhance understanding, the CFPB has developed a number of practical resources for minority-owned

⁸⁹ Data source is from the Federal Procurement Data System (FPDS) for FY 2014 through March 31, 2014. FPDS data is subject to an OMB annual validation each January for the previous fiscal year.

⁹⁰ Approximately \$20 million.

⁹¹ Approximately \$5 million.

⁹² Approximately \$9 million.

businesses. The OMWI created several brochures and pamphlets for diverse suppliers. These materials include historical obligations by products and service categories, a forecast of future procurements, and information on small business set-asides. The OMWI works with Procurement to make these resources available digitally and update them regularly on the CFPB's website.⁹³

The two offices have also extended outreach efforts both locally and nationally, including presence at the National Minority Supplier Diversity Council, the 24th Annual Government Procurement Conference, the ACT-IAC Small Business Conference, the Federal Reserve Board's Vendor Outreach Event, the Womens' Business Enterprise National Council Annual Conference, and a Small Business Fair, which was held in Summer 2013. Due to the success of this small business fair, OMWI held another training session for non-profit organizations on navigating the Federal procurement process in November 2013. This was particularly timely in light of several upcoming Bureau procurements focused on consumer engagement and financial literacy, for which non-profits make up a substantial share of potential vendors. There are plans to hold similar events on a regular basis.

EXTERNAL AFFAIRS AND COMMUNICATION

In collaboration with External Affairs, OMWI conducts outreach to consumer groups, advocacy organizations, and other stakeholders to develop strong and productive partnerships. These meetings serve as forums to discuss concerns and issues such as those related to minority and women-owned business contracting opportunities with the Bureau, as well as opportunities within the regulated entities. OMWI and Procurement will continue to develop productive relationships with the representatives of the communities that we serve.

⁹³ <http://www.consumerfinance.gov/doing-business-with-us/> .

APPENDIX A:

More about the CFPB

GENERAL INFORMATION:

Email address: info@consumerfinance.gov

Phone number: (202) 435-7000

MAILING ADDRESS:

Consumer Financial Protection Bureau

ATTN: Employee name, Division, and/or Office Number

1700 G Street, NW

Washington, D.C. 20552

CONSUMER COMPLAINTS AND QUESTIONS:

Webpage: consumerfinance.gov/complaint

Toll free number: (855) 411-CFPB (2372)

TTY/TDD: (855) 729-CFPB (2372)

Fax number: (855) 237-2392

Hours of operation: 8 a.m. - 8 p.m. EST, services in 180+ languages

Consumer Financial Protection Bureau

PO Box 4503

Iowa City, Iowa 52244

WHISTLEBLOWERS:

Email: whistleblower@consumerfinance.gov

Toll free number: (855) 695-7974

PRESS & MEDIA REQUESTS:

Email: press@consumerfinance.gov

OFFICE OF LEGISLATIVE AFFAIRS:

Legislative Affairs: (202) 435-7960

CFPB OMBUDSMAN'S OFFICE:

Email: CFPBOmbudsman@cfpb.gov

Webpage: consumerfinance.gov/ombudsman

Toll free number: (855) 830-7880

TTY number: (202) 435-9835 Fax number: (202) 435-7888

APPENDIX B:

Statutory reporting requirements

This Appendix provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act. The sections of the report identified below respond to Section 1016(c)'s requirements.

Statutory Subsection	Reporting Requirement	Section	Page
1	A discussion of the significant problems faced by consumers in shopping for or obtaining consumer financial products or services	Consumer challenges in obtaining financial products and services – shopping challenges	47-50
2	A justification of the Bureau's budget request for the previous year	Budget; Appendix I – Financial and budget reports	110-23 161-62
3	A list of significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year, and the plan of the Bureau for rules, orders, or other initiatives to be undertaken during the upcoming period	Appendix C – Significant rules, orders, and initiatives	139-49
4	An analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year	Consumer challenges in obtaining financial products and services – Consumer concerns	14-47

5	A list, with a brief statement of the issues, of the public supervisory and enforcement actions to which the Bureau was a party during the preceding year	Enforcement actions	91-99
6	The actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions	Appendix D – Actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions	150-51
7	An assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law	Appendix E – Significant state attorney general and regulator actions	152-53
8	An analysis of the Bureau's efforts to fulfill its fair lending mission	Fair lending	100-06
9	An analysis of the Bureau's efforts to increase workforce and contracting diversity consistent with the procedures established by OMWI	Diversity and excellence	124-34

APPENDIX C:

Significant rules, orders, and initiatives⁹⁴

Section 1016(c)(3) requires “a list of significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year and the plan of the Bureau for rules, orders or other initiatives to be undertaken during the upcoming period.”

Below is a list of rules and other initiatives that the Bureau proposed, adopted or finalized during the preceding year.⁹⁵ Rather than limiting the list to significant items, the Bureau has, in order to be transparent and provide complete information about its activities, included a more expansive set of rules and initiatives:⁹⁶

- Proposed rule: Minimum Requirements for Appraisal Management Companies;⁹⁷
- Final Rule: Equal Access to Justice Act Implementation Rule;⁹⁸

⁹⁴ Many links in this section are to documents published in the *Federal Register*. However, links to final rules, proposed rules and guidance documents may also be found on the CFPB’s website, consumerfinance.gov/regulations/.

⁹⁵The preceding year is defined as April 1, 2013 through March 31, 2014.

⁹⁶ To better inform the public, this Appendix contains a discussion of a broad range of rulemakings, orders, and initiatives, which may not be defined as “significant” for other purposes.

⁹⁷ This joint notice of proposed rulemaking, Docket CFPB-2014-0006, would amend, among other parts, 12 CFR 1026, and was published in the *Federal Register* on April 9, 2014. <http://www.gpo.gov/fdsys/pkg/FR-2014-04-09/pdf/2014-06860.pdf>.

- Proposed rule: Defining Larger Participants of the International Money Transfer Market;⁹⁹
- Final rule: Truth in Lending (Regulation Z): Adjustment To Asset-Size Exemption Threshold;¹⁰⁰
- Final rule: Home Mortgage Disclosure (Regulation C): Adjustment To Asset-Size Exemption Threshold;¹⁰¹
- Final rule: Appraisals for Higher-Priced Mortgage Loans;¹⁰²
- Final rule: Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z);¹⁰³
- Final rule: Truth in Lending (Regulation Z);¹⁰⁴
- Final rule: Defining Larger Participants of the Student Loan Servicing Market;¹⁰⁵

⁹⁸ This final rule, Docket CFPB-2012-0020, amended 12 CFR 1071 and was published in the *Federal Register* on February 10, 2014. <http://www.gpo.gov/fdsys/pkg/FR-2014-02-10/pdf/2014-02115.pdf>.

⁹⁹ This proposed rule, Docket CFPB-2014-0003, would amend 12 CFR 1090 and was published in the *Federal Register* on January 31, 2014. <http://www.gpo.gov/fdsys/pkg/FR-2014-01-31/pdf/2014-01606.pdf>.

¹⁰⁰ This final rule amended 12 CFR 1026 and was published in the *Federal Register* on December 30, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-12-30/pdf/2013-31225.pdf>.

¹⁰¹ This final rule amended 12 CFR Part 1003 and was published in the *Federal Register* on December 30, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-12-30/pdf/2013-31223.pdf>.

¹⁰² This supplemental final rule, Docket CFPB-2013-0020, amended 12 CFR Part 1026 and was published in the *Federal Register* on December 26, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30108.pdf>.

¹⁰³ This final rule, Docket CFPB-2012-0028, amended 12 CFR Parts 1024 and 1026 and was published in the *Federal Register* on December 31, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-12-31/pdf/2013-28210.pdf>.

¹⁰⁴ This final rule amended 12 CFR Part 1026 and was published in the *Federal Register* on December 16, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-12-16/pdf/2013-29844.pdf>.

- Consumer Leasing (Regulation M);¹⁰⁶
- Truth in Lending (Regulation Z);¹⁰⁷
- Advance notice of proposed rulemaking: Debt Collection (Regulation F);¹⁰⁸
- Final Policy to Encourage Trial Disclosure Programs; Information Collection;¹⁰⁹
- Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies;¹¹⁰
- Interim final rule with request for public comment: Amendments to the 2013 Mortgage Rules under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z);¹¹¹
- Final rule: Amendments to the 2013 Mortgage Rules under the Equal Credit Opportunity Act (Regulation B), Real Estate Settlement Procedures Act (Regulation X), and the Truth in Lending Act (Regulation Z);¹¹²

¹⁰⁵ This final rule, Docket CFPB-2013-0005, amended 12 CFR 1090 and was published in the *Federal Register* on December 6, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-12-06/pdf/2013-29145.pdf>.

¹⁰⁶ This joint final rule amended 12 CFR 213 and 12 CFR 1013 and was published in the *Federal Register* on November 25, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-11-25/pdf/2013-28194.pdf>.

¹⁰⁷ This joint final rule amended 12 CFR Parts 226 and 1026 and was published in the *Federal Register* on November 25, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-11-25/pdf/2013-28195.pdf>.

¹⁰⁸ This advance notice of proposed rulemaking with request for public comment, Docket CFPB-2013-0033, would amend 12 CFR Part 1006 and was published in the *Federal Register* on November 12, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-11-12/pdf/2013-26875.pdf>

¹⁰⁹ This Notice of policy, Docket CFPB-2012-0046, was published in the *Federal Register* on October 29, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-10-29/pdf/2013-25580.pdf>.

¹¹⁰ This Notice of Proposed Interagency Policy Statement with Request for Comment, Docket CFPB-2013-0029, was published in the *Federal Register* on October 25, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-10-25/pdf/2013-25142.pdf>.

¹¹¹ This interim final rule, Docket CFPB-2013-0031, amended 12 CFR Parts 1024 and 1026 and was published in the *Federal Register* on October 23, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-10-23/pdf/2013-24521.pdf>.

- Interim final rule with request for public comment: Rules of Practice for Issuance of Temporary Cease-and-Desist Orders;¹¹³
- Notice of Ratification;¹¹⁴
- Final rule: Electronic Fund Transfers (Regulation E); Correction;¹¹⁵
- Proposed rule with request for public comment: Appraisals for Higher-Priced Mortgage Loans – Supplemental Proposal;¹¹⁶
- Final rule: Claims Under the Federal Tort Claims Act for Loss of or Damage to Property or for Personal Injury or Death;¹¹⁷
- Correction: Amendments to the 2013 Mortgage Rules Under the Real Estate Settlement Procedure Act (Regulation X) and the Truth in Lending Act (Regulation Z);¹¹⁸

¹¹²This final rule, Docket CFPB-2013-0018, amended 12 CFR Parts 1002, 1024, and 1026 and was published in the *Federal Register* on October 1, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-10-01/pdf/2013-22752.pdf>.

¹¹³ This interim final rule, Docket CFPB-2013-0030, amended 12 CFR Part 1081 and was published in the *Federal Register* on September 26, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-09-26/pdf/2013-23229.pdf>.

¹¹⁴ This notice was published in the *Federal Register* on August 30, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-08-30/pdf/2013-21275.pdf>.

¹¹⁵ The correction was published in the *Federal Register* on August 14, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-08-14/pdf/2013-19503.pdf>. It related to the final rule, Docket CFPB-2012-0050, which amended 12 CFR Part 1005 and was published in the *Federal Register* on May 22, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-22/pdf/2013-10604.pdf>.

¹¹⁶ This joint proposed rule with request for public comment, Docket CFPB-2013-0020, would amend 12 CFR Part 1026 and was published in the *Federal Register* on August 8, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-08-08/pdf/2013-17086.pdf>.

¹¹⁷ This final rule amended 12 CFR Part 1076 and was published in the *Federal Register* on August 5, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-08-05/pdf/2013-18844.pdf>.

¹¹⁸ This correction amended 12 CFR Parts 1024 and 1026 was published in the *Federal Register* on July 30, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-07-30/pdf/C1-2013-16962.pdf>.

- Final rule: Amendments to the 2013 Mortgage Rules Under the Real Estate Settlement Procedure Act (Regulation X) and the Truth in Lending Act (Regulation Z);¹¹⁹
- Final rule: Procedures for Bureau Debt Collection;¹²⁰
- Final rule: Procedural Rule to Establish Supervisory Authority Over Certain Nonbank Covered Persons Based on Risk Determination;¹²¹
- Proposed rule with request for public comment: Amendments to the 2013 Mortgage Rules Under the Equal Credit Opportunity Act (Regulation B), Real Estate Settlement Procedures Act (Regulation X), and the Truth in Lending Act (Regulation Z);¹²²
- Final rule: Ability-to-Repay and Qualified Mortgage Standards Under the Truth in Lending Act (Regulation Z);¹²³
- Final rule: Loan Originator Compensation Requirements Under the Truth in Lending Act (Regulation Z); Prohibition on Financing Credit Insurance Premiums; Delay of Effective Date;¹²⁴

¹¹⁹ This final rule, Docket CFPB-2013-0010, amended 12 CFR Parts 1024 and 1026 and was published in the *Federal Register* on July 24, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-07-24/pdf/2013-16962.pdf>.

¹²⁰ This final rule, Docket CFPB-2013-0021, amended 12 CFR Part 1073 and was published in the *Federal Register* on July 11, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-07-11/pdf/2013-16470.pdf>.

¹²¹ This final rule amended 12 CFR Part 1091 and was published in the *Federal Register* on July 3, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-07-03/pdf/2013-15485.pdf>.

¹²² This proposed rule with request for public comment, Docket CFPB-2013-0018, would amend 12 CFR Parts 1002, 1024, and 1026 and was published in the *Federal Register* on July 2, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-06-07/pdf/2013-13490.pdf>.

¹²³ The final rule, Docket CFPB-2012-0022, amended 12 CFR Part 1026 and was published in the *Federal Register* on January 30, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-01-30/pdf/2013-00736.pdf>. Subsequently, the Bureau proposed amendments to the final rule in April 2013, as Docket CFPB-2013-0002. http://files.consumerfinance.gov/f/201301_cfpb_concurrent-proposal_ability-to-repay.pdf. Finally, the Bureau published the final rule amending certain provisions of the January 30, 2013 final rule in the *Federal Register* on June 12, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-06-12/pdf/2013-13173.pdf>.

- Final rule: Amendments to the 2013 Escrows Final Rule under the Truth in Lending Act (Regulation Z);¹²⁵
- Final rule: Electronic Fund Transfers (Regulation E);¹²⁶
- Proposed rule with request for public comment: Loan Originator Compensation Requirements Under the Truth In Lending Act (Regulation Z); Prohibition on Financing Credit Insurance Premiums; Delay of Effective Date;¹²⁷
- Final rule: Consumer Financial Civil Penalty Fund;¹²⁸
- Proposed rule with request for public comment: Consumer Financial Civil Penalty Fund;¹²⁹
- Final rule: Truth in Lending (Regulation Z);¹³⁰

¹²⁴ This final rule, Docket CFPB-2013-0013, amended 12 CFR Part 1026 and was published in the *Federal Register* on May 31, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-31/pdf/2013-13023.pdf>.

¹²⁵ This final rule, Docket CFPB-2013-0009, amended 12 CFR Part 1026 and was published in the *Federal Register* on May 23, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-23/pdf/2013-12125.pdf>.

¹²⁶ This final rule, Docket CFPB-2012-0050, amended 12 CFR Part 1005 and was published in the *Federal Register* on May 22, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-22/pdf/2013-10604.pdf>.

¹²⁷ This proposed rule with request for public comment, Docket CFPB-2013-0013, would amend 12 CFR Part 1026, and was published in the *Federal Register* on May 10, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-10/pdf/2013-11223.pdf>.

¹²⁸ This final rule, Docket CFPB-2013-0011, added 12 CFR Part 1075 and was published in the *Federal Register* on May 7, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-07/pdf/2013-10320.pdf>.

¹²⁹ This proposed rule with request for public comment, Docket CFPB-2013-0012, would amend 12 CFR Part 1075 and was published in the *Federal Register* on May 7, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-07/pdf/2013-10318.pdf>.

¹³⁰ This final rule, Docket CFPB-2012-0039, amended 12 CFR Part 1026 and was published in the *Federal Register* on May 3, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-03/pdf/2013-10429.pdf>.

- Proposed rule with request for public comment: Amendments to the 2013 Mortgage Rules Under the Real Estate Settlement Procedure Act (Regulation X) and the Truth in Lending Act (Regulation Z);¹³¹
- Proposed rule with request for public comment: Amendments to the 2013 Escrows Final Rule Under the Truth in Lending Act (Regulation Z);¹³² and
- Final policy statement: Disclosure of Consumer Complaint Data.¹³³

In the upcoming period, the Bureau also intends to propose or adopt the following rules and orders, and conduct the following initiatives:

- Rules finalizing the restatement of regulations implementing consumer financial protection laws transferred from other regulatory agencies to the Bureau by the Dodd-Frank Act;
- Continue work on possible regulatory streamlining and burden reduction efforts, including a proposal to facilitate more efficient delivery of annual privacy notices under the Gramm-Leach-Bliley Act;
- Continue work on a proposal to seek comment on whether to extend the sunset on a Dodd-Frank Act provision that allows depository institutions to estimate certain remittances disclosure information under certain circumstances;

¹³¹ This proposed rule with request for public comment, Docket CFPB-2013-0010, would amend 12 CFR Parts 1024 and 1026 and was published in the *Federal Register* on May 2, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-05-02/pdf/2013-09750.pdf>.

¹³² This proposed rule with request for public comment, Docket CFPB-2013-0009, would amend 12 CFR Part 1026 and was published in the *Federal Register* on April 18, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-04-18/pdf/2013-09058.pdf>.

¹³³ This final policy statement, Docket CFPB-2012-0023, was published in the *Federal Register* on April 10, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-04-10/pdf/2013-07569.pdf>.

- Continue work to address issues in connection with implementation of the Dodd-Frank Act's mortgage requirements and implementation of the Bureau's January 2013 mortgage rules;
- Continue work toward a rulemaking to implement the Dodd-Frank Act amendments to HMDA;
- Continue work toward a rulemaking on general purpose reloadable prepaid cards;
- Continued expansion of the Bureau's capacity to handle consumer complaints with respect to all products and services within its authority;
- Enforcement of Nondiscrimination on the Basis of Disability in Programs and Activities Conducted by the Bureau of Consumer Financial Protection;
- Enforcement of Nondiscrimination on the Basis of Disability in Programs Receiving Financial Assistance from the Bureau;
- Procedures for Filing Claims against the Bureau under the Federal Tort Claims Act for loss of or damage to property or for personal injury or death;
- Propose additional rules to further define the scope of the Bureau's nonbank supervision program;
- Working jointly with the Federal Reserve Board, rules finalizing a Board proposal regarding the Expedited Funds Availability Act as implemented by Regulation CC.

The Bureau has issued the following bulletins and guidance documents over the past year:¹³⁴

- Bulletin 2014-01 on the FCRA's requirement that furnishers conduct investigations of disputed information;¹³⁵

¹³⁴ The past year is defined here as April 1, 2013 through March 31, 2014. The Bureau posts all bulletins and guidance documents on its website, consumerfinance.gov.

- FFIEC Guidance on Social Media;¹³⁶
- Bulletin 2013-13 to provide guidance to lenders regarding the homeownership counseling list requirement finalized in High-Cost Mortgage and Homeownership Counseling Amendments to the TILA (Regulation Z) and Homeownership Counseling Amendments to the RESPA Housing Counselor Amendments Final Rule;¹³⁷
- Interagency Statement on Fair Lending Compliance and the Ability-to-Repay and Qualified Mortgage Standards Rule;¹³⁸
- Bulletin 2013-12 to provide implementation guidance in implementing certain of the 2013 RESPA and TILA Servicing Final Rules;¹³⁹
- Bulletin 2013-11 on Home Mortgage Disclosure Act (HMDA) and Regulation C – Compliance Management; CFPB HMDA Resubmission Schedule and Guidelines; and HMDA Enforcement;¹⁴⁰
- HMDA Resubmission Schedule and Guidelines to be used to verify the accuracy of institution-reported HMDA data during HMDA reviews and to describe when institutions should be required to correct and resubmit HMDA data;¹⁴¹

¹³⁵ CFPB Bulletin 2014-01 was published to the Bureau’s website on February 27, 2014.
http://files.consumerfinance.gov/f/201402_cfpb_bulletin_fair-credit-reporting-act.pdf.

¹³⁶ http://files.consumerfinance.gov/f/201309_cfpb_social_media_guidance.pdf.

¹³⁷ CFPB Bulletin 2013-13 was published to the Bureau’s website on November 8, 2013.
http://files.consumerfinance.gov/f/201311_cfpb_bulletin_homeownership-counseling-list-requirements.pdf.

¹³⁸ This document was released on October 22, 2013.
http://files.consumerfinance.gov/f/201310_cfpb_guidance_qualified-mortgage-fair-lending-risks.pdf.

¹³⁹ CFPB Bulletin 2013-12 was published to the Bureau’s website on October 15, 2013.
http://files.consumerfinance.gov/f/201310_cfpb_mortgage-servicing_bulletin.pdf.

¹⁴⁰ CFPB Bulletin 2013-11 was published to the Bureau’s website on October 9, 2013.
http://files.consumerfinance.gov/f/201310_cfpb_hmda_compliance-bulletin_fair-lending.pdf.

- **Interagency Guidance on Privacy Laws and Reporting Financial Abuse of Older Adults;**¹⁴²
- **Examination Procedures on Short-Term, Small-Dollar Lending Procedures under the Military Lending Act;**¹⁴³
- **Bulletin 2013-10 to reiterate the application of the EFTA and Regulation E, which implements the EFTA, with respect to payroll card accounts;**¹⁴⁴
- **Bulletin 2013-09 on the FCRA’s requirement to investigate disputes and review “all relevant” information provided by consumer reporting agencies about the dispute;**¹⁴⁵
- **Interim Procedures on RESPA – Home Ownership and Equity Protection, and Mortgage Servicing Requirements;**¹⁴⁶
- **Interim Procedures on TILA – Higher-Priced Mortgage Loan Appraisals, Escrow Accounts, Loan Originator Compensation, Ability-to-Repay Qualified Mortgages, High-Cost Mortgages, and Mortgage-Servicing Requirements;**¹⁴⁷

¹⁴¹ This document was published on the Bureau’s website on October 9, 2013.

http://files.consumerfinance.gov/f/201310_cfpb_hmda_resubmission-guidelines_fair-lending.pdf.

¹⁴² This was a joint effort between the Federal Reserve, the CFTC, the FTC, the NCUA, the OCC, the SEC, and the CFPB. The document was published to the Bureau’s website on September 24, 2013.

http://files.consumerfinance.gov/f/201309_cfpb_elder-abuse-guidance.pdf.

¹⁴³ This document was released on September 17, 2013.

http://files.consumerfinance.gov/f/201309_cfpb_payday_manual_revisions.pdf.

¹⁴⁴ CFPB Bulletin 2013-10 was published to the Bureau’s website on September 12, 2013.

http://files.consumerfinance.gov/f/201309_cfpb_payroll-card-bulletin.pdf.

¹⁴⁵ CFPB Bulletin 2013-09 was published to the Bureau’s website on September 4, 2013.

http://files.consumerfinance.gov/f/201309_cfpb_bulletin_furnishers.pdf.

¹⁴⁶ This document was released on August 15, 2013.

http://files.consumerfinance.gov/f/201308_cfpb_respa_narrative-exam-procedures.pdf.

- ECOA Baseline Review Procedures to be used by examiners during ECOA Baseline reviews to identify and analyze risks of ECOA violations, to facilitate the identification of certain types of ECOA and Regulation B violations, and to inform the Fair Lending prioritization process in order to make decisions for future CFPB reviews;¹⁴⁸
- Bulletin 2013-08 on Representations Regarding Effect of Debt Payment on Credit Reports and Scores;¹⁴⁹
- Bulletin 2013-07 on the Prohibition of Unfair, Deceptive, or Abusive Acts or Practices in the Collection of Consumer Debts;¹⁵⁰
- Bulletin 2013-06 on Responsible Business Conduct: Self-Policing, Self-Reporting, Remediation, and Cooperation;¹⁵¹
- ECOA Interim Procedures- Appraisal and Valuation Requirements;¹⁵² and
- Bulletin 2013-03 about the SAFE Act – Uniform State Test for State-Licensed Mortgage Loan Originators.¹⁵³

¹⁴⁷ This document was released on August 15, 2013. http://files.consumerfinance.gov/f/201308_cfpb_tila-narrative-exam-procedures.pdf.

¹⁴⁸ ECOA Baseline Review Procedures was published on the Bureau's website on July 19, 2013. http://files.consumerfinance.gov/f/201307_cfpb_ecoa_baseline-review-module-fair-lending.pdf.

¹⁴⁹ CFPB Bulletin 2013-08 was published to the Bureau's website on July 10, 2013. http://files.consumerfinance.gov/f/201307_cfpb_bulletin_collections-consumer-credit.pdf.

¹⁵⁰ CFPB Bulletin 2013-07 was published on the Bureau's website on July 10, 2013. http://files.consumerfinance.gov/f/201307_cfpb_bulletin_unfair-deceptive-abusive-practices.pdf.

¹⁵¹ CFPB Bulletin 2013-06 was published on the Bureau's website on June 25, 2013. http://files.consumerfinance.gov/f/201306_cfpb_bulletin_responsible-conduct.pdf.

¹⁵² ECOA Interim Procedures was published on the Bureau's website on June 4, 2013. http://files.consumerfinance.gov/f/201306_cfpb_laws-and-regulations_ecoa-combined-june-2013.pdf.

¹⁵³ CFPB Bulletin 2013-05 was published on the Bureau's website on May 20, 2013. http://files.consumerfinance.gov/f/201305_cfpb_bulletin_safeactuniformtestguidance.pdf.

The Bureau has issued the following orders over the past year:¹⁵⁴

- *In the Matter of: 1st Alliance Lending, LLC*;¹⁵⁵
- *In the Matter of: Fidelity Mortgage Corporation and Mark Figert*;¹⁵⁶
- *In the Matters of: American Express Centurion Bank, et al.*;¹⁵⁷
- *In the Matter of: Ally Financial Inc.; and Ally Bank*;¹⁵⁸
- *In the Matter of: GE Capital Retail Bank, CareCredit LLC*;¹⁵⁹
- *In the Matter of: 3D Resorts-Bluegrass, LLC*;¹⁶⁰
- *In the Matter of: Cash America International, Inc.*;¹⁶¹

¹⁵⁴ April 1, 2013 - March 31, 2014.

¹⁵⁵ File No. 2014-CFPB-0003. Consent order filed on February 24, 2014.
http://files.consumerfinance.gov/f/201402_cfpb_consent_order_first-alliance.pdf.

¹⁵⁶ 2014-CFPB-0001. Consent order filed on January 16, 2014.
http://files.consumerfinance.gov/f/201310_cfpb_hmda_compliance-bulletin_fair-lending.pdf.

¹⁵⁷ Files 2013-CFPB-0011, http://files.consumerfinance.gov/f/201312_cfpb_consent_amex_centurion_011.pdf, 2013-CFPB-0012, http://files.consumerfinance.gov/f/201312_cfpb_consent_amex_FSB_012.pdf, and 2013-CFPB-0013, http://files.consumerfinance.gov/f/201312_CFPB_Consent_AETRS_013.pdf were entered on December 24, 2013.

¹⁵⁸ File 2013-CFPB-0010. Consent order filed on December 20, 2013.
http://files.consumerfinance.gov/f/201312_cfpb_consent-order_ally.pdf.

¹⁵⁹ File 2013-CFPB-0009. Consent order filed on December 10, 2013.
http://files.consumerfinance.gov/f/201312_cfpb_consent-order_ge-carecredit.pdf.

¹⁶⁰ File 2013-CFPB-0002. Consent order filed on December 2, 2013.
http://files.consumerfinance.gov/f/201312_cfpb_consent-order_3dresorts-bluegrass.pdf.

- *In the Matter of: Washington Federal*;¹⁶²
- *In the Matter of: Mortgage Master*;¹⁶³
- *In the Matter of: JPMorgan Chase Bank, N.A.; and Chase Bank USA, N.A.*;¹⁶⁴
- Orders to secure sample sets of consumer agreements for an arbitration study of standard form checking account agreements;¹⁶⁵
- *In the Matter of U.S. Bank National Association*;¹⁶⁶
- *In the Matter of Dealers' Financial Services*;¹⁶⁷
- *In the Matter of Paul Taylor, Paul Taylor Homes Limited, and Paul Taylor Corp.*;¹⁶⁸
and
- Electronic Fund Transfers; Determination of Effect on State Laws (Maine and Tennessee).¹⁶⁹

¹⁶¹ File 2013-CFPB-0008. Consent order filed on November 20, 2013.

http://files.consumerfinance.gov/f/201311_cfpb_cashamerica_consent-order.pdf.

¹⁶² File 2013-CFPB-0005. Consent order filed on October 9, 2013.

http://files.consumerfinance.gov/f/201310_cfpb_consent-order_washington-federal.pdf.

¹⁶³ File 2013-CFPB-0006. Consent order filed on October 9, 2013.

http://files.consumerfinance.gov/f/201310_cfpb_consent-order_mortgage-master.pdf.

¹⁶⁴ File 2013-CFPB-0007. Consent order filed on September 19, 2013.

http://files.consumerfinance.gov/f/201309_cfpb_jpmc_consent-order.pdf.

¹⁶⁵ Pursuant to Section 1022(c)(4) of the Dodd-Frank Act. These orders were issued in September 2013.

¹⁶⁶ File No. 2013-CFPB-0003. Consent order entered June 27, 2013.

http://files.consumerfinance.gov/f/201306_cfpb_enforcement-order_2012-0340-02.pdf.

¹⁶⁷ File No. 2013-CFPB-0004. Consent order entered June 27, 2013.

http://files.consumerfinance.gov/f/201306_cfpb_enforcement-order_2013-0589-02.pdf.

¹⁶⁸ File No. 2013-CFPB-0001. Consent order entered May 17, 2013.

http://files.consumerfinance.gov/f/291305_cfpb_consent-order-0001.pdf.

¹⁶⁹ This notice was published in the *Federal Register* on April 25, 2013. <http://www.gpo.gov/fdsys/pkg/FR-2013-04-25/pdf/2013-09751.pdf>.

APPENDIX D:

Actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions

Section 1016(c)(6) requires a report on “the actions taken regarding rules, orders and supervisory actions with respect to covered persons which are not credit unions or depository institutions.” Between April 1, 2013 and March 31, 2014, the Bureau has taken the following actions with respect to such covered persons:

- *In the Matter of: Mortgage Master, Inc.* (File No. 2013-CFPB-0006) (consent orders entered October 9, 2013);
- *In the Matter of: Cash America International, Inc.* (File No. 2013-CFPB-0008) (consent order entered November 20, 2013);
- *In the Matter of GE Capital Retail Bank, CareCredit LLC* (File No. 2013-CFPB-0009) (consent order entered December 10, 2013);
- *In the Matter of: Fidelity Mortgage Corporation and Mark Figert* (File No. 2014-CFPB-0001) (consent order entered January 16, 2014);

- *In the Matter of: 3D Resorts-Bluegrass, LLC*, File No. 2013-CFPB-0002 (notice of charges filed June 14, 2013) (consent ordered entered December 2, 2013);
- Final rule defining “larger participants” of the student loan servicing market;¹⁷⁰ and
- Final rule establishing procedures to implement section 1024(a)(1)(C) pursuant to which the Bureau may bring under its supervisory authority certain nonbanks the Bureau has reasonable cause to believe are or have engaged in activities posing risks to consumers in connection with the offering or provision of consumer financial products or services.¹⁷¹

¹⁷⁰ <http://www.gpo.gov/fdsys/pkg/FR-2013-12-06/pdf/2013-29145.pdf>.

¹⁷¹ <http://www.gpo.gov/fdsys/pkg/FR-2013-07-03/pdf/2013-15485.pdf>.

APPENDIX E:

Significant state attorney general and regulator actions

Dodd-Frank Section 1016(c)(7) requires “an assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law.”

For purposes of the Section 1016(c)(7) reporting requirement at this early period in the Bureau’s development, the Bureau has determined that any actions asserting claims pursuant to the Dodd-Frank Act are “significant.” The Bureau is not aware of any such actions that have been filed by State regulators in the year preceding this report (April 1, 2013 through March 14, 2014). The Bureau is aware of the following State Attorney General actions that asserted Dodd-Frank Act claims:

- *State of New Mexico ex rel., Gary King, Attorney General v. Bank of America Corporation and FIA Card Services, N.A.*, No. 1:13-cv-00478-KBM-LFG (D.N.M. July 2, 2013);
- *State of New Mexico ex rel., Gary King, Attorney General v. Capital One Bank (USA) N.A. and Capital One Services, LLC*, No. 1:13-cv-00513-KBM-RHS (D.N.M. July 2, 2013);
- *State of New Mexico ex rel., Gary King, Attorney General v. JPMorgan Chase & Co., and Chase Bank USA, N.A.*, No. 1:13-cv-00472-LAM-KMB (D.N.M. July 2, 2013);
- *State of New Mexico ex rel., Gary King, Attorney General v. Citigroup Inc., Citibank, N.A., and Department Stores National Bank*, No. 1:13-cv-00580-MV-KBM (D.N.M. July 2, 2013);
- *State of New Mexico ex rel., Gary King, Attorney General v. Discover Financial Services, Inc., Discover Bank, DFS Services, L.L.C., Assurant, Inc., and American Bankers Management Corporation, Inc.*, No. 1:13-cv-00503-LFG-ACT (D.N.M. July 2, 2013);
- *State of New Mexico ex rel., Gary King, Attorney General v. GE Capital Retail Bank f/k/a GE Money Bank*, No. 1:13-cv-00497-LFG-ACT (D.N.M. July 2, 2013);

- *State of New Mexico ex rel., Gary King, Attorney General v. HSBC Bank Nevada, N.A., HSBC Card Services, Inc., and HSBC Bank USA, N.A.*, No. 1:13-cv-00504-RHS-KBM (D.N.M. July 2, 2013); and
- *People of the State of Illinois, by Lisa Madigan, Illinois Attorney General, v. CMK Investments, INC d/b/a All Credit Lenders, Inc., an Illinois Corporation*, No. 2014CH04694 (Cir. Ct. Cook Cnty. Mar. 18, 2014).

APPENDIX F:

Reports

The CFPB published the following reports from April 1, 2013 through March 31, 2014, which may be found at consumerfinance.gov/reports/:

April 18, 2013: Senior Designations for Financial Advisors: Reducing Consumer Confusion and Risks;

April 24, 2013: Payday Loans and Deposit Advance Products: A White Paper of Initial Data Findings;

April 30, 2013: Transforming the Financial Lives of a Generation of Young Americans: Policy Recommendations for Advancing K-12 Financial Education;

May 8, 2013: Student Loan Affordability: Analysis of Public Input on Impact and Solutions;

May 13, 2013: Feedback from the financial education field;

June 11, 2013: CFPB Study of Overdraft Programs: A white paper of initial data findings;

July 9, 2013: Consumer Response: A Snapshot of Complaints Received;

July 18, 2013: Financial Literacy Annual Report;

July 22, 2013: CFPB Plain Writing Act compliance report;

August 1, 2013: Mid-year snapshot of private student loan complaints;

August 21, 2013: Supervisory Highlights: Summer 2013;

August 27, 2013: Public Service and Student Debt: Analysis of Existing Benefits and Options for Public Service Organizations;

September 18, 2013: Financial empowerment training for social service programs: A scan of community-based initiatives;

October 1, 2013: CARD Act Report: A review of the impact of the CARD Act on the consumer credit card market;

October 16, 2013: Annual Report of the CFPB Student Loan Ombudsman;

November 5, 2013: Semi-Annual Report of the Consumer Financial Protection Bureau;

November 5, 2013: Consumer Financial Protection Bureau Independent Audit of Selected Operations and Budget;

November 14, 2013: Empowering low income and economically vulnerable consumers: report on a national convening;

November 18, 2013: Navigating the Market: A comparison of spending on financial education and financial marketing;

November 22, 2013: Understanding the Effects of Certain Deposit Regulations on Financial Institutions' Operations: Findings on Relative Costs for Systems, Personnel, and Processes at Seven Institutions;

December 12, 2013: Arbitration Study Preliminary Results: Section 1028(a) Study Results to Date;

December 13, 2013: 2013 CFPB Annual Employee Survey;

December 16, 2013: Financial Report of the Consumer Financial Protection Bureau;

December 17, 2013: College Credit Card Agreements: Annual Report to Congress;

December 30, 2013: Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act;

January 13, 2014: Growing Our Human Capital: Human Capital Annual Report to Congress;

January 24, 2014: Rigorous evaluation of financial capability strategies: Why, when and how. Perspectives from the field;

January 30, 2014: Supervisory Highlights: Winter 2013;

February 27, 2014: Credit reporting complaint snapshot;

March 5, 2014: Complaints received from servicemembers, veterans, and their families. A snapshot by the Office of Servicemember Affairs;

March 12, 2014: Annual FOIA Report of the Consumer Financial Protection Bureau;

March 12, 2014: Chief FOIA Officer Report of the Consumer Financial Protection Bureau;

March 20, 2014: Fair Debt Collection Practices Act: CFPB Annual Report 2014;

March 25, 2014: CFPB Data Point: Payday Lending;

March 28, 2014: No FEAR Act Annual Report FY 2013. Pursuant to Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002; and

March 31, 2014: Consumer Response Annual Report: January 1 – December 31, 2013.

APPENDIX G:

Congressional testimony

Senior CFPB staff has testified before Congress a total of 46 times since it began in 2011, including on the following 15 occasions between April 1, 2013 and March 31, 2014, which may be found at <http://www.consumerfinance.gov/newsroom/?type=testimony>:

April 23, 2013: Richard Cordray before the Senate Committee on Banking, Housing, and Urban Affairs, “The Consumer Financial Protection Bureau’s Semi-Annual Report to Congress”;

May 7, 2013: Corey Stone before the Senate Subcommittee on Consumer Protection, Product Safety, and Insurance, “Credit Reports: What Accuracy and Errors Mean for Consumers”;

May 16, 2013: Gail Hillebrand before the House Energy and Commerce Committee, “Fraud on the Elderly: A Growing Concern for a Growing Population”;

May 21, 2013: Peter Carroll and Kelly Cochran before the House Committee on Financial Services, “Qualified Mortgages: Examining the Impact of the Ability to Repay Rule”;

June 18, 2013: Steven Agostini before the House Financial Services Committee, “CFPB Budget Review”;

June 25, 2013: Rohit Chopra before the Senate Committee on Banking, Housing, and Urban Affairs, “Private Student Loans: Regulatory Perspectives”;

July 9, 2013: Steven L. Antonakes before the House Committee on Financial Services, “Examining How the Consumer Financial Protection Bureau Collects and Uses Consumer Data”;

July 17, 2013: Corey Stone before the Senate Committee on Banking, Housing, and Urban Affairs’ Subcommittee on Financial Institutions and Consumer Protection, “Shining a Light on the Consumer Debt Industry”;

July 23, 2013: Hollister K. Petraeus before the Senate Committee on Homeland Security and Governmental Affairs, “The 90/10 Rule: Improving Educational Outcomes for Our Military and Veterans”;

July 24, 2013: David Silberman before the Senate Special Committee on Aging, “Payday Loans: Short-term Solution or Long-term Problem”;

July 31, 2013: Hollister K. Petraeus before the Senate Committee on Veterans’ Affairs, “Preserving the Rights of Servicemembers, Veterans, and their Families in the Financial Marketplace”;

September 12, 2013: Richard Cordray before the House Committee on Financial Services, “The Semi-Annual Report of the Consumer Financial Protection Bureau”;

November 12, 2013: Richard Cordray before the Senate Committee on Banking, Housing, and Urban Affairs. “The Consumer Financial Protection Bureau’s Semi-Annual Report to Congress”;

November 20, 2013: Hollister K. Petraeus before the Senate Committee on Commerce, Science, & Transportation. “Soldiers as Consumers: Predatory and Unfair Business Practices Harming the Military Community”; and

January 28, 2014: Richard Cordray before the House Committee on Financial Services. “The Semi-Annual Report of the Consumer Financial Protection Bureau”.

APPENDIX H:

Speeches

Director Richard Cordray or Deputy Director Steven Antonakes spoke at the following public events between April 1, 2013 and March 31, 2014:¹⁷²

April 16, 2013: Remarks by Steve Antonakes at a meeting of the American Bankers Association in Washington, DC;

April 17, 2013: Remarks by Richard Cordray at the Federal Reserve Bank of Chicago VISA Inc. Financial Literacy and Education Summit in Chicago, IL;

April 30, 2013: Remarks by Richard Cordray at the Investing in Our Future Conference in Washington, DC;

May 2, 2013: Remarks of Steve Antonakes at the GMU Attorneys General Education Program at George Mason University School of Law;

May 7, 2013: Remarks of Richard Cordray at the Southern District of New York Press Conference in New York, NY;

May 8, 2013: Remarks by Richard Cordray at a Field Hearing on Student Loan Debt in Miami, FL;

May 14, 2013: Remarks by Richard Cordray at the National Association of Realtors in Washington, DC;

¹⁷² All speeches by CFPB senior staff are available at: <http://www.consumerfinance.gov/newsroom/?type=speech-2>.

May 15, 2013: Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Los Angeles, CA;

May 29, 2013: Remarks by Richard Cordray at the FINRA Investor Education Conference in Washington, DC;

June 6, 2013: Remarks by Steve Antonakes at “Life of a Debt: Data Integrity in Data Collection”, a CFPB/FTC Debt Collection Roundtable in Washington, DC;

June 12, 2013: Remarks by Richard Cordray at the Philadelphia Residential Mortgage Diversion Program Anniversary Celebration in Philadelphia, PA;

June 14, 2013: Remarks by Richard Cordray at the Clinton Global Initiative Conference in Chicago, IL;

June 19, 2013: Remarks by Richard Cordray to the Exchequer Club in Washington, DC;

July 10, 2013: Remarks by Richard Cordray at the CFPB Debt Collection Field Hearing in Portland, ME;

July 11, 2013: Remarks by Richard Cordray at the NAFCU Annual Conference in Boston, MA;

September 5, 2013: Remarks by Richard Cordray at The National Baptist Convention, USA, Inc. in Charlotte, NC;

September 11, 2013: Remarks by Richard Cordray at the American Mortgage Conference in Raleigh, NC;

September 18, 2013: Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Itta Bena, MS;

September 24, 2013: Remarks by Richard Cordray at the American Banker Regulatory Symposium in Arlington, VA;

September 25, 2013: Remarks by Richard Cordray at the Financial Literacy and Education Commission Field Hearing in Madison, WI;

September 30, 2013: Remarks by Richard Cordray at the CFPB Banking on Campus Forum in Washington, DC;

October 2, 2013: Remarks by Richard Cordray at the CARD Act Field Hearing in Chicago, IL;

October 3, 2013: Remarks by Richard Cordray at the Annual Financial Literacy and Economic Education Conference in Baltimore, MD;

October 9, 2013: Remarks by Steve Antonakes at the FDIC Advisory Committee on Economic Inclusion in Washington, DC;

October 21, 2013: Remarks by Richard Cordray at the American Bankers Association Annual Convention in New Orleans, LA;

October 23, 2013: Remarks by Richard Cordray at the Financial Literacy and Education Commission Meeting in Washington, DC;

October 28, 2013: Remarks by Richard Cordray at the Mortgage Bankers Association Annual Convention in Washington, DC;

November 14, 2013: Remarks by Richard Cordray at the CFPB Auto Finance Forum in Washington, DC;

November 20, 2013: Remarks by Richard Cordray at the “Know Before You Owe” Mortgage Field Hearing in Boston, MA;

November 21, 2013: Remarks by Richard Cordray at The Clearing House Annual Conference in New York, NY;

December 5, 2013: Remarks by Richard Cordray at the Consumer Federation of America;

December 12, 2013: Remarks by Richard Cordray at the Field Hearing on Arbitration in Dallas, TX;

January 7, 2014: Remarks by Richard Cordray at the National Association of Realtors in Washington, DC;

January 10, 2014: Remarks by Richard Cordray at the Fielding Hearing on Mortgages in Phoenix, AZ;

January 22, 2014: Remarks by Richard Cordray at the U.S. Conference of Mayors in Washington, DC;

February 12, 2014: Remarks by Richard Cordray at the Financial Literacy and Education Commission in Washington, DC;

February 19, 2014: Remarks by Steve Antonakes at the Mortgage Bankers Association in Orlando, FL;

February 25, 2014: Remarks by Richard Cordray at the Financial Literacy and Education Commission Field Hearing in Atlanta, GA;

February 26, 2014: Remarks by Richard Cordray at the National Association of Attorneys General Winter Meeting in Washington, DC;

February 27, 2014: Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Washington, DC;

March 3, 2014: Remarks by Steve Antonakes at Protecting Nevada's Consumers: A Common Ground Conference in Las Vegas, NV;

March 10, 2014: Remarks by Richard Cordray at the President's Advisory Council Meeting in Washington, DC;

March 12, 2014: Remarks by Steve Antonakes at the National Community Reinvestment Coalition Annual Conference in Washington, DC;

March 18, 2014: Remarks by Richard Cordray at the National Association of State Treasurers Legislative Conference in Washington, DC;

March 19, 2014: Remarks by Steve Antonakes at the U.S. Chamber of Commerce in Washington, DC; and

March 25, 2014: Remarks by Richard Cordray at the Payday Field Hearing in Nashville, TN.

APPENDIX I:

Financial budget reports Financial and budget reports

The CFPB has published the following financial reports from January 1, 2012 through March 31, 2014, which are all available at consumerfinance.gov/budget:

January 20, 2012: CFO update for the first quarter of FY 2012;

May 11, 2012: CFO update for the second quarter of FY 2012;

July 27, 2012: CFO update for the third quarter of FY 2012;

November 15, 2012: Financial Report of the CFPB – FY 2012;

December 15, 2012: CFO Update for the fourth quarter of FY 2012;

February 15, 2013: CFO Update for the first quarter of FY 2013;

May 15, 2013: CFO Update for the second quarter of FY 2013;

August 15, 2013: CFO Update for the third quarter of FY 2013;

December 15, 2013: Financial Report of the CFPB – FY 2013;

December 15, 2013: CFO Update for the fourth quarter of FY 2013;

February 14, 2014: CFO Update for the first quarter of FY 2014; and

May 15, 2014: CFO Update for the second quarter of FY 2014.¹⁷³

The CFPB has published the following Budget Documents, which are all available at consumerfinance.gov/budget:

- [Fiscal Year 2012 Budget in Brief](#);
- [Fiscal Year 2012 Congressional Budget Justification](#);
- [Fiscal Year 2013 Budget in Brief](#);
- [FY 2013 Budget Justification](#);
- [FY 2014 CFPB Strategic Plan, Budget, and Performance Report](#); and
- [FY 2015 CFPB Strategic Plan, Budget, and Performance Report](#).

The CFPB has published the following funding requests to and funding acknowledgements from the Federal Reserve Board, from January 1, 2012 through March 31, 2014, which are all available at consumerfinance.gov/budget:

January 6, 2012: [Funding Acknowledgement from the Federal Reserve Board](#);

March 30, 2012: [Funding Request to the Federal Reserve Board](#);

April 5, 2012: [Funding Acknowledgement from the Federal Reserve Board](#);

July 2, 2012: [Funding Request to the Federal Reserve Board](#);

July 9, 2012: [Funding Acknowledgement from the Federal Reserve Board](#);

October 2, 2012: [Funding Request to the Federal Reserve Board](#);

October 18, 2012: [Funding Acknowledgement from the Federal Reserve Board](#);¹⁷⁴

¹⁷³ While this update is outside of the reporting period for this report, it became available before publishing, and so is included.

January 7, 2013: Funding Request to the Federal Reserve Board;

January 16, 2013: Funding Acknowledgement from the Federal Reserve Board;

April 2, 2013: Funding Request to the Federal Reserve Board;

April 8, 2013: Funding Acknowledgement from the Federal Reserve Board;

October 7, 2013: Funding Request to the Federal Reserve Board;

October 15, 2013: Funding Acknowledgement from the Federal Reserve Board;

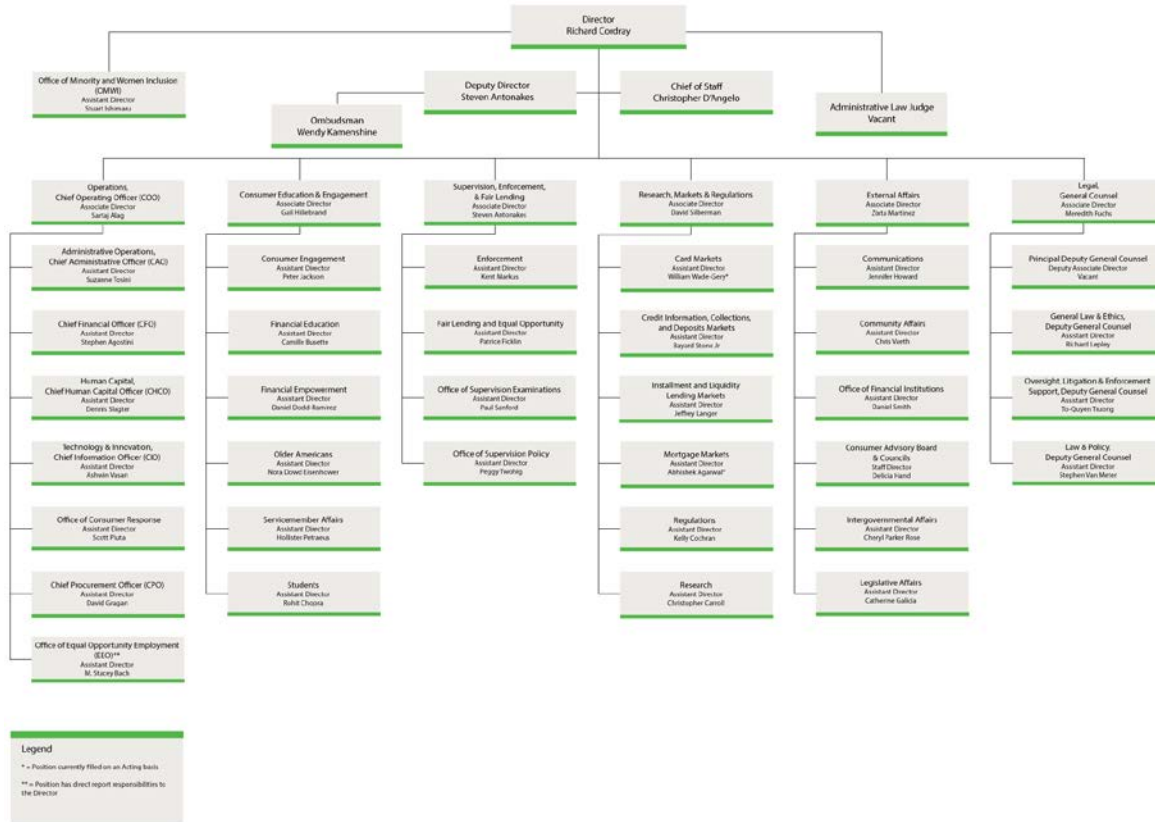
January 7, 2014: Funding Request to the Federal Reserve Board; and

January 22, 2014: Funding Acknowledgement from the Federal Reserve Board.

¹⁷⁴Additional quarterly funding requests to the Federal Reserve Board and the corresponding funding acknowledgements from the Federal Reserve Board will be made available at consumerfinance.gov/budget.

APPENDIX J:

CFPB organizational chart



Last updated: April 9, 2014

APPENDIX K:

Defined terms

ACRONYM	DEFINED TERM
ADSS	American Debt Settlement Solutions
ALLY	Ally Financial, Inc. and Ally Bank
ANPR	Advance Notice of Proposed Rulemaking
ARC	The CFPB's Academic Research Council
BUREAU	The Consumer Financial Protection Bureau
CAB	The CFPB's Consumer Advisory Board
CARD ACT	The Credit Card Accountability, Responsibility, and Disclosure Act
CBAC	The CFPB's Community Bank Advisory Council
CE	The CFPB's Office of Consumer Engagement
CEE	The CFPB's Division of Consumer Education and Engagement
CFPB	The Consumer Financial Protection Bureau
COMMISSION	The U.S. Financial Literacy and Education Commission
CONSUMER RESPONSE	The CFPB's Office of Consumer Response
CUAC	The CFPB's Credit Union Advisory Council
DEP	Delayed Entry Program
DFS	Dealers' Financial Services

DODD-FRANK ACT	The Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	The U.S. Department of Justice
ECOA	Equal Credit Opportunity Act
ECP	Examiner Commissioning Program
EFTA	Electronic Fund Transfer Act
EMPOWERMENT	The CFPB's Office of Empowerment
FAIR LENDING	The CFPB's Office of Fair Lending and Equal Opportunity
FDIC	The U.S. Federal Deposit Insurance Corporation
FEDERAL RESERVE BOARD	The U.S. Board of Governors of the Federal Reserve System
FFIEC	The U.S. Federal Financial Institutions Examination Council
FHFA	The U.S. Federal Housing Finance Agency
FOIA	Freedom of Information Act
FRB	The U.S. Board of Governors of the Federal Reserve System
FTC	The U.S. Federal Trade Commission
FY	Fiscal Year
GAO	The U.S. Government Accountability Office
GPR	General Purpose Reloadable Prepaid Cards
HMDA	Home Mortgage Disclosure Act
HUD	The U.S. Department of Housing and Urban Development
ICP	Interim Commissioning Policy
MILES	Military Installment Loan & Education Services

MOU	Memorandum of Understanding
NCUA	The National Credit Union Administration
NLHC	National Legal Help Center
NMLSR	National Mortgage Licensing System and Registry
OA	The CFPB's Office of Older Americans
OAA	The CFPB's Office of Administrative Adjudication
OCA	The CFPB's Office of Community Affairs
OCC	The U.S. Office of the Comptroller of the Currency
ODEP	The U.S. Department of Labor's Office of Disability Employment Policy
OEEEO	The CFPB's Office of Equal Employment Opportunity
OFE	The CFPB's Office of Financial Education
OHC	The CFPB's Office of Human Capital
OIG	Office of the Inspector General
OJT	On-the-Job Training
OMWI	The CFPB's Office of Minority and Women Inclusion
OSA	The CFPB's Office of Service Member Affairs
OTS	The U.S. Office of Thrift Supervision
PLDS	Payday Loan Debt Solutions
PROCUREMENT	The CFPB's Office of Procurement
RESPA	Real Estate Settlement Procedures Act
SL&D	Supervision Learning and Development

T&I	The CFPB's Office of Technology and Innovation
TILA	Truth in Lending Act
TREASURY	The U.S. Department of the Treasury
VITA	Volunteer Income Tax Assistance