

October 1, 2016 – March 31, 2017

Semi-annual report of the Consumer Financial Protection Bureau



Message from Richard Cordray

Director of the CFPB



At the Consumer Financial Protection Bureau, we are deeply committed to achieving our mission as 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. Through the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Bureau was created 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 consumers improve their financial lives.

In this, our eleventh Semi-Annual Report to Congress, we provide an update on 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 to restore American families' trust in consumer financial markets, protect consumers from improper conduct, and ensure access to fair, transparent, and competitive markets.

In the six months covered by this report, our supervisory actions resulted in financial institutions providing more than \$6.2 million in redress to over 16,549 consumers. During that timeframe we also announced orders through enforcement actions for approximately \$200 million in total relief for consumers who fell victim to various violations of consumer financial protection laws, along with over \$43 million in civil money penalties. We brought numerous enforcement actions for various violations of the Dodd-Frank Act and other laws, including actions against three reverse mortgage companies—Aegean Financial, American Advisors Group, and Reverse Mortgage Services; Mastercard and UniRush; CitiFinancial Servicing,

CitiMortgage; and all three major credit reporting agencies—Equifax, TransUnion and Experian.

The Bureau also issued final rules on Regulation E (prepaid accounts under the Electronic Fund Transfer Act and electronic fund transfers) and Fair Credit Reporting Act Disclosures.

As a data-driven institution, the Bureau published several reports and other publications during this reporting period. These reports highlighted several important topics in the consumer finance area, including reports on Prepaid Card Fee Disclosures; Online Debt Sales; a Bureau survey on Consumer Views on Debt; and two editions of the Bureau's *Supervisory Highlights*.

The premise that lies at the very heart of our mission is that consumers should have someone standing on their side to ensure that they are treated fairly in the financial marketplace. From July 21, 2011, through March 31, 2017, the CFPB has handled over 1.1 million consumer complaints about credit reporting, debt collection, money transfers, bank accounts and services, credit cards, mortgages, vehicle loans, payday loans, student loans, and certain other consumer financial products or services, including prepaid cards, debt settlement services, credit repair services, and pawn and title loans. Information about consumer complaints sent to companies for response is available to the public through our public Consumer Complaint Database, launched in June 2012. We have published nearly 750,000 complaints that have been sent to companies for response. We do this not only to empower consumers and inform the public, but also so that companies can learn from the data and improve their own compliance and customer service operations.

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 also benefited from an ongoing dialogue and constructive engagement with the Bureau's advisory groups, with the institutions we supervise, with community banks and credit unions with whom we regularly meet, and with consumer advocates throughout the country. Our progress has also resulted from the extraordinary work of the Bureau's employees—dedicated public servants 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,

which helps to reinforce the stability of our economy as a whole.

In the years to come, we look forward to continuing to fulfill the vision of an agency dedicated to ensuring a consumer financial marketplace marked by transparency, responsible practices, sound innovation, and excellent customer service.

Sincerely,

A handwritten signature in blue ink that reads "Richard Cordray". The signature is fluid and cursive, with the first name "Richard" and last name "Cordray" clearly legible.

Richard Cordray
Director

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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), for the period of October 1, 2016, through March 31, 2017.¹

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:

- Ensuring that consumers have timely and understandable information to make

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 December 2016 and may be viewed at: <https://www.consumerfinance.gov/data-research/research-reports/semi-annual-report-fall-2016//>.

² Previously, seven different federal agencies (the Federal Reserve Board (and the Federal Reserve Banks) (Board or FRB), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision) were responsible for rulemaking, supervision, and enforcement relating to consumer financial protection.

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; and
- Conducting financial education programs.³

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.

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 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 the capabilities of its Office of Consumer Response to

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

receive, process, and facilitate responses to consumer complaints. Consumer Response has also continued to expand a robust public [Consumer Complaint Database](#). The database generally updates daily and, as of March 31, 2017, was populated by approximately 748,400 complaints from consumers about financial products and services from all over the country. Our consumer complaint database includes approximately 146,400 narratives. The CFPB gives companies the opportunity to respond publicly to the substance of the consumer complaints they receive from the CFPB by selecting from a set list of public-facing response categories. Companies are under no obligation to avail themselves of the opportunity.

Launched in July 2015, the Bureau's series of monthly complaint reports continues to highlight key trends from consumer complaints submitted to the Bureau. The monthly report includes complaint data on complaint volume, most-complained-about companies, state and local information, and product trends. Each month, the report highlights a particular product and geographic location and provides insight for the public into the thousands of consumer complaints on financial products and services handled by the CFPB. Over the past six months, those reports have highlighted prepaid cards, other financial services, debt collection, mortgage, credit reporting, and credit cards and complaints from consumers in North Carolina, Oklahoma, Arizona, Tennessee, Louisiana, and Massachusetts. The report uses a three-month rolling average, comparing the current average to the same period in the prior year where appropriate, to account for monthly and seasonal fluctuations. In some cases, month-to-month comparisons are used to highlight more immediate trends.

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 protection laws in ways that improve the consumer financial marketplace, and on the micro level, by helping individual consumers get responses to their complaints about 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.

We provide tools and information directly to consumers to enable them to develop practical skills and support sound financial decision-making. These skills include being able to ask questions and to plan ahead. One way we are doing this is with our online tool, *Ask CFPB*. This tool provides answers to over 1,000 questions about financial products and services, including on topics such as mortgages, credit cards, student loans, bank accounts, credit reports, payday loans, and debt collection. This resource is found at consumerfinance.gov/askcfpb/. We are also focusing on helping consumers build the skills to plan ahead. For example, our [Paying for College](#) set of tools helps students and their families compare what their college costs will be down the road as they decide where to pursue a college education. Our [Owning a Home](#) set of tools helps consumers shop for a mortgage loan by helping them understand what mortgages are available to them, explore interest rates, compare loan offers, and by providing a closing checklist. The [Money Smart for Older Adults](#) curriculum, developed with the FDIC, includes resources to help people prevent elder financial exploitation and prepare financially for unexpected life events. *CFPB en Español* (consumerfinance.gov/es/) provides Spanish-speaking consumers a central point of access to the Bureau's most-used consumer resources available in Spanish.

We are working with other government agencies, social service providers, and community service providers to develop channels to provide decision-making support in moments when consumers are most receptive to receiving information and developing financial decision-making skills. This support includes integrating financial capability into other programs and services where consumers may be seeking assistance. We are also tailoring our approaches to financial decision-making circumstances, challenges, and opportunities for specific populations, including servicemembers and veterans, students and young adults, older Americans, and lower-income and other economically vulnerable Americans.

When Federal consumer financial protection law is violated, the Bureau's Supervision, Enforcement, and Fair Lending Division are committed to holding the responsible parties accountable. In the six months covered by this report, our supervisory actions resulted in financial institutions providing approximately \$6.2 million in redress to over 16,549 consumers. During that timeframe, we also have announced enforcement actions that resulted in orders for approximately \$200 million in total relief for consumers who fell victim to various violations of

consumer financial protection laws, along with over \$43 million in civil money penalties.⁴ We brought numerous enforcement actions for various violations of the Dodd-Frank Act and other laws, including actions against Mastercard and UniRush for breakdowns that left tens of thousands of economically vulnerable RushCard users unable to access their own money to pay for basic necessities; two separate actions against CitiFinancial and CitiMortgage for keeping consumers in the dark about options to avoid foreclosure; and against three reverse mortgage companies for deceptive advertisements, including claiming that consumers who obtained reverse mortgages could not lose their homes. We also brought two separate actions against credit reporting agencies Equifax and TransUnion for deceiving consumers about the usefulness and actual cost of credit scores they sold to consumers, and for luring consumers into costly recurring payments for credit products; and an action against creditor reporting agency Experian for deceiving consumers about the usefulness of credit scores it sold to consumers.⁵ The Bureau also continued to develop and refine its nationwide supervisory program for depository and nondepository financial institutions, through which those institutions are examined for compliance with Federal consumer financial protection law.

Continuing the CFPB's policy of transparency, the Bureau issued two editions of *Supervisory Highlights* this reporting period. *Supervisory Highlights* is intended to inform both industry and the public about the deployment 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 Fall 2016 edition of *Supervisory Highlights* discussed law violations found in the mortgage, student loan, debt collection, and auto loan markets, including violations involving the imposition of unlawful fees, false representations, and consumer reporting. The Bureau also highlighted some effective and beneficial practices observed in those markets, as well as best practices for serving consumers with limited English proficiency (LEP) under ECOA. It also outlined HMDA data collection and reporting reminders for 2017, provided settlement updates for recent enforcement actions that originated in the supervisory process, identified redlining as a focus area in the Bureau's fair lending work, and outlined the various factors the Bureau considers in assessing redlining risk.

⁴ This number is for the time period October 1, 2016 – March 31, 2017.

⁵ See Section 6 for more information about these cases.

The Bureau also released a special consumer reporting edition of *Supervisory Highlights* in March 2017, which details how our work has driven consumer reporting companies to make significant advances to promote greater accuracy, oversee furnishers, and enhance dispute resolution functions. The Bureau has also published new guidance documents, in partnership with other regulators where appropriate, to help institutions know what to expect and how to become, or remain, compliant with the law: a compliance bulletin and policy guidance clarify that supervised entities have flexibility to allow appropriate risk management; and a bulletin compiles guidance previously given by the Bureau in other contexts and highlights examples from the Bureau's supervisory and enforcement experience in which incentives contributed to substantial consumer harm, as well as compliance management steps supervised entities should take to mitigate risks posed by incentives.

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. During this reporting period, the Research and Markets teams released reports on Prepaid Card Fee Disclosures and Online Debt Sales and a Bureau survey on Consumer Views on Debt. The Regulations office issued regulations modifying and clarifying a number of rules implementing changes made by the Dodd-Frank Act, including final rules on Regulation E (prepaid accounts under the Electronic Fund Transfer Act and electronic fund transfers) and Fair Credit Reporting Act disclosures.

To support the implementation of and industry compliance with its rules, the Bureau has published several plain-language compliance guides explaining certain rules, along with other resources, and actively engaged in discussions with industry about ways to achieve compliance.⁶ 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 continues to explore other areas where regulations may be needed to ensure that markets function properly and possibly harmful

⁶ <http://www.consumerfinance.gov/guidance/#compliance>.

or inefficient practices are addressed. 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

As of March 31, 2017, the CFPB team consisted of 1,671 employees working to carry out the Bureau's mission. It has worked to build a human capital and organizational infrastructure that promotes—and will continue to promote—diversity, transparency, accountability, fairness, and service to the public. That infrastructure includes:

- Demonstrating a strong commitment to openness by 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 and inclusion 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 effectively 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 (OHC) and Civil Rights (OCR) to continue building a diverse and inclusive workforce that can foster broader and better thinking about how to approach markets.

The Bureau will continue working hard to ensure that the American people are treated fairly in the consumer financial marketplace. Please 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 markets and consumers continue to emerge from the continuing effects of the financial crisis of 2008, the Bureau finds that debt collection is central and cuts across virtually all credit products: credit cards, mortgages, student loans, payday loans, and other consumer loans. According to a recent Bureau study, about one in three consumers with a credit record were contacted by a creditor or collector trying to collect a debt in the year prior to the survey.

Many companies in this industry play by the rules, but others cut corners and seek to gain an advantage by ignoring established 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 shared with the CFPB their experiences, both positive and negative, with financial products and services. 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 access to the financial products and services they need.

The Bureau's monthly complaint reports highlight problems faced by consumers for various financial products. These reports indicate that consumers experience issues across a range of products and services from issues with transaction ordering and resulting overdraft fees on checking accounts to credit decisions for credit cards to payment processing issues with auto loans to repeated requests to submit documentation for a loss mitigation review on a mortgage.

In addition to submitting complaints and stories, consumers have opportunities to voice concerns and share their experiences in person at field hearings and public meetings, which focus on particular consumer finance issues. During this reporting period,⁷ consumers and advocates participated in large Bureau-sponsored field hearings in [Albuquerque, NM](#), [Kansas City, MO](#), and [Sacramento, CA](#). These events drew hundreds of participants, many of whom shared their personal experiences with arbitration agreements, checking accounts, and other consumer financial issues.

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 provided opportunities for stakeholders to meet with Director Cordray 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 set forth in the Dodd-Frank Act.⁸ The Bureau hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of

⁷ Between October 1, 2016 and March 31, 2017.

⁸ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(c)(2).

companies, and assists in addressing their complaints.

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](#).

Want to find others like you? Visit the [complaint database](#) to read about consumers' experiences, in their own words.

LOANS

[Mortgage](#)[Student loan](#)[Vehicle loan or lease](#)

[Payday loan](#)[Other consumer loan](#)

PRODUCTS AND SERVICES

[Bank account or service](#)[Credit card or prepaid card](#)[Credit reporting](#)


[Debt collection](#)[Money transfer or virtual currency](#)[Other financial service](#)


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, payday loans, prepaid cards, additional nonbank products (including debt settlement services, credit repair services, and pawn and title loans), and digital currency. 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


Each week we send thousands of consumers' complaints about financial products and services to companies for response. Those complaints are published here after the company responds or after 15 days, whichever comes first. By adding their voice, consumers help improve the financial marketplace.






Consumers have let us know they want to share their complaint descriptions so others can learn from their experience.

[Read consumer narratives](#)



View, sort, and filter data right in your browser.

[View complaint data](#)



All complaint data we publish is freely available for anyone to use, analyze, and build on.

[Download options and API](#)

consumerfinance.gov/complaintdatabase

Information about consumer complaints is available to the public through the Bureau's public Consumer Complaint Database (the database), launched on June 19, 2012. The database 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;
- **November 2013:** added debt collection complaints dating back to July 10, 2013;
- **July 2014:** added payday loan complaints dating back to November 6, 2013;
- **January 2015:** added complaints about prepaid cards, other consumer loans (pawn and title loans), and other financial services dating back to July 19, 2014;
- **June 2015:** added consumer complaint narratives and optional company public responses;

- February 2016: added tags to identify complaints submitted by older Americans and servicemembers and a field indicating whether the consumer consented to the publication of the narrative; and
- September 2016: added complaints about federal student loan servicing dating back to February 25, 2016, and virtual currency complaints dating back to August 11, 2014.

A complaint is listed in the database when the company responds to the complaint and confirms a commercial relationship with the consumer or after the company has had the complaint for 15 days, whichever comes first. Complaints are not published if they do not meet all of the publication criteria.⁹

The database generally updates daily, and contains certain individual complaint-level data collected by the CFPB, including the type of complaint, the date of submission, the consumer's state, 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.

In June 2015, the CFPB began to publish consumer complaint narratives in the Consumer Complaint Database. Consumers now have the choice to share in their own words their experiences with the consumer financial marketplace. Only those narratives for which opt-in consumer consent is obtained and to which a robust personal information scrubbing process is applied are eligible for disclosure. The CFPB gives companies the option to respond publicly to the substance of the consumer complaints they receive from the CFPB by selecting from a set list of public-facing response categories.

Web-based features of the database facilitate the ability to filter data based on specific search criteria, to aggregate data in various ways, such as by complaint type, company, state, date, or any combination of available variables, to download data, and to search for words found in complaints. Information from the database has been shared on social media and evaluated using

⁹ See Disclosure of Certain Credit Card Complaint Data, 77 Fed. Reg. 37,558 (June 22, 2012).

other new applications.

The CFPB continually strives to collect reliable complaint data while ensuring the system's ease of-use and effectiveness for consumers. When consumers submit complaints, they select the consumer financial product or service as well as the issue they are having with that product or service from a list. These selections provide structured data that can be used to group complaints to get a sense of which financial products and services consumers complain about and what issues they are having in the marketplace.

2.2 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, 2016, through March 31, 2017.¹⁰

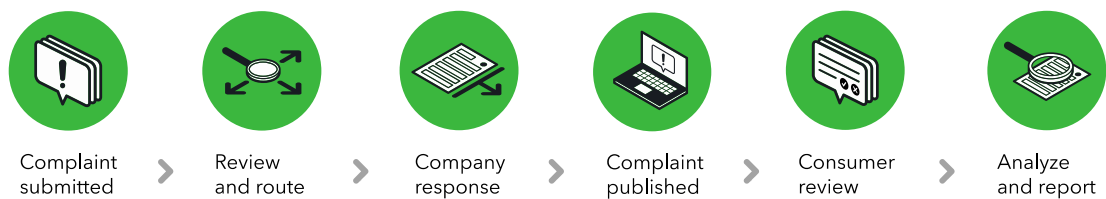
The CFPB's Consumer Response team screens complaints submitted by consumers based on several criteria, including whether the complaint falls within the Bureau's authority and whether the complaint is complete. Complaints are forwarded via a secure web portal to the appropriate company.¹¹ The company 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.¹² Consumers who have submitted complaints to the

¹⁰ 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, 2016, through March 31, 2017.

¹¹ In some cases, Consumer Response refers or sends a complaint to another regulator. For example, if a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or one that is not currently being handled by the Bureau, or in cases where the company is not yet registered to respond to complaints in our system. Complaints handled by the Bureau, including those sent to other regulators, serve to inform the Bureau in its work to supervise companies, to enforce consumer financial laws, to write better rules and regulations, and to educate and engage consumers.

¹² The CFPB requests that companies respond to complaints within 15 calendar days. If a complaint cannot be closed

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. Consumer Response analyzes complaints, company responses, and consumer feedback to spot trends and identify risks to consumers, and to inform the Bureau’s overall work, including the identification of supervisory and enforcement priorities that lead to resolutions that benefit large numbers of consumers.



The process seeks to ensure that consumers receive timely responses to their complaints and that the Bureau, other regulators, consumers, and the marketplace have the complaint information needed to improve the functioning of the consumer financial markets for such products and services.

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

1.1.1. Complaints handled by the CFPB

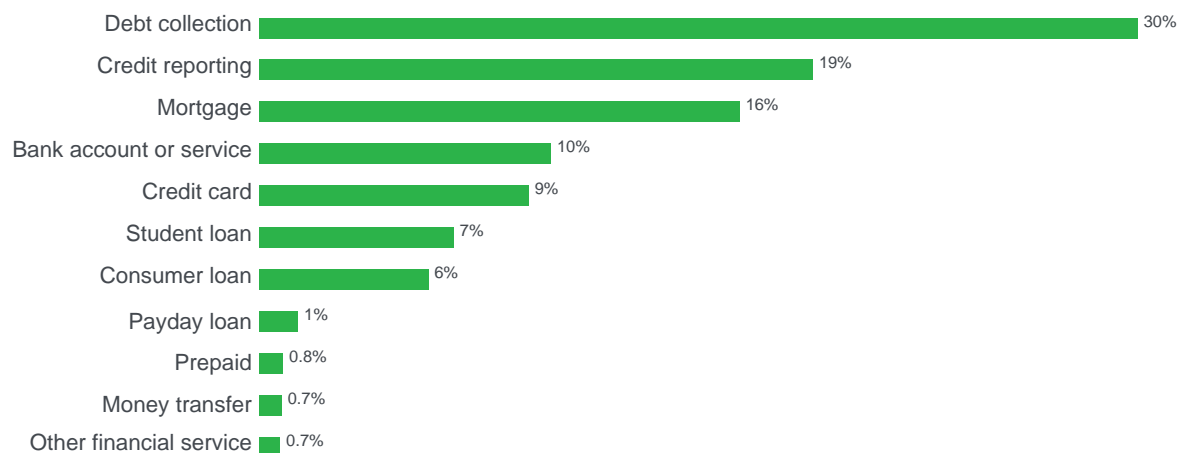
Between April 1, 2016, and March 31, 2017, the CFPB handled approximately 304,400 consumer complaints.¹³ Approximately 75% of all consumer complaints were submitted through the CFPB’s website and 6% via telephone calls. Referrals accounted for 11% of all complaints

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.

¹³ Unless otherwise noted or the context suggests otherwise, the complaint information appearing herein cover this period.

received, with the remainder submitted by mail, email, and fax.¹⁴

FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT¹⁵



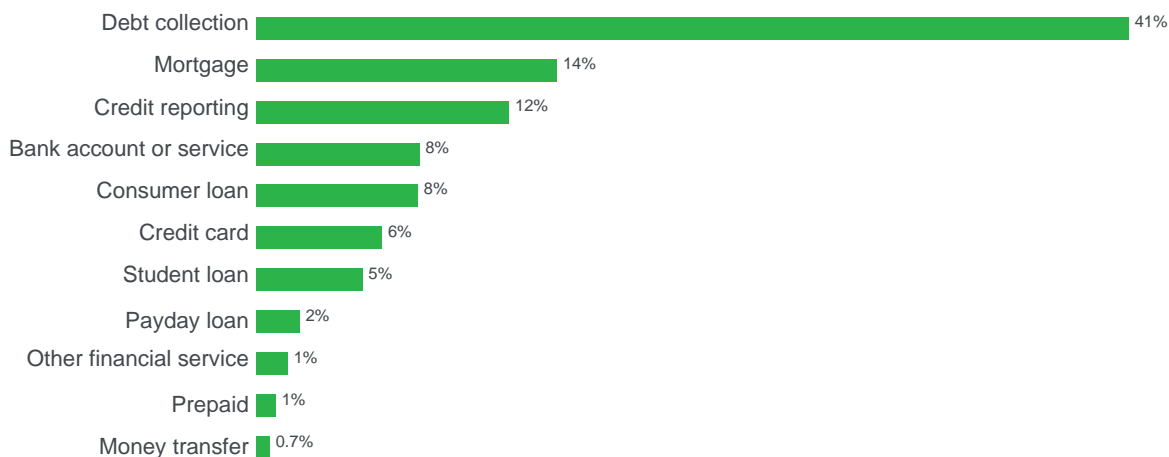
Servicemember consumer complaints

The Dodd-Frank Act created the Office of Servicemember Affairs which addresses the specific challenges faced by servicemembers, veterans, and their families (collectively “servicemembers”). The Office of Servicemember Affairs monitors complaints from servicemembers in conjunction with Consumer Response. As of March 2017, the CFPB had handled approximately 74,800 complaints submitted by servicemembers, veterans, and their families. More detailed information about servicemember complaints can be found in the Office of Servicemember Affairs Annual Report and Semi-Annual Reports.

¹⁴ This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. All data are current through March 31, 2017. Since launching Consumer Response operations on July 21, 2011, through March 31, 2017, the CFPB received approximately 1,163,200 consumer complaints.

¹⁵ Percentages may not sum to 100% due to rounding.

FIGURE 2: SERVICEMEMBER COMPLAINTS BY PRODUCT



The discussion below provides information about the actions taken on complaints and provides some highlights from those complaints. More detailed information can be found in the Consumer Response Annual Report to Congress, the Monthly Complaint Reports, and in the public Consumer Complaint Database.

Consumers' debt collection complaints

Approximately 44,200 (or 49%) of the 89,900 debt collection complaints handled from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (34%), found to be incomplete (11%), or are pending with the consumer or the CFPB (3% and 3%, respectively).

Many of the trends previously identified continued during this reporting period. The most common type of debt collection complaint is about continued attempts to collect a debt that the consumer reports is not owed. In some of these complaints, some consumers reported not being provided documentation to verify the debt, even after written, timely requests were submitted for verification of the purported debts.

In other complaints, consumers complained that first-party collectors (creditors collecting on their own debts) forwarded their accounts to third-party collectors for a debt that was not owed. Upon dispute with the third-party collector, consumers reported that the debt was sent back to the first-party, only to be later sent to a new third-party collector. Some consumers reported that collectors place the onus of proving that the debt is not owed on consumers throughout this cycle. Consumers reported their accounts were forwarded to third-party collectors without any

prior contact from the first-party collectors of an outstanding balance. Some complained that accounts had been negatively reported to credit reporting companies even after communicating with the first- and third-parties that the debt was not owed. Consumers also reported that their accounts were not in a delinquent status prior to contact by third-party collectors.

Communication tactics used by debt collectors were a common issue raised by consumers. Many of these consumers reported that they received multiple calls weekly or daily. According to many consumers, requests to cease communications were not honored. For both first- party collectors (creditors collecting on their own behalf) and third-party collectors, consumers reported continued communications following an oral or written request to cease communications.

Consumers continued to report that frequent or repeated calls are a commonly used collection tactic. In many complaints, consumers described collection calls to their place of employment even after having informed collectors that contact at work was prohibited by their employers. Some consumers reported that collectors made in-person visits to their workplace. Some of these consumers described that their debt was disclosed to a supervisor. In 2016, there was a slight increase in the number of consumers who complained about debt collectors who talked to a third party about their debt.

The number of consumers submitting medical debt collection complaints increased slightly in 2016. In the submission of complaints where “medical” was identified as the type of debt, consumers selected “debt was paid” and “debt was not mine” as their primary issue in the majority of the complaints. Frequently, consumers stated that third-party debt collectors attempted to collect medical debt with incorrect balances. In many of these complaints, consumers reported that they were not given enough information to verify a debt. Some consumers reported they had secured a payment plan with the original party; however, the account was forwarded to collection agencies without regard to prior approved payment plans. Other complaints involved consumers’ insistence that the amount due was erroneous as they believed the amount pursued by collectors was for expenses covered by their medical insurance.

Consumers’ credit reporting complaints

Approximately 48,700 (or 86%) of the 56,700 credit reporting complaints handled from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (1%), found to be

incomplete (12%), or are pending with the consumer or the CFPB (0.7% and 0.6%, respectively).

The most common type of credit reporting complaint continues to be about information the consumer believes to be incorrect appearing on the consumer's credit report, such as information that does not belong to the consumer, incorrect account status, and incorrect personal information. These complaints frequently involve debt collection items. In some cases, consumers report having paid the debt appearing on their report. In other complaints, consumers assert the debt is no longer due because the debt is too old to be enforced in court. These complaints may reflect confusion about the fact that information on past overdue debt—even when paid or no longer enforceable because of limitations—often can remain on a credit report. Other complaints state that the debt belongs to a different consumer, or consumers state that they do not recognize the debt. Delays in updating inaccurate records, problems correcting inaccurate records, and public records being incorrectly matched to their credit reports continue to be frequent issues cited by consumers.

Consumers continued to report having trouble accessing their credit reports because they cannot answer detailed identity authentication questions. If denied access to their report because they failed online authentication, the only option available is to mail copies of sensitive, identifying documents, which consumers note is time-consuming and worry is potentially unsecure.

The three national credit reporting companies reported providing relief—monetary or nonmonetary—in response to approximately 21% of incorrect information complaints and complaints about the credit reporting companies' investigations sent to them for response. Providing relief to consumers varies by company with Experian providing relief in response to approximately 38% of complaints, Transunion providing relief in response to approximately 23% of complaints, and Equifax providing relief in response to approximately 6% of complaints.

In addition to complaints about the three nationwide credit reporting companies—Equifax, Experian, and Transunion—consumers submitted numerous complaints about specialty and other consumer reporting companies. These companies specialize in providing reports in a number of areas, including background and employment screening, checking account screening, rental screening, and insurance screening. Difficulty resolving inaccuracies is a major concern for consumers submitting complaints about specialty consumer reporting companies. These consumers report long delays, negative customer service experiences, and failed attempts to

have inaccurate negative information removed.

Consumers' mortgage complaints

Approximately 41,700 (or 85%) of the 49,200 mortgage complaints handled from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (11%), found to be incomplete (3%), or are pending with the consumer or the CFPB (0.5% and 0.9%, respectively). Consumer Response has handled an additional 2,100 debt collection complaints where the source of the debt is a mortgage.

Complaint submissions increased during this reporting period for consumers who reported the issue of making payments (loan servicing, payments, escrow accounts). Consumers complaining about the servicing transfer of their loan account voiced concerns of mismanagement of payments when made to either the prior or current servicer on or around the effective date of transfer. Many of these consumers reported that payment was not credited to their account. Some consumers reported post service transfer issues involving their escrow account that resulted in an increase to their monthly payment with no clear explanation provided by their servicers. Additionally, consumers who reported being involved in the loss mitigation assistance process at the time of the loan servicing transfer complained that documentation (e.g., applications, modification approvals) was not provided to the new servicer.

Some consumers reported missing loan payments, resulting in delinquent account statuses and negative reporting of the account to credit reporting companies. A number of consumers complained of payment issues involving monthly payments made via bill pay services with their financial institutions. These consumers reported that payments were electronically transmitted to their servicers, but not credited to their loan account. Consumers who were approved for loss mitigation options—for example, a trial period plan, forbearance agreement, or loan modification—reported that their payments were not accepted or applied as intended.

In managing escrow accounts, instances of over-collection, unexplained shortages, and untimely tax and insurance disbursements are all common issues that consumers reported. Consumers complained that the escrow discrepancies led to erroneous increases to their mortgage installment amount. Consumers reported that after paying a shortage disclosed in their escrow analysis statement, funds were not applied accurately and resulted in an increase in their

monthly payment. Other complaints involved issues regarding the disbursement of funds from escrow accounts to pay for collections. Some consumers reported that despite having an escrow account for insurance, their servicer failed to submit timely payment to their homeowner's insurance company, which ultimately left their property without adequate coverage.

The next most complained about issue involved problems consumers report when they are unable to pay (loan modification, collection, foreclosure). In particular, complaints involving the loss mitigation assistance process often detailed repeated requests by servicers for submission of the same documentation and lack of responsiveness from the consumers' single point of contact. Some consumers reported receiving conflicting and confusing foreclosure notifications while undergoing loss mitigation assistance review. Many consumers complained about the denial of their modification applications, while others stated that the terms of the modification offered to them were unaffordable.

Communication issues were reported by consumers as attempts to contact their servicers were met with difficulty and often resulted in confusing and contradictory information. Consumers seeking to obtain clarification regarding loan account reinstatement amounts, charges and fees, or interest rate increases stated they were provided ambiguous information. Some consumers described their experience as frustrating and asserted that the low level of customer service attributed to the delay in account resolution.

Consumers reported that after having experienced property damage, they filed insurance claims, received their claims benefit checks, and forwarded those checks to their servicers. However, these consumers stated that servicers delayed releasing funds needed to make necessary repairs to their homes despite having provided all required documentation.

Consumer complaints about mortgage originations often involved reports of prolonged and confusing application and approval processes. Some consumers described unresponsive loan representatives and stated that they were required to submit multiple loan applications. A number of consumers reported that processing delays resulted in the loss of favorable interest rates and expiration of rate locks.

Consumers' bank account or service complaints

Approximately 23,500 (or 79%) of the 29,900 bank account or service complaints received from April 1, 2016, through March 31, 2017, such as those about checking and savings accounts, were

sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (16%), found to be incomplete (4%), or are pending with the consumer or the CFPB (0.6% and 0.7%, respectively).

Consumers submit complaints about accounts or services offered by banks, credit unions, and nonbank companies under the general category of “bank accounts or services.” The most common type of bank account and service complaint continues to relate to opening, closing, or managing the account. Consumer complaints about the use of consumer and credit reporting data for account screening are also common. Consumers frequently mentioned learning of a furnisher’s past negative reporting to both specialty reporting companies and national credit reporting companies when they attempted to open a new bank account. Consumers also expressed that they have difficulty addressing potential errors on their reports. Promotional offers for opening new accounts were the focus of a number of complaints, including offers for airline miles and promotional cash. Some of these complaints involved the consumer’s eligibility for the promotional offer—for example, when a consumer applies for an offer that they were not eligible for. Other complaints involved disputes over whether the consumer had met the required terms for a promotional offer.

Complaints related to overdrafts remain common, including complaints about transaction ordering. Consumers complained about overdrafts that took place because of confusion over the availability of funds that they were attempting to deposit. Consumers also regularly complained about the size of overdraft fees when making small dollar purchases. Other fees, including insufficient fund fees, extended overdraft fees and monthly maintenance fees were also frequently the subject of complaints.

The availability of funds deposited via check or through direct deposit is a concern for consumers. Consumers expressed frustration with bank check holding policies and with the length of time it takes for various negotiable instruments to clear and become available. A number of these complaints involved mobile deposit applications and problems that consumers encountered when using them—including institutions having different funds availability policies for mobile deposits.

Consumers also frequently complained about error resolution procedures for their deposit accounts, including timelines for investigation and provisional credit for disputed transactions. Consumers often asserted that a specific transaction was not authorized or that they were

victims of fraud or identity theft. The meaning of authorization in the context of error resolution appears to cause confusion for some consumers as they attempted to dispute transactions because they were dissatisfied with the products or services that they purchased.

A number of consumers have submitted complaints related to the probate process. These consumers frequently mentioned difficulty getting information about and access to their deceased relatives' accounts. These complaints often involved different types of accounts, including savings accounts, certificates of deposit, trust accounts, and retirement accounts.

Consumers' credit card complaints

Approximately 22,600 (or 82%) of the 27,600 credit card complaints handled from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (14%), found to be incomplete (3%), or are pending with the consumer or the CFPB (0.5% and 0.7%, respectively). Consumer Response has handled an additional 11,900 debt collection complaints where the source of the debt is credit card. These credit card-related debt collection complaints account for nearly 13% of all debt collection complaints handled by the CFPB.

Billing disputes continue to be the most common type of credit card complaint. Consumers complained about the application of payments to their accounts with multiple balances and different expiration periods that resulted from balance transfers, cash advances, or deferred interest purchases. These consumers expressed that they were inadequately informed of how their payments would be applied and were surprised that payments were not applied to promotional or deferred interest balances with limited terms. Some consumers also thought that no interest charges would be incurred during the deferral period regardless of whether the debt is paid in full.

Some consumers who received insurance products (e.g., phone or travel insurance), warranty extensions and guaranties, improved return policies, price protection services, and other similar benefits through their card programs complained about difficulties they reported experiencing while attempting to take advantage of these benefits.

Credit decisions, including initial application decisions and servicing changes (e.g., interest rate adjustments, credit limit reductions), were frequently the subject of complaints. Consumers complained of difficulty understanding determinations made by credit card companies and the

reasons stated on letters explaining the decisions. These consumers also expressed concern about existing terms on their credit report that they felt did not reflect their creditworthiness. Other consumers expressed a belief that prejudice or bias may have impacted those credit decisions.

Consumers continued to submit complaints regarding the closure of their account without their knowledge or consent. In response to these complaints, companies often replied that the consumer's account was closed because of default or suspected fraud. Also, consumers expressed a concern about the potential negative effect on their credit score when accounts were closed due to inactivity. Some of these consumers stated that they would have used the cards in question if they had been notified of the impending closure.

Misleading offers for rewards programs was a topic of concern for many consumers. These consumers complained of difficulty when attempting to receive promised benefits and felt that the terms and conditions of the programs were not clearly explained when they opened the card. Complaints about bonus points or miles programs, cash back programs, and travel benefits programs were especially common in these complaints.

Consumers expressed frustration with various fees and additional costs associated with their credit cards. For example, although consumers appear to understand why late fees are assessed to their accounts, many felt that the fees should not be applied when an automatic payment failed or when a billing statement did not arrive in a timely manner.

Consumers' payday loan and consumer loan complaints

Consumer Response began accepting consumer loan complaints, including complaints about installment loans, vehicle loans and leases, and personal lines of credit in March 2012. The ability to accept payday loan and pawn and title loan complaints were added in November 2013 and July 2014, respectively.

Approximately 10,500 (or 61%) of the 17,300 consumer loan complaints, including complaints about installment loans, vehicle loans and leases, personal lines of credit, and pawn and title loans, handled from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (28%), found to be incomplete (7%), or are pending with the consumer or the CFPB (1% and 3%, respectively).

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 they are unable to pay—including issues related to debt collection, bankruptcy, default, and problems when taking out the loan or lease, such as term changes. Consumers continued to complain that they experienced a “bait and switch” where the lenders offers favorable terms to attract their interest in a product and then changes those terms right before the contract is consummated. This behavior was described as confusing and often led to consumers paying much more for a loan than they were initially told.

Consumer loan complaints with the sub-product of vehicle loan were submitted more frequently than other sub-products. In these complaints, consumers complained about payment processing issues, including not having their payments applied to their accounts in a timely and correct manner. Consumers also complained of inaccurate debiting of their bank accounts for monthly payments. Some consumers complained that they did not understand why their account balances were not decreasing after making a larger number of monthly payments. These consumers indicated that they did not fully understand the effects of fees and high interest rates on the total cost of their loans.

Approximately 1,800 (or 44%) of all payday loan complaints received from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (36%), found to be incomplete (14%), or are pending with the consumer or the CFPB (2% and 4%, respectively). Of the payday loan complaints submitted by consumers, approximately 57% were about problems consumers experienced with an online payday loan. Approximately 16% reported problems when obtaining a payday loan in person or at a store. For the remaining approximately 28% of complaints, the consumer did not indicate how the loan was obtained.

Consumer Response has handled an additional 6,300 debt collection complaints where the source of the debt is payday loans. These payday loan-related debt collection complaints account for nearly 7% of all debt collection complaints handled by the CFPB.

The most common type of payday loan complaint received is about being charged fees or interest the consumer did not expect. Consumers also commonly complained about problems with contacting the lender.

The remaining complaints involved payment issues surrounding check holding and electronic debit authorization that hands control of the consumer's bank account over to the lender. Some consumers complained that the payday lender re-presented a check several times, causing their account to incur multiple insufficient funds or overdraft fees.

Consumer confusion relating to repayment terms was frequently expressed. These consumers complained of the lack of clarity about repayment of the loan using automatic withdrawal features on a bank card, on a prepaid card, or by direct deposit. Consumers with multiple advances stated their difficulty managing a short repayment period and more often rolled-over the loan, resulting in an inflated total cost of the loan.

The cost and structure of a particular loan can make it difficult for consumers to repay. Consumers raised concerns such as the risk of being unable to repay the loan while still having enough money left over for other expenses, the high cost of the loan, and aggressive debt collection practices in the case of delinquency or default.

Consumers' student loan complaints

Approximately 15,400 (or 78%) of all student loans complaints handled from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (12%), found to be incomplete (9%), or are pending with the consumer or the CFPB (0.8% and 1%, respectively). Consumer Response has handled an additional 2,300 debt collection complaints where the source of the debt is a student loan.

More frequently than other issues, non-federal and federal student loan borrowers expressed concerns relating to trouble with how payments are handled. Borrowers complained of misapplied payments and inaccurate accounting of payments. Some borrowers complained of misapplication of payments and reported that payments were not applied to specified accounts, but rather applied to all accounts managed by the servicer.

Some federal student loan borrowers reported that when contacting their loan servicers regarding financial distress, servicers provided them with information on hardship forbearance or deferment, instead of more potentially beneficial options like income-driven repayment plans. Also, confusion on the difference between forbearance and deferment options was expressed by borrowers of private and federal loans.

Federal student loan borrowers complained of difficulty enrolling in income-driven repayment plans. Borrowers reported lost documentation, extended application processing times, and unclear guidance when seeking to switch from one income-driven repayment plan to another.

Additionally, federal student loan borrowers described their experiences when trying to obtain guidance in completing annual income recertification for their income-driven repayment plan. These borrowers reported receiving insufficient information from their servicers to meet recertification deadlines and lengthy processing times.

Non-federal and federal student loan borrowers reported issues of incorrect reporting of their loans to the credit reporting companies. Borrowers stated that their loan accounts were paid in full or not in a delinquent status but were being reported negatively. Some borrowers reported being contacted by collection companies for accounts that had been paid in full or for debts that were not owed.

Consumers' prepaid card complaints

Approximately 1,300 (or 53%) of all prepaid complaints received from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (36%), found to be incomplete (8%), or are pending with the consumer or the CFPB (1% and 2%, respectively).

The most common type of prepaid card complaint involved unauthorized transactions or other transaction issues. Another common type of complaint was about managing, opening, or closing a prepaid card account.

Consumers complained that they were unable to access funds loaded on their prepaid cards for extended periods of time. Frequently, these consumers also expressed hardships resulting from the lack of access to their funds. Some consumers stated that after disputing a particular charge, the company would often freeze the entire available balance to prevent further loss while the claim was under review. During the review process, companies sometimes requested additional information—such as purchase receipts or original packaging—which the consumer often stated was no longer in their possession.

Consumers reported difficulty using prepaid cards. Some of these consumers stated that their cards were cancelled without notification. Consumers stated that they had to contact the

company numerous times before a new card was issued.

Consumers who received a prepaid card as a refund complained that they were unable to activate the card, access the funds, or both. Subsequently, for some of these consumers, dormancy fees were assessed, depleting the card balance.

Consumers reported that companies sometimes issued cards without proper verification resulting in theft of their funds. These consumers stated they experienced prolonged investigations of their claims, leaving them without access to their money for extended periods of time.

Consumers raised issues involving the management of prepaid card accounts. In some of these complaints, consumers reported balance discrepancies for cards, especially if they were unable to check their balance and transaction history online or were not provided with statements. Consumers also complained of delayed credits to their prepaid card after notifying the company of a fraudulent or unauthorized charge or after a purchase had been cancelled or returned.

Consumers' money transfer complaints

Approximately 1,500 (or 68%) of all money transfer complaints received from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (22%), found to be incomplete (7%), or are pending with the consumer or the CFPB (0.7% and 3%, respectively).

The most common type of money transfer complaint is about fraud or scams. Many of these consumers complained that they sent money to a seller but did not receive the items they purchased in return. Other complaints involved consumers who frequently remit money to family members both domestically and internationally. A number of these consumers stated that they regularly used money transfers to provide for family members' basic living expenses. They often reported that the transfer recipients did not receive the money transfer, the amount received was smaller than expected, or the transfer encountered significant and unanticipated delays.

Consumers attempting to complete transactions through an online money transfer service often

reported encountering problems with the dispute resolution process. Sellers describe several scenarios where they did not receive payments after sending the item to the buyer. This often occurred when the seller was told that the payment had been accepted, but was later cancelled. Cancellation was done either by the buyer due to a dispute or by the financial institution because of insufficient funds in the buyer's account.

Consumers reported that money transfer service providers placed holds on accounts without providing them with an explanation. Companies commonly reported that the hold was placed as a result of a risk-based model that will hold reserves on accounts in order to cover potential losses arising from reversals or chargebacks.

Consumers who submitted complaints about international money transfers commonly reported delays and restrictions when attempting to make transfers. Many of these complaints are the product of company risk-based assessments, reviewed for compliance with United States regulations administered by the Office of Foreign Assets Control and consumer identification efforts. Consumers often complained that companies did not provide an adequate explanation of the process.

Other financial services complaints

Approximately 500 (or 23%) of all other financial services complaints received from April 1, 2016, through March 31, 2017, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (55%), found to be incomplete (13%), or are pending with the consumer or the CFPB (1% and 8%, respectively).

Of the 2,100 other financial services complaints submitted by consumers, approximately 58% dealt with fraud or scams. Approximately 17% of complaints were about customer service issues, while approximately 7% of complaints dealt with excessive fees. The remaining complaints for other financial services involved issues with unexpected or other fees, advertising and marketing, disclosures, lost or stolen checks or money orders, and incorrect exchange rates.

The majority of the other financial service complaints were about debt settlement, refund anticipation check, and credit repair. Some consumer complaints about debt settlement are related to debt collection and consumers' attempts to reduce their debt balance with their original creditor. Many of these complaints involved consumer reports of possible fraud or scams. Consumers reported making good faith payments to debt relief companies to pay off

existing debt to creditors. Some of these consumers state that the payments were never forwarded to their creditors and they are now facing lawsuits for accounts they presumed were paid.

Consumers who submitted check cashing complaints frequently mentioned the high costs involved. This was especially common for consumers who don't have a bank account at the institution where they were attempting to cash the check. A number of these consumers also complained about being unable to cash checks. In many instances, these checks were not cashed because of recommendations made by check authorization and warranty companies.

Consumers also complained about difficulties redeeming money orders and about problems encountered when money orders were lost. In many of these complaints, consumers expressed dissatisfaction with the error resolution processes available to them and the length of time required to resolve errors.

Money order, traveler's check/cashier's check, and foreign check complaints frequently involved consumers who believed that they were victims of a scam. These complaints involved common scams, such as those that involve providing advance payment before goods are delivered or services are rendered. Scam victims may be unable to secure redress from their financial institutions.

Consumers looking to repair their credit expressed concern of being scammed by credit repair companies after no relief was provided and requests for reimbursement went unacknowledged.

How companies respond to consumer complaints

Approximately 212,000 (or 70%) of all complaints received between April 1, 2016, and March 31, 2017, were sent by Consumer Response to companies for review and response.¹⁶ After Consumer Response forwards complaints to companies, the company has 15 days to respond and 60 days to provide a final response.

¹⁶ The remaining complaints have been referred to other regulatory agencies (19%), found to be incomplete (8%), or are pending with the consumer or the CFPB (1% and 2%, respectively).

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and a categorization of the response. Response category options include “Closed with monetary relief,” “Closed with non-monetary relief,” “Closed with explanation,” “Closed,” “In progress,” and other administrative options. Consumers are given the option to review and dispute all company closure responses.

Companies have responded to approximately 93% of complaints¹⁷ sent to them and report having closed 89% of the complaints sent to them. Companies’ responses describe a range of relief such as:

- refunding a fee;
- providing mortgage foreclosure alternatives that help the consumer keep their home;
- 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.

Company responses provided outside of the 15-day or 60-day response windows are deemed untimely. Consumers did not receive a timely response in 3% of complaints.

Consumers’ feedback about companies’ responses

Once the company responds, the CFPB gives consumers the option to provide feedback on the company’s response. Consumers had the option to provide feedback about approximately 188,400 company responses, disputing 18%. Approximately 64% were not disputed and the rest were pending with consumers at the end of this period.

¹⁷ Companies have responded to approximately 197,800 of the 212,000 sent to them for response.

Consumer response analysis

The Bureau collects unstructured data from consumers and companies during the complaint process. The consumer's narrative description of what happened, consumer-provided documents, the company's response, and company-provided documents are examples of unstructured data. The Bureau uses a variety of approaches to analyze consumer complaints including, for example, cohort and text analytics to identify trends and possible consumer harm. Consumer Response's review and analysis of unstructured data offers deeper insights into consumers' complaints and helps the Bureau understand problems consumers are experiencing with consumer financial products and services.

Consumer Response analyzes consumer complaints, including the accuracy, completeness, and timeliness of a company's responses as well as consumers' feedback about that company's responses, to ensure that consumers receive timely responses to their complaints and that the Bureau and other regulators, consumers, and the marketplace have the complaint information needed to improve the functioning of the consumer financial markets for such products and services.

Consumer Response shares complaint data and analyses, and offers insights to other offices to help the Bureau:

- Understand problems consumers are experiencing in the marketplace and the impact of those experiences on their lives;
- Develop tools to empower people to know their rights and protect themselves;
- Scope and prioritize examinations and ask targeted questions when examining companies' records and practices; and
- Identify and stop unfair practices before they become major issues.

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, to write better rules and regulations, and educate and engage consumers.

2.3 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 ones for their situation.

Prior Semi-Annual reports highlighted challenges consumers faced shopping for a particular lending or deposit product, including the markets for mortgages, credit cards, student loans, checking accounts, small-dollar credit, deferred interest and rewards cards. The Fall 2016 Semi-Annual report focused on areas of concern for consumers who are part of immigrant populations. Work completed by the CFPB over the past six months, published in the CFPB's Student Banking Report in December 2016, sheds light on the growth and impacts of financial products offered by or in conjunction with colleges, specifically focusing on marketing agreements for college-sponsored deposit and prepaid accounts and college-sponsored credit cards.

2.4 Student Banking

Institutions of higher education play a critical role in supporting and promoting students' overall financial health and well-being. This is particularly true when students are first time participants in the marketplace for consumer financial products and services, whether they are considering student loans, credit cards, or other financial products like deposit and prepaid accounts.

In the past, policymakers, federal auditors, federal banking regulators, and the Department of Education have expressed concern over the marketing practices and consumer risk associated with college-sponsored financial products. Past research has shown that some colleges strike deals to endorse, sponsor, or drive students to high-cost products that can be a worse deal for students than what they can find shopping around on their own. Many of the most punitive fees can add up—the Consumer Financial Protection Bureau's research has found that some young consumers spend hundreds of dollars a year in overdraft fees on student accounts, for example.

A growing body of evidence suggests that relatively small financial shocks—unexpected expenses of a few hundred dollars—may cause acute financial hardship for students, potentially derailing their academic pursuits. As higher education policy experts, researchers, and other stakeholders continue to focus on the precarious health of many students’ personal finances, policymakers risk overlooking an important potential contributor to student financial distress—the features, terms, and conditions of the banking products marketed to and selected by students.

The Student Banking Report highlighted market trends and identified potential risks to consumers related to college-sponsored transaction account products, building on the Bureau’s prior work to encourage greater transparency in this market.

Key findings of the report are:

- Institutions of higher education play a critical role in supporting and promoting students’ overall financial health and well-being. A growing body of evidence suggests that relatively small financial shocks—unexpected expenses of a few hundred dollars—may cause acute financial hardship for students, potentially derailing their academic pursuits. As higher education policy experts, researchers, and other stakeholders continue to focus on the health of students’ personal finances, they are overlooking an important potential contributor to student financial distress—the features, terms, and conditions of the banking products marketed to and selected by students.
- Certain agreements between colleges, financial institutions, and other vendors present continued risks to students. Publicly available agreements show many students face high fees when using college-sponsored banking products. In addition, colleges may miss opportunities to monitor program execution and position themselves to understand the economic costs to students from products marketed under these agreements. These observations raise important questions about whether certain agreements promote products that may be inconsistent with the best financial interests of their students.
- General marketing agreements for college-sponsored accounts, including agreements in place at many of the nation’s largest colleges and universities, do not protect students from certain costly account fees. Under a general marketing agreement that does not restrict certain fees, a large college or university could expect its students to collectively pay hundreds of thousands of dollars per year in overdraft fees alone.

- Students' interests may be an afterthought in many marketing agreements. General marketing agreements between banks and colleges often do not contain certain specific account terms, conditions, or features, suggesting that colleges may not be negotiating terms that maximize value for their students. The Bureau identified dozens of general marketing agreements that may feature accounts with higher fees or fewer protections than widely available alternatives that are safer or more affordable, including accounts currently in use at hundreds of other colleges. In contrast, these marketing agreements tend to specify detailed terms describing the financial arrangement between colleges and banks, such as provisions detailing revenue sharing and other payments made in exchange for exclusive marketing access to a student population.
- Many colleges fail to ensure they are in position to evaluate products offered to students and oversee the execution of their campus banking marketing agreements. For example, many colleges do not negotiate the right to receive periodic reporting detailing student product use and costs, to accept or decline account pricing changes, including fee increases, or to obtain information about the resolution of student complaints. Such missed opportunities mitigate colleges' ability to ensure their programs are in the best financial interest of their students.

3. Delivering for American consumers and leveling the playing field

The CFPB exercises its authorities under Federal consumer financial laws to administer, implement, and promote compliance with those laws. The Bureau also works to expand the resources it makes available to consumers to build the foundation necessary to empower consumers to take control over their financial lives.

3.1 Resources for consumers

The CFPB provides financial education initiatives designed to provide consumers with opportunities to access a broad range of financial information, tools, services, and other resources to support financial capability. The Bureau provides tools, resources, and information to consumers based on their specific issues with financial products and services, with a goal of improved financial literacy and capability—among the public as a whole, and among consumers who have experienced particular challenges in the financial markets.

Consumer response

As detailed in the previous section, Consumer Response receives complaints and inquiries directly from consumers. Complaints are accepted through the CFPB website, consumerfinance.gov, as well as by telephone, mail, email, fax, and referral.

Consumers submit complaints on the [CFPB website](https://consumerfinance.gov) 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.¹⁸ The CFPB's U.S.-based contact centers handle calls with little-to-no wait times, 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.

The CFPB's phased-in approach to taking complaints has allowed Consumer Response to develop strong foundations over time. By applying the lessons learned through previous complaint function rollouts, Consumer Response has continued to improve its intake process, enhanced its communication with companies, and ensured the system's ease-of-use and effectiveness for consumers. Based on feedback from consumers and companies, as well as from its own observations, Consumer Response identifies new opportunities to improve its processes and implement changes with each product launch.

Consumer education and engagement

An essential part of the mission of the CFPB is to empower consumers to take control over their financial lives. The CFPB's Consumer Education and Engagement Division (CEE) develops and implements initiatives to educate and empower consumers to make choices about money to meet their own life goals. Despite the availability of a wide range of information about managing money and about financial products and services, many consumers still struggle to make the financial decisions that serve their life goals. The Bureau hears daily from people experiencing difficulty in their financial lives, who often express regret that they did not know more about the risks involved in particular financial decisions at the time they made those decisions. Research indicates that significant numbers of Americans are worried about their household finances—from not being able to cover regular expenses, to not having savings to cover a financial shock, to not having enough money to retire.

The Bureau works to improve the financial literacy, including financial capability, of consumers

¹⁸ To find more information about submitting a complaint, please see Appendix A.

in America. The Bureau has developed a strategy and a range of initiatives to help consumers take more control over their financial lives. Broadly, this strategy recognizes that financial literacy and financial capability require more than simply providing consumers with more information. Being able to manage one's financial life and make the financial decisions that will serve one's life goals requires a combination of knowledge, skills, and action.

The Bureau's strategy to improve financial literacy has two key aspects. First, the Bureau provides assistance to consumers at important points in their financial lives. This includes providing tools, information, and opportunities to build money skills directly, and building channels with others who can provide consumers with financial education opportunities—in schools, workplaces, communities, and in connection with other types of services consumers may seek. Second, the Bureau is moving forward on research to identify effective approaches to financial education and better define the metrics for success. Fundamental to this strategy is developing approaches to provide young people with opportunities to develop the knowledge, skills, and attitudes that will help them to become financially capable adults. This strategy has been informed by the Bureau's consultations with the Financial Literacy and Education Commission (FLEC), and is aligned with FLEC's guiding vision of sustained financial well-being for U.S. individuals and families.

The Bureau's financial education strategy focuses on identifying opportune moments to engage consumers about their financial decisions and providing information, tools, or other decision-making supports to help with those decisions. The Bureau provides consumers with financial decision-making resources and skills that will serve them today and in the future. The Bureau is working to address financial decision-making issues that affect consumers generally, and also issues that affect specific populations—servicemembers, students and young adults, older adults, and consumers who are low-income or economically vulnerable.

The Bureau offers tools for consumers that provide assistance directly, and also works with others who can provide consumers with financial educational assistance in connection with other types of services consumers may seek. The Bureau is targeting its direct-to-consumer educational tools and resources toward assisting consumers with the financial aspects of large life decisions, starting with going to college, moving on to buying a home and, later in life, retiring; and on smaller decisions that can have large life consequences, such as starting a habit of savings, managing debt, and developing financial life skills to pass on to one's children. The Bureau also provides a robust tool, *Ask CFPB*, to answer common consumer questions that arise as people make choices about their financial lives and about financial products and services.

As part of its efforts to assist consumers in their financial lives, the Bureau engages in a rich and ongoing dialogue with stakeholders to share information, learn about promising practices, and identify opportunities to create or strengthen channels to bring financial education and financial capability programming to consumers. These stakeholders include financial education practitioners; federal, state, and local government agencies; and various other private and nonprofit organizations.

The Bureau's financial education research program focuses on: determining how to define and measure financial well-being as the end goal of financial education; identifying the knowledge, skills, and habits associated with financially capable consumers; and identifying effective approaches to improving financial capability and well-being. The Bureau uses the results of this research to refine how it supports consumers' financial decisions. The Bureau is sharing the results as they become available so others can look to the Bureau's findings as they make choices about how to provide financial education that can lead to better outcomes for consumers in America.

Highlights of financial education initiatives

The Bureau has undertaken a broad array of financial education initiatives this reporting period, as well as continued or expanded upon prior initiatives. Highlights of these initiatives are described below.

Bureau tools and information to assist consumers directly in making financial decisions:

- *Ask CFPB* (consumerfinance.gov/askcfpb/) is an interactive online tool that gives consumers “when you need it” answers to questions about financial products and services including credit cards, mortgages, student loans, bank accounts, credit reports, payday loans, and debt collection.
- *Paying for College* (consumerfinance.gov/paying-for-college/) is a set of online tools for students and families evaluating their higher education financing options—comparing college costs and financial aid, learning about college money and loan options, and assessing repayment options.
- *Owning a Home* (consumerfinance.gov/owning-a-home/) is a set of online tools for consumers to use as they begin and pursue the process of finding a home mortgage product that fits their needs and their budget. It helps consumers understand the basics

of mortgages, orient themselves in the market and process, and consider various factors that may affect their own mortgage decision.

- *Know Before You Owe: Take Control of Your Auto Loan* (consumerfinance.gov/consumer-tools/auto-loans/) is a set of resources to help consumers understand what is involved when financing an automobile. The resources, including an Auto Loan Cost Comparison Worksheet, encourage consumers to shop around for an auto loan and focus on the total cost of the loan, not just the monthly payment.
- *CFPB en Español* (consumerfinance.gov/es/) provides Spanish-speaking consumers, who make up the second largest language group in the United States, a central point of access to the Bureau's most-used consumer resources available in Spanish.
- *Planning for Retirement* (consumerfinance.gov/retirement/before-you-claim/) is an interactive educational online tool to help consumers make an informed decision about one of the biggest choices that they will have to make. The tool helps people as they decide when to claim their Social Security benefits and understand how their claiming age affects their benefits. The tool, built in collaboration with the Social Security Administration, gives consumers the information and tips they need to make a well-informed choice in light of their own situation.

The Bureau is working with community institutions, government agencies, and other organizations to integrate financial education or capability strategies into existing service programs or consumer relationships:

- Schools provide the opportunity to transform the financial lives of a generation of Americans by introducing key money and finance-related concepts early, and building on that foundation consistently through the kindergarten through grade 12 (K-12) school years. The Bureau has launched a youth financial education initiative to build on existing efforts to integrate financial education into K-12 curricula and undertake other approaches to improving youth financial capability. This work includes a guide to help policymakers connect with tools, information, and insights to enhance K-12 financial education efforts available at consumerfinance.gov/reports/advancing-k-12-financial-education-a-guide-for-policymakers/; and a tool for analyzing and identifying appropriate and promising youth financial education curricula available at consumerfinance.gov/reports/youth-financial-education-curriculum-review-tool/.

- The *Money as You Grow* (consumerfinance.gov/money-as-you-grow) website provides a developmental framework for how children develop financial capability, and activities and conversation starters parents can use at each stage of development. These resources are broken up into resources for three age groups: early childhood, middle childhood, and teen and young adulthood. Early childhood resources focus on building skills and attitudes that can later be translated to financial choices, such as planning and problem solving, staying focused, and delaying gratification. Middle childhood is a good time to start speaking more explicitly about financial concepts, moving towards teen and young adulthood, when people start to earn money and make financial decisions on their own.
- The *Youth Personal Finance Pedagogy* (consumerfinance.gov/youth-financial-education/) is a framework for teaching personal finance skills to children, based on the Bureau's research-based developmental model. The pedagogy aims to help teachers work with their students to improve executive functioning skills such as planning and problem solving, to create and encourage positive financial habits and effective money management, to build financial research skills to compare and contrast options, and to design safe opportunities for youth to practice financial decision-making.
- The Bureau's report *Building Blocks to Help Youth Achieve Financial Capability: A New Model and Recommendations* examines the development of the youth precursors to the knowledge, skills, habits, and norms that are associated with adult financial well-being. This developmental model is designed to help youth caregivers and educators start youth early on the path to financial capability. The report and brief are available at consumerfinance.gov/data-research/research-reports/building-blocks-help-youth-achieve-financial-capability/.
- Employers, including the federal government as an employer, can play an important role in helping people avoid financial distress and in promoting long-term financial well-being. Employers can do this by implementing practices in the workplace that strengthen financial capability, including making it easier for employees to adopt positive saving and investing habits. The Bureau has developed information about these practices in its report, *Financial Wellness at Work*. The report is available at consumerfinance.gov/reports/financial-wellness-at-work/.
- The Bureau continues its workplace initiative focused on empowering public service organizations to help their employees tackle their student debt. As part of this initiative, the Bureau developed a toolkit, *Employer's guide to assisting employees with student loan*

repayment. Public service organizations can use the toolkit to help employees learn about their options and work toward qualifying for federal loan repayment benefits available for student debt, including public service loan forgiveness. The Bureau is asking public service employers to take a pledge to help their employees in this effort. The pledge can be found at consumerfinance.gov/pledge/.

- The Bureau is working with the Department of Labor’s Employment and Training Administration to assist municipal leaders and local workforce boards in 24 communities over a two-year period to integrate financial capability services into their youth employment programs. Innovations and lessons from this work will be shared with municipal leaders and the Department of Labor’s broader Workforce System, which includes American Job Centers nationwide.
- Libraries are trusted institutions, and serve as a central neighborhood resource. The Bureau is working with libraries and national organizations with community networks to identify resources and community partnerships that can help libraries develop financial education programming. The Bureau is providing information and trainings for librarians. These efforts are helping libraries build the expertise to help consumers research their financial questions. Resources for libraries are available at consumerfinance.gov/library-resources/.
- Volunteer Income Tax Assistance (VITA) sites assist more than 3.5 million low-income households each year to prepare and file their tax returns free of charge and, if the filer is eligible, apply for the Earned Income Tax Credit. The Bureau offers training and materials that site managers and volunteer tax preparers at VITA sites can use to encourage consumers to save a portion of their tax refunds. Through a large scale pilot involving 41 VITA programs around the country the training was offered via webinar to VITA site managers and their volunteer tax preparers. The Bureau offered an array of educational materials in English and Spanish for taxpayers including information sheets, posters, flyers, and social media ready content. These materials highlighted the benefits of saving at tax time and explained available savings options while filing a return, such as direct deposit into a savings account, splitting the refund into multiple accounts, purchase of a Series I savings bond or deposit into the new Treasury sponsored *myRA* retirement account. In 2016, 189,000 tax filers had their taxes prepared at sites where CFPB training and materials were provided with 147,615 tax filers receiving refunds. Of those filers receiving refunds 2,562 split their refunds into multiple accounts using IRS form 8888, 639 filers purchased Series I

savings bonds, and 70 made deposits into the new Treasury Department sponsored *myRA* retirement account.

- To support consumers and the mortgage industry in transitioning to new residential mortgage disclosure forms effective for applications for home purchase mortgage loans received beginning October 3, 2015, the Bureau developed a new consumer information booklet, *Your home loan toolkit: A step-by-step guide (The Toolkit)*. The *Toolkit* is designed to help consumers purchasing a house to use the new forms to guide them through the process of shopping for a mortgage and buying a home. The *Toolkit* integrates new requirements under the Dodd-Frank Act. Lenders can use the *Toolkit* to satisfy requirements under RESPA, Regulation X, and TILA, Regulation Z, requiring them to provide special information booklets to help consumers better understand the nature and costs of real estate settlement services. The booklet is delivered to hundreds of thousands of consumers each year and it will help spread plain-language educational information at a time when consumers are entering into a major financial transaction. The *Toolkit* is available in print-ready and web-ready versions, in English and Spanish, at consumerfinance.gov/learnmore/#respa.
- The Bureau connects to and supports financial education practitioners through the *CFPB Financial Education Exchange (CFPB FinEx)*. *CFPB FinEx* is an online and in-person information exchange designed to provide financial education practitioners with centralized access to CFPB tools, resources, and research on consumer financial behavior and effective practices. *CFPB FinEx* facilitates discussion among financial educators and allows the Bureau to gather feedback on financial education tools and approaches. Financial educators can access CFPB tools, resources, and research through a *Resources for financial educators* web page, which is available at consumerfinance.gov/adult-financial-education/. This web page includes a printable, shareable inventory of Bureau tools, resources, and reports, which is available at consumerfinance.gov/f/201603_cfpb_finex-resource-inventory.pdf.
- The Bureau continues to train organizations to adopt and use *Your Money, Your Goals*, a toolkit for use by frontline staff in social services, legal aid, worker and community organizations. The toolkit allows users to help the people they serve strengthen their financial capability and personal money management skills. The Bureau has worked with various entities to expand the reach of *Your Money, Your Goals* program. More information is available at consumerfinance.gov/your-money-your-goals/.

- The Bureau hosted a 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 Bureau makes these forums available as on-demand video trainings on the Bureau's website at consumerfinance.gov/servicemembers/on-demand-forums-and-tools/. These trainings currently cover issues in debt collection, credit reporting, veteran consumer issues, the consumer complaint process, and solutions for servicemembers with troubled mortgages.
- The Bureau and the FDIC collaborate in serving older adults and distribute a financial education tool, *Money Smart for Older Adults* (MSOA), as a stand-alone module in the FDIC's *Money Smart* financial education program. MSOA provides information for older adults and their caregivers on preventing and responding to financial exploitation such as scams and identity theft, and resources on how to prepare financially for unexpected life events. MSOA is offered by community organizations around the country that interact with older adults, family members, or caregivers, in Spanish and English. Participant guides are available for download at consumerfinance.gov/f/201306_cfpb_msoa-participant-guide.pdf and are available for order through promotions.usa.gov/cfpbpubs.html. Community organizations that wish to offer the course in their communities can order the instructor materials from the FDIC at fdic.gov/consumers/consumer/moneysmart/olderadult.html.
- The Bureau developed educational guides, *Managing Someone Else's Money*, designed to help financial caregivers of older adults to manage money or property of someone who is unable to make their own financial decisions. The Bureau created guides tailored to the needs of people in four different fiduciary capacities: agents under a power of attorney, court-appointed guardians, trustees, and government fiduciaries (Social Security representative payees and VA fiduciaries). Each guide contains information on the fiduciary's responsibilities and tips on how to spot financial exploitation and avoid scams. The Bureau also created six sets of state-specific *Managing Someone Else's Money* guides to provide information on state law, practice, and resources, as well as a set of tips and templates to help legal and aging experts in the remaining states create state-specific versions. Guides and tips for states are available for download at consumerfinance.gov/managing-someone-elses-money.
- The Bureau launched a *Safe Student Account Toolkit* to assist colleges and universities seeking to enter into agreements with financial institutions to provide safer and more affordable co-branded financial products for students. This toolkit can help schools when

developing a request for proposals to solicit bids to provide these financial products by empowering schools to solicit bids that clearly outline account features, fees and costs to students and, based on this information, to select a vendor that meets their students' needs.

This toolkit is available for download at

http://files.consumerfinance.gov/f/201512_cfpb_safe-student-account-toolkit.pdf and

interested schools are encouraged to contact the Bureau at students@cfpb.gov.

The Bureau is conducting evidence-based research to build on current knowledge of what approaches to financial education are effective and how to measure effectiveness:

- A growing consensus is emerging that the ultimate measure of success for financial literacy efforts should be improvement in individual financial well-being. The Bureau has formally defined financial well-being from the consumer perspective and has begun to identify the specific types of knowledge, behavior, and personal traits that help people achieve greater financial well-being. The Bureau released the first findings of this research in a report entitled *Financial well-being: The goal of financial education*, which is available at consumerfinance.gov/reports/financial-well-being/.
- The Bureau developed and tested a set of questions—a “scale”—to measure financial well-being. The scale is designed to allow financial education practitioners and researchers to accurately and consistently quantify, and therefore observe, something that is not directly observable—the extent to which someone’s financial situation and the financial capability that they have developed provide them with security and freedom of choice. The Bureau’s user guide describes the research behind the CFPB *Financial Well-Being Scale* and provides detailed steps for using it, including how to score individuals’ responses and compare their scores. The scale and guide are available at consumerfinance.gov/reports/financial-well-being-scale/.
- In 2016, the Bureau assimilated the latest research and input from the financial education field to develop *Principles for financial well-being*. Practitioners can use the Principles to identify promising strategies that can help consumers improve their financial well-being, evaluate which principles are already present in their programs and how they support financial well-being, and refine existing programs by incorporating new insights gathered through CFPB’s financial well-being research.

3.2 Outreach

In addition to its efforts to engage specific populations, the CFPB regularly hosts public events across the country to discuss CFPB initiatives and to solicit input about issues related to consumer financial products and services. During this reporting period, the public participated in field hearings on consumer access to financial records in [Salt Lake City, UT](#) and on alternative data in [Charleston, WV](#).

In conjunction with these public events, Director Cordray and senior Bureau officials held roundtables with community leaders, legal services attorneys, housing counselors, state and 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 held two meetings of its Consumer Advisory Board; both were located in Washington, D.C. and occurred on [October 27, 2016](#) and [March 2, 2017](#). Additionally, the CFPB held one meeting of its Credit Union Advisory Council in Washington, D.C. on [March 30, 2017](#).

The Bureau has also actively solicited the perspectives of consumer and civil rights groups, including holding roundtables with community-based organizations across the country. During this reporting period, the Bureau's Office of Community Affairs has engaged thousands of community group representatives through hundreds of meetings, briefing calls, and public appearances.

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 has hosted hundreds of meetings, briefing calls, and public appearances with financial institutions and financial industry trade associations.

Director Cordray and senior CFPB leadership have also delivered several speeches at widely-attended industry and nonprofit conferences.¹⁹ In addition to direct outreach through field events, roundtables, public meetings, speeches, and briefing calls, the CFPB launched Project Catalyst in November 2012 to support innovators in creating consumer-friendly financial products and services. The Bureau believes that markets work best when they are open to new

¹⁹ A list of speeches given in this reporting period by CFPB personnel may be found in Appendix H of this report.

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 policy tools. Through popular “office hours” events, which are held in San Francisco, CA; New York, NY; and Austin, TX four to five times per year, the CFPB is able to keep up to date with the fast-paced development in the FinTech space while the FinTech startups benefit from the Bureau’s knowledge of the regulatory environment and other considerations. Project Catalyst has developed three policy tools over the years. The first policy tool is the “research collaboration” program in which CFPB subject matter experts work with entrepreneurial companies to better understand what works for consumers and to inform our policy making. Since its launching, Project Catalyst has entered six such collaborations with companies large and small. The second policy tool is a trial disclosure program in which the CFPB provides waivers of federal disclosure requirements for successful applicants to allow them to develop and test innovative and consumer-friendly disclosures. More recently, the Bureau published a third tool, a no-action letter policy which aims to reduce regulatory uncertainty for new products and services that offer the potential for significant consumer benefit. The Bureau also released a Project Catalyst report highlighting various market developments that have the potential to produce benefits for consumers.²⁰

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 (MOUs) with intergovernmental partners, including federal agencies, state financial regulatory entities, state and tribal attorneys general, and municipal law enforcement agencies. The Bureau has also

²⁰ <https://www.consumerfinance.gov/data-research/research-reports/project-catalyst-report-promoting-consumer-friendly-inno> ; <https://www.consumerfinance.gov/data-research/research-reports/project-catalyst-report-promoting-consumer-friendly-innovation/vation/>

actively solicited the perspectives of consumer and civil rights groups.

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, ensuring compliance with the Federal Advisory Committee Act (FACA), and serving as the liaison between advisory group members and the Bureau. 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 the Consumer Advisory Board and Councils:

- Works to ensure the Bureau is compliant with FACA and manages appropriate policies and procedures for the constitution and management of the advisory board and councils;
- Manages the selection process for the Bureau's advisory groups;
- Conducts agenda setting for advisory board and councils meetings;
- Regularly facilitates discussions between the Bureau and advisory group members; and
- Recommends policy and associated strategies as suggested by the advisory board and councils.

The Bureau's advisory groups offer vital insight and perspectives as the CFPB strives to issue thoughtful, research-based rules.



CAB member Josh Zinner speaks at the Consumer Advisory Board meeting on October 26, 2016, in Washington, D.C.

Role of the Bureau's Advisory Groups

The Dodd-Frank Wall Street Reform and Consumer Protection Act charges the CFPB with establishing a Consumer Advisory Board to advise and consult with the Bureau's Director on a variety of consumer financial issues.

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.*²¹

At the behest of the Director, the Bureau also created a Community Bank Advisory Council (CBAC), a Credit Union Advisory Council (CUAC) and an Academic Research Council (ARC). The CBAC and CUAC advise and consult with the Bureau on consumer financial issues related to community banks and credit unions. The ARC shares insight relating to research methodologies, data collection, and analytic strategies.

Members of the Bureau's board and councils serve for limited, specified terms.

Additionally, the CAB meets at least twice per year. The CUAC and CBAC each meet, on average, twice per year in person and twice per year by conference call. The ARC meets once a year.

These advisory groups help the Bureau solicit external stakeholder feedback on a range of topics, and they work through the Office of the Consumer Advisory Board and Councils to provide, minutes and/or summaries of their meetings on the Bureau's website.

Membership and public application process of the Bureau's Advisory Groups

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 impacted by higher-priced mortgage loans, and seek representation of the interests of covered persons and

²¹ Dodd-Frank Act, Pub. L. No. 111-203, § 1014(a).

*consumers, without regard to party affiliation.*²²

Membership to all of the Bureau's advisory groups is facilitated through a public process whereby members of the public may apply to serve on a board or council. The Bureau accepts applications for these four advisory groups on a yearly basis. On January 16, 2017, the Bureau announced that applications for 2017 membership was open and requested applications be submitted for CAB, CBAC, and CUAC no later than March 1, 2017.²³ The application deadline for the ARC was February 14, 2017.²⁴ New CAB members will serve a three-year term and new ARC, CBAC, and CUAC members will serve two-year terms. The Bureau will announce the newly appointed board and council members later in the year.²⁵

Meetings of the Bureau's Advisory Groups

The Bureau has held three meetings of the Advisory Board and Councils during this reporting period:

- Two CAB meetings – October 2016 and March 2017 in Washington, D.C.
- One CUAC meeting – March 2017 in Washington, D.C.

Generally, Director Cordray provides remarks at the Bureau's advisory group meetings, which are made available on consumerfinance.gov. The Bureau makes full advisory group meetings open and accessible to the public. These meetings provide an opportunity for members of the public to hear the information and expertise advisory group members provide to the Bureau on the financial issues affecting their communities or constituencies. Any subcommittee meetings or discussions are also reported out and posted to consumerfinance.gov in meeting minutes and the annual reports to the Bureau.

²² Dodd-Frank Act, Pub. L. No. 111-203, § 1014(b).

²³ <http://www.consumerfinance.gov/about-us/blog/accepting-applications-our-advisory-board-and-councils/>

²⁴ <http://www.consumerfinance.gov/about-us/blog/accepting-applications-our-academic-research-council/>

²⁵ <http://www.consumerfinance.gov/newsroom/cfpb-announces-new-members-of-the-consumer-advisory-board-community-bank-advisory-council-and-credit-union-advisory-council/>.

Topics covered with the Bureau's Advisory Groups

In October 2016, the CAB met to discuss small business lending, engaging and supporting homebuyers, CAB member perspectives on enforcement priorities, student loan servicing, machine learning, trends and themes in the marketplace, and debt collection.

In March 2017, the CAB met to discuss consumer reporting, the Bureau's open credit score initiative, trends and themes in the marketplace, enhancements to the consumer complaint process, and receive a five year review of the Bureau's public enforcement actions.

In March 2017, the CUAC met to discuss alternative data and consumer access to financial records.

For more information about the Bureau's advisory groups, please visit

<https://www.consumerfinance.gov/about-us/advisory-groups/>

4. Regulations and guidance

The Bureau has continued to support industry's implementation of Dodd-Frank Act requirements through a variety of mechanisms, including meetings with trade associations and other stakeholders, development of free standing implementation aids and webinars available on its website, provision of informal guidance to institutions, and, where warranted, clarifying rulemaking, as the Bureau is undertaking for the Know Before You Owe mortgage disclosure rule and the Home Mortgage Disclosure Act (HMDA) regulations. The Bureau also issued a final rule applying Federal consumer financial laws to prepaid accounts, which many consumers are using as substitutes for traditional bank accounts. The Bureau has also been working to review comments received on proposals issued in the summer of 2016 that relate to the Dodd-Frank Act, including a proposed rule concerning arbitration clauses included in contracts for certain consumer financial products and service, and a proposed rule to address consumer harms from practices related to payday loans, vehicle title loans, and certain high-cost installment loans. In addition, the Bureau continues to follow up on an earlier Request for Information seeking public comment on potential projects to streamline regulations. The Bureau has also continued work on routine rulemakings, such as annual inflation threshold adjustments.

4.1 Implementing statutory protections

The CFPB continues to engage in significant activities designed to implement the Dodd-Frank Act consumer protection provisions. Following the Bureau's issuance of mortgage rules in January 2013,²⁶ the Know Before You Owe mortgage disclosure rule in November 2013, the HMDA rule in October 2015, and amendments to the mortgage servicing rules in August 2016,

²⁶ The Bureau's implementation activities for these rules are further discussed in section 4.3.

the Bureau has continued to engage in activities to support the implementation process for these rules with both industry and consumers, as described further in Section 4.3. Other statutory implementation efforts have included issuing additional rules pursuant to Dodd-Frank Act mandates. Much of the Bureau's recent activity continues to be mortgage-related:

- In October 2015, the Bureau finalized amendments to Regulation C to, among other things, implement Dodd-Frank Act revisions to HMDA. On October 28, 2015, these changes were published in the *Federal Register*. The Bureau is assisting the industry with implementation of the 2015 HMDA Final Rule, similar to the Bureau's efforts on the Know Before You Owe mortgage disclosure rule and the 2013 mortgage rules. The Bureau has released several support materials to assist industry with implementation of the 2015 HMDA Final Rule, including job aids and summaries of various parts of the rule, two webinars providing an overview of the rule, and technical instructions for filing. In the Spring of 2017, the Bureau issued two proposed rules to support the implementation of the 2015 HMDA Final Rule, one involving technical corrections and clarifying amendments to Regulation C, and one involving reconciling Regulation B and Regulation C ethnicity and race information collection.
- In August 2016, the Bureau issued a final rule amending certain mortgage servicing rules issued in 2013 under RESPA and TILA. These amendments focus primarily on clarifying, revising, or amending provisions regarding force-placed insurance notices, policies and procedures, early intervention, and loss mitigation requirements under Regulation X's servicing provisions; and periodic statement requirements under Regulation Z's servicing provisions. The amendments also address proper compliance regarding certain servicing requirements when a consumer is a potential or confirmed successor in interest, is in bankruptcy, or sends a cease communication request under the FDCPA. The final rule also makes technical corrections to several provisions of Regulations X and Z. In conjunction with the final rule, the Bureau issued an interpretive rule under the FDCPA, which constitutes an advisory opinion for purposes of the FDCPA and provides safe harbors from liability for servicers acting in compliance with specified mortgage servicing rules in Regulations X and Z in three specific situations. On October 19, 2016, both the final rule and the interpretive rule were published in the *Federal Register*.
- In July 2016, the Bureau proposed various amendments to the federal mortgage disclosure requirements under RESPA and TILA that are implemented in Regulation

Z. The proposed amendments would memorialize the Bureau's informal guidance on various issues and include clarifications and technical amendments. The Bureau also proposed to clarify tolerance provisions for the total of payments, an adjustment to a partial exemption mainly affecting housing finance agencies and nonprofits, extension of coverage of the integrated disclosure requirements to all cooperative units, and guidance on sharing the disclosures with various parties involved in the mortgage origination process. The comment period for the proposal ended on October 18, 2016. The Bureau is reviewing comments and expects to issue a final rule in mid-2017.

- In consultation and cooperation with other agencies with Gramm-Leach-Bliley Act (GLBA) rule writing authority, the Bureau issued a proposal in July 2016 to amend Regulation P, which implements the GLBA and requires, among other things, that financial institutions provide an annual notice to customers. The proposal would revise Regulation P to implement a December 2015 statutory amendment, adding a new section 503(f) to GLBA that provides an exception to the annual notice requirement for financial institutions that meet certain conditions. The comment period for that proposal ended on August 10, 2016. The Bureau is reviewing the comments received on the proposal as it develops a final rule.
- Section 1071 of the Dodd-Frank Act amends ECOA to require financial institutions to report information concerning credit applications made by women-owned, minority-owned, and small businesses. The Bureau is in its early stages with respect to implementing section 1071 and is currently focused on outreach and research to develop its understanding of the players, products, and practices in business lending markets. The Bureau will make a determination on the appropriate course for implementing Section 1071 of the Dodd-Frank Act based on this outreach and research, with appropriate procedures and privacy protections needed for the statutorily mandated information-gathering and public disclosure.

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, the Bureau has continued to focus attention on a number of issues in other consumer financial products and services markets. This work includes rulemakings to revise regulations the Bureau inherited from other agencies and the issuance of a rule governing prepaid accounts, as well as continued research and other preparations for rulemakings to address several longstanding issues regarding debt collection, payday loans and deposit advance programs, and overdraft features on deposit accounts. This work also includes requesting information about emerging issues in consumer financial services markets. In November 2016, the Bureau issued a request for information about how consumers are accessing, using, and exercising control over their financial data (including when such data is maintained by their financial institutions), and in February 2017, the Bureau issued a request for information about the potential benefits and risks of using, applying, and analyzing unconventional sources of information to assess people's creditworthiness.

As reflected in its Fall 2016 [regulatory agenda](#), the Bureau has continued work on a number of projects to address longstanding concerns in other consumer financial services markets. For example:

- In October 2016, the Bureau released a final rule amending Regulations E and Z to create a comprehensive set of consumer protections for prepaid financial products, which are increasingly being used by consumers in place of traditional checking accounts.²⁷ The final rule expressly brings prepaid products within the scope of Regulation E, which implements the Electronic Fund Transfer Act (EFTA), as prepaid accounts and creates new provisions specific to such accounts. The final rule also amends Regulation E and Regulation Z, which implements the Truth in Lending Act (TILA), to regulate prepaid accounts with overdraft credit features. In March 2017, the

²⁷ The final rule was published in the Federal Register on November 22, 2016. 81 FR 83934.

Bureau proposed to extend the general effective date of the rule by six months, to April 1, 2018; the requirement to submit prepaid account agreements to the Bureau remains October 1, 2018.²⁸

- The Bureau is also engaged in rulemaking activities regarding debt collection practices. Debt collection continues to be the single largest source of complaints to the Federal Government of any industry. Building on the Bureau's November 2013 Advance Notice of Proposed Rulemaking, the Bureau released materials in July 2016 in advance of convening an August 2016 panel under the Small Business Regulatory Enforcement Fairness Act (SBREFA) in conjunction with the Office of Management and Budget and the Small Business Administration's Chief Counsel for Advocacy to consult with small businesses that may be affected by the policy proposals under consideration. This SBREFA process focused on companies that are considered "debt collectors" under the FDCPA. The CFPB continues to analyze the information obtained during and after the SBREFA panel. Building on the feedback received through the SBREFA process and other sources, the Bureau plans to issue a proposed rule later in 2017 concerning FDCPA collectors' communications practices and consumer disclosures. The Bureau intends to follow up separately at a later time about concerns regarding information flows between creditors and FDCPA collectors and about potential rules to govern creditors that collect their own debts. In January 2017, the Bureau released the results of a survey on consumer experiences with debt collection and a report describing online debt sales.
- The Bureau is developing a final rule regarding payday loans, auto title loans, and certain high-cost installment loans to address consumer harms from certain practices, including failure to determine whether consumers have the ability to repay without default or re-borrowing and certain payment collection practices. The Bureau issued a Notice of Proposed Rulemaking in June 2016. Among other things, the proposal would require lenders to make a reasonable determination that the consumer has the ability to repay a covered loan before extending credit. It would also require lenders to make certain disclosures before attempting to collect payments from consumers' accounts

²⁸ The proposal was published in the Federal Register on March 15, 2017. 82 FR 13782. The Bureau finalized the effective date delay after the close of the reporting period.

and restrict lenders from making additional payment collection attempts after two consecutive attempts have failed. The deadline for comments on the Notice of Proposed Rulemaking was October 7, 2016. The Bureau has received more than 1 million comments and is reviewing those comments.

- Building on Bureau research and other sources, the Bureau is engaged in policy analysis and further research initiatives in preparation for a rulemaking on overdraft programs on checking accounts. The CFPB issued a [white paper](#) in June 2013 based primarily on supervisory data from several large banks that highlighted a number of possible consumer protection concerns, including how consumers opt in to overdraft coverage for ATM and one-time debit card transactions, overdraft coverage limits, transaction posting order, overdraft and insufficient funds fee structure, and involuntary account closures. In July 2014, the CFPB released a report, based on data from the same sources, providing additional information about the outcomes of consumers who do and do not opt in to overdraft coverage for ATM and one-time debit card transactions. The July [2014 report](#) also explored the transactions that overdraw consumer accounts. The CFPB is continuing to engage in additional research and has begun consumer testing initiatives relating to the opt-in process.
- The Bureau has proposed a rule concerning the use of agreements providing for arbitration of any future dispute between covered persons and consumers in connection with the offering or providing of consumer financial products or services. The proposed rule followed issuance of a report to Congress, which was required by the Dodd-Frank Act, and released in March 2015. The proposal would prohibit covered providers of certain consumer financial products and services from using an arbitration agreement to bar the consumer from filing or participating in a class action. Under the proposal, companies would still be able to include arbitration clauses in their contracts. However, for contracts subject to the proposal, the clauses would have to say explicitly that they cannot be used to stop consumers from being part of a class action in court. The proposal would also require a covered provider that has an arbitration agreement and that is involved in arbitration pursuant to a pre-dispute arbitration agreement to submit specified arbitral records to the Bureau. The deadline for comments on the Notice of Proposed Rulemaking was August 22, 2016. The Bureau has received more than a hundred thousand comments on the proposal and is reviewing those comments.

The Bureau has continued to work on defining larger participants in markets for consumer financial services and products. Under Title X of the Dodd-Frank Act, the Bureau is authorized to exercise supervisory authority over larger participants that it defines by rule.

With regard to regulations that the CFPB inherited, the Bureau issued a Request for Information in December 2011 seeking comment on opportunities to streamline, modernize, and harmonize regulations inherited from other federal agencies. The Bureau has sought to address such issues in the course of its rulemakings; for instance, by using the rulemakings to consolidate mortgage disclosures under TILA and RESPA to clarify or reduce the burden of existing regulations and by exploring opportunities to reduce unwanted regulatory burden as part of the HMDA rulemaking.

The Bureau has also continued to launch other rulemaking and guidance initiatives designed to streamline existing regulations and reduce regulatory burden.

4.3 Facilitating implementation of new regulations

As the Bureau has issued regulations to implement Dodd-Frank Act requirements, it has focused intently on supporting the implementation process for these rules with both industry and consumers. The Bureau has provided substantial implementation support for these regulations, including engaging in public outreach, speaking at conferences, and publishing guides, summaries, charts, webinars, and other resources. The Bureau continues to develop and issue regulatory implementation materials and reference aids that support and assist industry's regulatory implementation efforts.

The Bureau produces and updates material supporting industry implementation of the Remittance Transfer rule effective February 2012, the Know Before You Owe mortgage disclosure rule effective October 2015, the 2015 HMDA Final Rule, the mortgage servicing rules under RESPA (Regulation X) and the Truth in Lending Act (Regulation Z) issued August 2016, a related interpretive rule under the FDCPA to clarify the interaction of the FDCPA and mortgage servicing rules in Regulations X and Z issued in August 2016, and the Prepaid Accounts under

Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) issued October 2016. These materials are publicly available on the Bureau's webpage dedicated to regulatory implementation.²⁹ This, along with communications and outreach efforts, facilitates industry access to regulatory requirements and developments, particularly for smaller businesses that may have limited legal and compliance staff. The Bureau plans to continue to develop additional tools and resources to facilitate implementation and compliance with new rules and to update existing resources to reflect regulatory amendments.

In October 2015, the Bureau issued the 2015 HMDA Final Rule along with a number of resources to assist industry with understanding and implementing the new rule's requirements. These resources include an executive summary of the rule, a timeline of effective dates, institutional coverage charts, and a chart to explain data and reporting requirements. In December 2015, the Bureau published the Home Mortgage Disclosure (Regulation C) Small Entity Compliance Guide, providing an easy-to-use summary of the rule and information that may be helpful for industry participants, especially smaller organizations with limited legal and compliance staff, when implementing the 2015 HMDA Final Rule. Larger entities may also find it useful.

In July 2016, the Bureau published a webinar providing an overview of the 2015 HMDA Final Rule and explaining institutional and transactional coverage, the data collection and submission process, and key dates for implementation. The Bureau also published a transactional coverage chart to help entities determine whether a transaction is reportable under the rule.

In February 2017, the Bureau published a second webinar on HMDA providing an overview and discussion of identifiers, including entity, applications or loans, property and loan originator, as well as data points related to applicants and borrowers. The Bureau also published a chart on collecting HMDA race and ethnicity information. The chart illustrates the options an institution has for collecting and reporting race and ethnicity information under the current HMDA rule, the 2015 HMDA Final Rule, and the Bureau's Official Approval Notice that was issued on September 23, 2016.

In addition, the Bureau has made available a number of [data submission resources for HMDA](#)

²⁹ <http://www.consumerfinance.gov/policy-compliance/guidance/>

[filers](#) and vendors on its Resources for HMDA Filers website.³⁰ Filing Instructions Guides have been published for data collected in 2017 and 2018. These guides contain file specifications describing the format to be used when filing HMDA data with the Bureau, an explanation of changes to the data submission process, and other information and resources to help entities file the HMDA data that they collect. The Bureau has also published a Technology Preview webpage,³¹ which provides an initial view into the way HMDA filers will interact with the HMDA Platform and describes resources that will be available for filers, developers, and the interested public. In January 2017, the Bureau made modifications to the Technology Preview and Filing Instructions Guide for data collected in or after 2018, and also released a 2017 LAR Formatting Tool. The LAR Formatting Tool is intended to help financial institutions, typically those with small volumes of covered loans and applications, create an electronic file for submission. The Bureau will continue to update the web page on an ongoing basis to keep stakeholders informed of new developments.

Along with publishing implementation resources, the Bureau continues to engage in extensive outreach activities, including speaking at conferences and other events, to support the implementation of the 2015 HMDA Final Rule mortgage lending data reporting rules and to identify and address implementation issues. The Bureau is also conducting outreach meetings and calls with vendors to facilitate implementation efforts and providing informal oral guidance in response to interpretive inquiries from a variety of stakeholders. Finally, the Bureau is coordinating closely with other regulators, including through the Federal Financial Institutions Examination Council (FFIEC), on HMDA implementation. The Bureau will continue to monitor implementation progress and publish additional regulatory implementation tools and resources on its website to support implementation needs.

The Bureau has also continued to support the implementation of the Know Before You Owe mortgage disclosure rule, which took effect in October 2015. Since the issuance of the Know Before You Owe mortgage disclosure rule, the Bureau has published a substantial number of implementation resources, including a plain-language small entity compliance guide providing an overview and summary of key aspects of the Know Before You Owe mortgage disclosure rule;

³⁰ These resources are available at <http://www.consumerfinance.gov/data-research/hmda/for-filers>.

³¹ <http://www.consumerfinance.gov/data-research/hmda/tech-preview>.

a plain-language guide to forms providing detailed, illustrated instructions on completing the new Loan Estimate and Closing Disclosure forms; a number of sample forms and timelines; a construction loan factsheet; an examination manual and readiness materials; and other resources. The Bureau has also conducted a series of public webinars on the Know Before You Owe mortgage disclosure rule in conjunction with the Federal Reserve System, which are posted on the regulatory implementation section of the Bureau's website. In April 2016, the Bureau conducted and published its seventh Know Before You Owe mortgage disclosure rule webinar, which provided guidance on specific questions regarding the interpretation and implementation of the rule's requirements that had been received by the Bureau since the rule took effect in October 2015.

In August 2016, the Bureau published a special guide designed to help settlement professionals navigate the changes made by the Know Before You Owe mortgage disclosure rule. The Bureau continues to maintain an online guide to help real estate professionals understand regulatory changes made by the Know Before You Owe mortgage disclosure rule and work with consumers to ensure smooth and on-time closings. The Bureau also continues to maintain the "Owning a Home" website, which features an interactive guide to the mortgage loan process and loan options, a calculator to explore interest rates, checklists, and other resources to help consumers and others understand the loan process and disclosure requirements. Bureau staff continues to engage in outreach and market monitoring activities to identify implementation issues as they arise and provide informal oral guidance in response to interpretive inquiries from a myriad of stakeholders. The Bureau also plans to update the compliance guides to reflect any final regulatory updates and other information, as it did in October 2016 to reflect guidance previously provided in the Know Before You Owe mortgage disclosure rule webinars mentioned above.

When the Bureau issued amendments to the mortgage servicing rules in August 2016, the Bureau published a number of resources along with the rule to assist industry with understanding the regulatory changes and implementing new requirements. Specifically, the Bureau published a summary of the new rule, a factsheet and table highlighting and summarizing the regulatory changes and clarifications that directly affect small servicers, and a factsheet that explains the new rule's definition of delinquency and how it applies to Regulation X's specified mortgage servicing provisions and Regulation Z's periodic statement provisions for mortgage loans. In November 2016, the Bureau published an update to the existing Small Entity Compliance Guide to the mortgage servicing rules to reflect the August 2016 amendments. The Bureau plans to provide additional support to facilitate implementation and compliance with

the August 2016 amendments to the mortgage servicing rules.

In connection with the issuance of the new prepaid rule in October 2016, the Bureau published several resources to assist industry with implementation. Specifically, the Bureau published a summary of the new rule explaining the scope of the regulatory changes, a flow chart to help industry determine which financial products are subject to the new prepaid rule, and two tables highlighting the changes and clarifications that apply to prepaid card accounts and government benefit accounts. In January 2017, the Bureau provided a Small Entity Compliance Guide of the prepaid rule. This was followed in March with an illustrated resource titled “Preparing the short form disclosure for prepaid accounts.”

Finally, the Bureau continues to develop online tools to support industry compliance efforts. For example, the Bureau continues to develop and update its eRegulations platform. eRegulations is a web-based open source application that aims to make regulations easier to navigate, read, and understand. The eRegulations app presents regulation text and commentary in a clear format, and allows users to compare different versions of a regulation to identify changes. The Bureau began this effort in October 2013 with the release of Regulation E (including the new remittance transfer rules) with the goals of increased compliance, more efficient supervision, and improved accessibility.³² The Bureau unveiled Regulation Z in May 2014 and Regulations B, D, J, K, L, and M in November 2015.³³ The Bureau updates regulations on the platform in accordance with the issuance of the Bureau’s final rules. The Bureau recently updated Regulation E, on the eRegulations platform, to reflect amendments and revisions published in its final rules issued in October 2016.³⁴

³² <http://www.consumerfinance.gov/eregulations/1005>.

³³ <http://www.consumerfinance.gov/eregulations/1026>; <https://www.consumerfinance.gov/eregulations/1002>; <https://www.consumerfinance.gov/eregulations/1004>; <https://www.consumerfinance.gov/eregulations/1010>; <https://www.consumerfinance.gov/eregulations/1011>; <https://www.consumerfinance.gov/eregulations/1012>; and <https://www.consumerfinance.gov/eregulations/1013>.

³⁴ <https://www.federalregister.gov/documents/2016/11/22/2016-24503/prepaid-accounts-under-the-electronic-fund-transfer-act-regulation-e-and-the-truth-in-lending-act>; and <https://www.federalregister.gov/documents/2016/10/12/2016-24506/electronic-fund-transfers-regulation-e>.

5. Supervision

The CFPB's supervisory authority extends to banks, thrifts, and credit unions with assets of more than \$10 billion, as well as affiliates of those institutions. In addition, the CFPB supervises nonbank mortgage originators and servicers, payday lenders, and private student lenders, regardless of size, and also supervises larger nonbank participants of other markets as the CFPB defines by rule. To date, the CFPB has promulgated larger participant rules with respect to the following nonbank markets: debt collection, consumer reporting, student loan servicing, international money transfers, and automobile financing.

The CFPB's Offices of Supervision Examinations and Supervision Policy are located within the Division of Supervision, Enforcement, and Fair Lending. These two offices develop and administer the CFPB's nationwide supervisory program for depository and nondepository financial institutions. In conducting its supervisory activities, the CFPB focuses on maintaining consistency across markets, industries, charters, and regions, as well as on ensuring efficient and effective examinations and supervisory work. The CFPB follows a risk-based approach to examinations, prioritizing consumer products and markets that pose significant risks to consumers.

5.1 Supervisory activities

The CFPB has issued the following public documents during the period from October 1, 2016, through March 31, 2017:

Supervisory Highlights

Supervision periodically publishes a document entitled "Supervisory Highlights," that discusses the CFPB's supervisory program and identifies examination findings in key markets, industries, and product areas.

In October 2016,³⁵ the Bureau issued the Fall 2016 edition of Supervisory Highlights, which covered supervision work generally completed between May 2016 and August 2016. In this edition, the Bureau recapped examination findings in the areas of debt collection, auto origination and servicing, mortgage origination, and student loan servicing. This issue also provided numerous updates in the area of fair lending, including the provision of language services to limited English proficient consumers, HMDA data collection and reporting reminders for 2017, and redlining. This issue also recapped recently released examination procedures for reverse mortgage servicing, student loan servicing, and the Military Lending Act.

In March 2017,³⁶ the Bureau issued a special edition of Supervisory Highlights dedicated to consumer reporting issues. This edition detailed how Supervision's work has driven consumer reporting companies to make significant advances to promote greater accuracy, oversee furnishers, and enhance dispute resolution functions.

5.2 Supervisory guidance

Status of New Uniform Residential Loan Application and Collection of Expanded Home Mortgage Disclosure Act Information about Ethnicity and Race in 2017 under Regulation B³⁷

On September 23, 2016, the Bureau published a Bureau Official Approval pursuant to section 706(e) of the ECOA concerning the new Uniform Residential Loan Application and the collection of expanded HMDA information about ethnicity and race in 2017;³⁸ see section 7.4 for more information.

³⁵ http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_13_Final_10.31.16.pdf.

³⁶ https://www.consumerfinance.gov/documents/2774/201703_cfpb_Supervisory-Highlights-Consumer-Reporting-Special-Edition.pdf.

³⁷ http://files.consumerfinance.gov/f/documents/201605_cfpb_interagency-guidance-regarding-deposit-reconciliation-practices.pdf.

³⁸ https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_HMDAEthnicityRace.pdf.

Bulletin on service provider oversight (amends and reissues CFPB Bulletin 2012-03)³⁹

In October 2016, the Bureau amended and reissued its guidance pertaining to service providers. As always, the Bureau expects supervised banks and non-banks to oversee their business relationships with service providers in a manner that assures compliance with Federal consumer financial law, which is designed to protect the interests of consumers and avoid consumer harm. The CFPB amended its guidance to clarify that supervised entities have flexibility and to allow appropriate risk management.

Bulletin on detecting and preventing consumer harm from production incentives⁴⁰

In November 2016, the Bureau issued a bulletin that compiles guidance that has previously been given by the CFPB in other contexts and highlights examples from the CFPB's supervisory and enforcement experience in which incentives contributed to substantial consumer harm. It also describes compliance management steps supervised entities should take to mitigate risks posed by incentives should supervised entities choose to implement incentive programs to achieve business objectives.

5.3 2016 Annual Report on the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)

The SAFE Act provides for the licensing and/or registration of mortgage loan originators. The SAFE Act contemplates that such licensing and/or registration be accomplished through a Nationwide Mortgage Licensing System and Registry (NMLSR). The objectives of the NMLSR include improving information sharing among regulators, streamlining the licensing process,

³⁹ http://www.consumerfinance.gov/documents/1385/102016_cfpb_OfficialGuidanceServiceProviderBulletin.pdf

⁴⁰ http://www.consumerfinance.gov/documents/1537/201611_cfpb_Production_Incentives_Bulletin.pdf

and enhancing consumer protection. The NMLSR is managed by the Conference of State Bank Supervisors (CSBS) through its wholly owned subsidiary, the State Regulatory Registry, LLC (SRR).

The SAFE Act requires the CFPB to submit a report annually to Congress on the effectiveness of its provisions, including legislative recommendations, if any, for strengthening consumer protections, enhancing examinations standards, streamlining communications between all stakeholders involved in residential mortgage loan origination and processing, and establishing performance based bonding requirements for mortgage originators or institutions that employ such brokers.⁴¹ This section of the CFPB's Semi-Annual Report constitutes the annual SAFE Act report for 2016. During 2016, the CFPB worked closely with the NMLSR officials to facilitate sharing mortgage loan originator information between state and federal regulators through the NMLSR. Consequently, the reporting of federal regulatory actions to the NMLSR was expanded to include public enforcement actions by the CFPB. State and federal regulators now have access to these CFPB enforcement actions through the NMLSR; consumers also have access to this information through the NMLS Consumer Access website.

During the past year, the CFPB and the CSBS continued to hold regular monthly meetings to discuss operations, requirements, and policies related to the administration and function of the NMLSR. CFPB officials also participated in NMLSR related training offered by the CSBS and participated in the CSBS annual conference. As part of the SRR's project to improve and modernize the NMLSR, the CFPB formed a working group to advise NMLSR officials on how the federal registration process of mortgage loan originators in the NMLSR can be improved. CFPB officials reviewed, and approved as applicable, NMLSR record adjustment requests submitted by the SRR to correct inaccurate information on federal registrant accounts.

All 2016 CFPB mortgage origination examinations of banks and non-banks included a review for compliance with the SAFE Act. Examiners tested for accurate licensing and registration as well as related policies and procedures. The CFPB continues to answer SAFE Act-related questions through its regulations guidance function and maintains a dedicated SAFE Act Inquiries e-mail box to manage operational questions about the SAFE Act. Most of the questions received in

⁴¹ 12 U.S.C. § 5115(a).

2016 came from individual loan originators and loan originator organizations as defined in 12 C.F.R. 1026.36(a). Questions covered a range of topics, such as routine compliance issues related to licensing and registration, and the disclosure of specific actions against loan originators in the NMLSR. CFPB's average response time in handling inquiries was generally within 24 hours.

5.4 Coordination and Information Sharing with other Government Agencies

The CFPB and state regulators continue to coordinate on examinations under a framework for coordination on supervision and enforcement entered into by the CFPB and CSBS, acting on behalf of state financial regulatory authorities.⁴² Examination coordination under the framework may occur where the CFPB and state regulators each have supervisory jurisdiction over particular depository or nondepository financial institutions. The framework is an outgrowth of information sharing MOUs entered into by the CFPB and 63 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. The MOUs also establish safeguards and restrictions on the treatment of any shared information.

In addition, the CFPB coordinates with federal prudential regulators⁴³ on examination planning and policy considerations. Representatives of the CFPB and the federal prudential regulators meet regularly to coordinate supervisory and other activities. CFPB representatives also coordinate with the Department of Education on student loan-related supervisory work. The CFPB also coordinates and collaborates with federal prudential regulators and federal law enforcement agencies, such as the DOJ, HUD, and the FTC, in enforcement investigations and actions, including in the fair lending context.

⁴² http://files.consumerfinance.gov/f/201305_cfpb_state-supervisory-coordination-framework.pdf.

⁴³ FRB, FDIC, NCUA, and OCC.

The Director of the CFPB is a member of the FFIEC. As part of its mission, the FFIEC facilitates the development of consistent examination principles, standards, procedures, and report formats, and otherwise makes recommendations to promote uniformity in the supervision of financial institutions.

5.5 Examiner training and commissioning

The CFPB's Supervision Learning & Development team is responsible for training and commissioning the CFPB's field examination staff. The primary vehicle for commissioning is the Examiner Commissioning Program (ECP), and under the ECP12 examiners achieved commissioned examiner status during the period from October 1, 2016 through March 31, 2017.

The ECP includes five instructor-led, classroom-based courses, as well as formal on-the-job training modules, Acting Examiner-in-Charge (EIC) assignments, and a comprehensive multiple-choice test. The ECP finishes with a case study assessment. Within 12-18 months of achieving commissioned examiner status under ECP, examiners will complete a 120 day rotational assignment in any of a variety of offices in the Washington D.C. headquarters. Completed and fully-implemented components of the ECP currently include the following instructor-led classroom-based courses: Operations and Deposits/Prepaid Products, Lending Principles, Fair Lending Examination Techniques, Advanced Communications, and EIC Capstone course.

Currently, there are two paths to an examiner commission. One is through successful completion of the entire ECP, including the comprehensive test and case study assessment. The second is an abbreviated program for examiners commissioned at other agencies that are required to complete the two-week EIC Capstone course within one year of joining the CFPB in order to better understand processes and reports specific to CFPB.

5.6 Conducting investigations

Since the CFPB's launch, the Offices of Enforcement (Enforcement) and Fair Lending and Equal Opportunity (Fair Lending) have been investigating potential violations of Federal consumer financial laws. In using its investigation resources, the Bureau considers many factors, including the 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 is not generally made public by the Bureau until a public enforcement action is filed.

6. Enforcement Actions

Section 1016(c)(5) of the Dodd-Frank Act requires the Bureau to include in the semi-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 the following public enforcement actions from April 1, 2016, through March 31, 2017, detailed as follows:

In the Matter of Experian Holdings, Inc., Experian Information Solutions, Inc., and ConsumerInfo.com, Inc., d/b/a Experian Consumer Services (File No. 2017-CFPB-0012) (consent order entered March 23, 2017)

The CFPB took action against Experian and its subsidiaries for deceiving consumers about the use of credit scores it sold to consumers. The Bureau found that from 2012 to 2014, Experian misrepresented that the educational credit scores it sold were the same scores used by lenders for credit decisions. Experian also violated the Fair Credit Reporting Act, which requires a credit reporting company to provide a free credit report once every twelve months and to operate a central source—AnnualCreditReport.com—where consumers can obtain their report. Until March 2014, consumers getting their report through Experian had to view Experian advertisements before they got to the report. This violates the FCRA’s prohibition on such advertising tactics. The consent order requires Experian to pay a \$3 million civil money penalty, inform consumers about the nature of the scores it sells to consumers, and develop and implement an effective compliance management system to ensure that its advertising practices relating to credit scores and on webpages that consumers access through AnnualCreditReport.com comply with Federal consumer laws and the terms of our order.

In the Matter of Nationstar Mortgage LLC (File No. 2017-CFPB-0011) (consent order entered March 15, 2017)

The CFPB took action against Nationstar Mortgage LLC for violating the Home Mortgage

Disclosure Act (HMDA) by consistently failing to report accurate data about mortgage transactions for 2012 through 2014. The CFPB found that Nationstar's HMDA compliance systems were flawed, and generated mortgage lending data with significant, preventable errors. The consent order requires Nationstar to pay a \$1.75 million penalty to the CFPB's Civil Penalty Fund, develop and implement an effective compliance management system, and correct its HMDA reporting inaccuracies from 2012-14. The violations of HMDA are further discussed in the Fair Lending Enforcement Section of this report.

Consumer Financial Protection Bureau v. RD Legal Funding, LLC, RD Legal Finance, LLC, and RD Legal Funding Partners, LP, and Roni Dersovitz (S.D. NY 1:17cv00890) (complaint filed February 7, 2017)

The CFPB filed a complaint against RD Legal Funding, LLC, two related entities, and the companies' common founder and owner, Roni Dersovitz, for allegedly scamming 9/11 first responders and NFL concussion victims out of millions of dollars of payouts from victim-compensation funds and lawsuit settlements. RD Legal offers advances to consumers entitled to payouts from victim-compensation funds or lawsuit settlements. The Bureau's complaint alleges that the company targeted consumers, including police officers, firefighters, paramedics, and other first responders to the 9/11 World Trade Center attack who were awarded money from a fund created by Congress to assist with their medical costs and lost income due to their inability to work. The defendants also allegedly targeted former NFL players entitled to payments from a class-action lawsuit settlement involving concussion-related brain illnesses such as Alzheimer's and Parkinson's disease. The lawsuit alleges that the defendants engaged in deceptive and abusive acts or practices in connection with these transactions.

Consumer Financial Protection Bureau v. Woodbridge Coins and Jewelry Exchange, Inc. d/b/a Woodbridge Gold & Pawn (E.D. VA 1:17cv141) (complaint filed February 2, 2017) (consent judgment entered February 7, 2017)

The CFPB filed a complaint and entered a consent judgment with the Attorney General of Virginia against Woodbridge Coins and Jewelry Exchange, Inc., doing business as Woodbridge Gold & Pawn, in federal court for deceiving consumers about the actual annual costs of its loans. The Bureau's investigation found that since at least May 2014, Woodbridge misled customers by disclosing deceptively low annual percentage rates (APR) that did not reflect the fees and charges associated with the loans. These inaccurate disclosures in many cases understated the true APR by as much as half the actual cost. The Bureau's complaint alleges Woodbridge's actions violated the Truth in Lending Act, the Consumer Financial Protection Act (CFPA),

Virginia's pawnbroker statutes, and the Virginia Consumer Protection Act. The consent judgment requires Woodbridge to pay over \$56,000 in restitution to approximately 1,000 consumers, forfeit \$17,000 in ill-gotten gains, pay a \$5,000 civil money penalty, and end its deceptive disclosures.

In the Matter of UniRush LLC and Mastercard International Incorporated (File No. 2017-CFPB-0010) (consent order entered February 1, 2017)

The CFPB took action against Mastercard and UniRush for breakdowns that left tens of thousands of economically vulnerable RushCard users unable to access their own money to pay for basic necessities. In 2014, UniRush chose Mastercard as its new payment processor. The switch to Mastercard's processing platform ultimately took place in October 2015. Mastercard and UniRush's actions before, during, and after the changeover harmed tens of thousands of consumers. Preventable failures by Mastercard and UniRush meant that many customers could not use their RushCard to get their paychecks and other direct deposits, take out cash, make purchases, pay bills, or get accurate balance information. UniRush then failed to provide customer service to many consumers who reached out for help during the service breakdown. The Bureau ordered Mastercard and UniRush to pay an estimated \$10 million in restitution to tens of thousands of harmed customers. The CFPB also ordered Mastercard and UniRush to pay a civil money penalty of \$3 million.

In the Matter of Prospect Mortgage, LLC (File No. 2017-CFPB-006) (consent order entered January 31, 2017); ***Planet Home Lending, LLC*** (File No. 2017-CFPB-0007) (consent order entered January 31, 2017); ***Willamette Legacy, LLC dba Keller Williams Mid-Willamette***, (File No. 2017-CFPB-0008) (consent order entered January 31, 2017); and ***RGC Services, Inc. dba Re/Max Gold Coast Realtors*** (File No. 2017-CFPB-0009) (consent order entered January 31, 2017)

The CFPB took action against Prospect Mortgage, LLC, a major mortgage lender, for paying illegal kickbacks for mortgage business referrals. The CFPB also took action against two real estate brokers, RGC Services, Inc., (doing business as ReMax Gold Coast), and Willamette Legacy, LLC, (doing business as Keller Williams Mid-Willamette), and a mortgage servicer, Planet Home Lending, LLC, which took illegal kickbacks from Prospect. The CFPB also found that Planet violated the Fair Credit Reporting Act by improperly using credit reports to market Prospect to its customers. Under the terms of the action, Prospect was ordered to pay a \$3.5 million civil money penalty for its illegal conduct. Prospect is also prohibited from future

violations of the Real Estate Settlement Procedures Act, will not pay for referrals, and will not enter into any agreements with settlement service providers to endorse the use of their services. ReMax Gold Coast was ordered to pay a \$50,000 civil money penalty, and Keller Williams Mid-Willamette was ordered to pay \$145,000 in disgorgement and a \$35,000 civil money penalty. Both ReMax Gold Coast and Keller Williams Mid-Willamette are prohibited from violating the Real Estate Settlement Procedures Act, will not pay or accept payment for referrals, and will not enter into any agreements with settlement service providers to endorse the use of their services. Planet Home Lending was ordered to pay harmed consumers a total of \$265,000 in redress, is prohibited from violating the Fair Credit Reporting Act and the Real Estate Settlement Procedures Act, will not pay or accept payment for referrals, and will not enter into any agreements with settlement service providers to endorse the use of their services.

Consumer Financial Protection Bureau v. Vincent Howard, Lawrence W. Williamson, Howard Law, P.C., The Williamson Law Firm, LLC, and Williamson & Howard, LLP (C.D. Cal. 8:17-CV-00161) (complaint filed January 30, 2017)

The CFPB took action against a ring of law firms and attorneys who allegedly collaborated to charge illegal fees to consumers seeking debt relief. In a complaint filed in federal court, the CFPB alleges that Howard Law, P.C., the Williamson Law Firm, LLC, and Williamson & Howard, LLP, as well as attorneys Vincent Howard and Lawrence Williamson, ran this debt relief operation along with Morgan Drexen, Inc., which shut down in 2015 following the CFPB's lawsuit against that company. The CFPB seeks to stop the defendants' allegedly unlawful scheme, obtain relief for harmed consumers, and impose penalties.

In the Matter of CitiFinancial Servicing, LLC, CitiFinancial Company, CitiFinancial Services, Inc., and CitiFinancial, Inc. (File No. 2017-CFPB-0004) (consent order entered January 23, 2017)

The CFPB took action related to mortgage servicing practices of four entities that make up the CitiFinancial Servicing business. The Bureau found that CitiFinancial engaged in a number of acts or practices that violated the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, and the CFPA's prohibition on deceptive acts or practices, including failing to consider deferment requests as requests for foreclosure relief, misleading consumers about the impact of deferments, improperly charging for credit insurance that should have been cancelled or prematurely cancelling credit insurance, inaccurately reporting consumer information to credit reporting companies, and failing to timely investigate credit reporting disputes. The CFPB ordered CitiFinancial Services to refund approximately \$4.4 million to consumers, and pay a

civil penalty of \$4.4 million.

In the Matter of CitiMortgage, Inc. (File No. 2017-CFPB-0005) (consent order entered January 23, 2017)

The CFPB took action against CitiMortgage for violating the Real Estate Settlement Procedures Act and the Dodd-Frank Act's prohibition against deceptive acts or practices. Borrowers at risk of foreclosure or otherwise struggling with their mortgage payments can apply to their servicer for foreclosure relief, such as a loan modification. In this process, the servicer requests documentation of the borrower's finances for evaluation. Under CFPB rules, if a borrower does not submit all the required documentation with the initial application, servicers must let the borrowers know what additional documents are required. CitiMortgage sent some borrowers who asked for assistance a letter demanding dozens of documents and forms that had no bearing on the application or that the consumer had already provided. Many of these documents had nothing to do with a borrower's financial circumstances and were not needed to complete the application. The CFPB ordered CitiMortgage to pay an estimated \$17 million to compensate wronged consumers, and pay a civil penalty of \$3 million.

Consumer Financial Protection Bureau v. TCF National Bank (D. MN 0:17-cv-00166) (complaint filed January 19, 2017)

The CFPB filed a lawsuit in federal district court against TCF National Bank for allegedly tricking consumers into costly overdraft services. Banks cannot charge overdraft fees on one-time debit purchases and ATM withdrawals without a consumer's consent. The Bureau alleges that TCF designed its application process to obscure the fees and make overdraft seem mandatory for new customers to open an account. The CFPB also believes that TCF adopted a loose definition of consent for existing customers in order to opt them into the service and pushed back on any customer who questioned the process. The Bureau's lawsuit seeks redress for consumers, an injunction to prevent future violations, and a civil money penalty.

Consumer Financial Protection Bureau v. Navient Corporation, Navient Solutions, Inc. and Pioneer Credit Recovery, Inc. (M.D. PA 3:17-cv-00101) (complaint filed January 18, 2017)

The CFPB filed a lawsuit in federal district court against Navient Corporation and its affiliates, Navient Solutions, Inc. and Pioneer Credit Recovery, Inc. The complaint alleges that Navient Corporation and Navient Solutions steered struggling borrowers toward paying more than they

have to on loans; harmed the credit of disabled borrowers, including severely injured veterans; deceived private student loan borrowers about requirements to release their co-signer from the loan; repeatedly failed to correctly apply or allocate borrower payments to their accounts. The complaint also alleges that Navient Corporation, through its affiliate Pioneer, misled borrowers about the effect of rehabilitation on their credit reports and overpromised the amount of collection fees that would be forgiven in the federal loan rehabilitation program. Through its action, the Bureau seeks redress for consumers harmed by these illegal practices and seeks to keep Navient Corporation, Navient Solutions, and Pioneer from committing such illegal practices in the future.

In the Matter of Works & Lentz, Inc.; Works & Lentz of Tulsa, Inc., and Harry A. Lentz, Jr. (File No. 2017-CFPB-0003) (consent order entered January 9, 2017)

The CFPB took action against two medical debt collection law firms and their president for falsely representing that letters and calls were from attorneys attempting to collect on a debt when no attorney had yet reviewed the account. The law firms also did not ensure the accuracy of the consumer information they furnished to credit reporting companies and used improperly notarized affidavits in lawsuits filed against consumers. The practices affected thousands of individuals. The CFPB ordered Works and Lentz, Inc., Works and Lentz of Tulsa, Inc., and their president, Harry A. Lentz, Jr., to provide \$577,135 in relief to harmed consumers, correct their business practices, and pay a \$78,800 penalty.

In the Matter of TransUnion Interactive, Inc., TransUnion, LLC, and TransUnion (File No. 2017-CFPB-0002) (consent order entered January 3, 2017)

The CFPB took action against TransUnion and its subsidiaries for deceiving consumers about the usefulness and actual cost of credit scores it sold to consumers. The company also lured consumers into costly recurring payments for credit-related products with false promises. The CFPB ordered TransUnion to truthfully represent the value of the credit scores it provides and the cost of obtaining those credit scores and other services. TransUnion was ordered to pay \$13.9 million in restitution to consumers and a \$3 million civil money penalty.

In the Matter of Equifax Inc. and Equifax Consumer Services LLC (File No. 2017-CFPB-0001) (consent order entered January 3, 2017)

The CFPB took action against Equifax, Inc. and its subsidiaries for deceiving consumers about the usefulness and actual cost of credit scores it sold to consumers. The company also lured

consumers into costly recurring payments for credit-related products with false promises. The CFPB ordered Equifax to truthfully represent the value of the credit scores it provides and the cost of obtaining those credit scores and other services. Equifax was ordered to pay \$3.8 million in restitution to consumers and a \$2.5 million civil money penalty.

In the Matter of Military Credit Services, LLC (File No. 2016-CFPB-0029) (consent order entered December 20, 2016)

The CFPB took action against Military Credit Services, LLC (MCS) for entering into revolving-credit agreements with ACH pre-authorization provisions that were not clear and readily understandable to consumers, in violation of EFTA and Regulation E, and improper APR disclosures, in violation of TILA and Regulation Z. This is the CFPB's second enforcement action against MCS. In 2014, the CFPB, along with the states of North Carolina and Virginia, sued the company for similar violations, and in 2015 the company was ordered to revise its contract disclosures. The Bureau's second action ordered the company to ensure that its contracts comply with the law. It also required the company to hire an independent consultant to review its practices and to pay a \$200,000 civil money penalty.

Consumer Financial Protection Bureau v. Spotsylvania Gold & Pawn, Inc. (E.D. VA 3:16-cv-00988) (complaint filed December 19, 2016) (consent judgment entered March 20, 2017); ***Consumer Financial Protection Bureau v. Fredericksburg Gold & Pawn, Inc.*** (E.D. VA 3:16-cv-00987) (complaint filed December 19, 2016) (consent judgment entered March 15, 2017); ***Consumer Financial Protection Bureau v. Pawn U.S.A, Inc.*** (E.D. VA 1:16-cv-015666) (complaint filed December 19, 2016) (consent judgment entered February 22, 2017); ***Consumer Financial Protection Bureau v. A to Z Pawn, Inc.*** (E.D. VA 1:16-cv-01567) (complaint filed December 19, 2016)

The CFPB took action against four Virginia pawnbrokers for deceiving consumers about the actual annual costs of their loans. In lawsuits filed in federal court, the CFPB alleged that the four companies broke the law by misstating the charges associated with pawn loans. The Court entered consent orders in three of the four proceedings between February 22, 2017 and March 20, 2017. Under those orders, Spotsylvania Gold & Pawn, Fredericksburg Gold & Pawn, and Pawn U.S.A. must end their illegal practices. Additionally, Spotsylvania Gold & Pawn was ordered to pay \$20,209.48 as disgorgement and a \$7,500 civil penalty, Fredericksburg Gold & Pawn was ordered to pay \$24,570.08 as disgorgement and a \$5,000 penalty, and Pawn U.S.A. was ordered to pay \$36,367.46 as disgorgement and a \$10,000 civil penalty. The CFPB's

remaining lawsuit against A to Z Pawn seeks to end the pawnbroker's illegal practices, get restitution for the consumers it harmed, and impose penalties.

In the Matter of Moneytree, Inc. (File No. 2016-CFPB-0028) (consent order entered December 16, 2016)

The CFPB took action against Moneytree, Inc., a financial services company that offers payday loans and check-cashing services, for misleading consumers with deceptive online advertisements and collection letters. The company also made unauthorized electronic transfers from consumers' bank accounts. The CFPB ordered the company to cease its illegal conduct, provide \$255,000 in refunds to consumers, and pay a civil penalty of \$250,000.

In the Matter of Reverse Mortgage Solutions, Inc. d/b/a Security 1 Lending (File No. 2016-CFPB-0027) (consent order entered December 7, 2016); ***In the Matter of American Advisors Group*** (File No. 2016-CFPB-0026) (consent order entered December 7, 2016); ***In the Matter of Aegean Financial d/b/a Aegean Financial, Inc., Reverse Mortgage Professionals, Jubilados Financial, Newport Lending Reverse Mortgage, Promise Land Lending, Reverse Financial Group, and Reverse Mortgage Information Center*** (File No. 2016-CFPB-0025) (consent order entered December 7, 2016)

The CFPB took action against three reverse mortgage companies for deceptive advertisements, including claiming that consumers who obtained reverse mortgages could not lose their homes. The CFPB ordered American Advisors Group, Reverse Mortgage Solutions, and Aegean Financial to cease their deceptive advertising practices, implement systems to ensure they are complying with all laws, and pay penalties.

Under the terms of the consent orders, the companies must make clear and prominent disclosures in their reverse mortgage advertisements and implement a system to ensure they are following all laws. The consent orders require American Advisors Group to pay a civil penalty of \$400,000, Reverse Mortgage Solutions to pay a penalty of \$325,000, and Aegean Financial to pay a penalty of \$65,000.

Consumer Financial Protection Bureau v. Access Funding, LLC, Access Holding,

LLC, Reliance Funding, LLC, Lee Jundanian, Raffi Boghosian, Michael Borkowski, and Charles Smith (D.MD 1:16-cv-03759) (complaint filed November 21, 2016)

The CFPB filed a complaint in federal district court against Access Funding, LLC for allegedly deceiving victims of lead-paint poisoning and others into signing away future settlement payments in exchange for a significantly lower lump-sum payout. The CFPB alleges that Access Funding steered victims to receive “independent advice” from an attorney who was paid directly by the company and indicated to consumers that the transactions required very little scrutiny. In its suit, the CFPB seeks to put an end to the company’s unlawful practices, obtain relief for the harmed consumers, and impose penalties.

Consumer Financial Protection Bureau v. B&B Pawnbrokers (E.D. VA 3:16-cv-00887) (complaint filed November 3, 2016) (consent judgment entered March 1, 2017)

The CFPB took action against B&B Pawnbrokers, Inc. for deceiving consumers about the actual annual cost of its loans. In a lawsuit filed in federal court, the CFPB alleged that B&B Pawnbrokers broke the law by misstating the charges associated with pawn loans. B&B Pawnbrokers was ordered to provide \$29,000 disgorgement, pay a \$5,000 civil penalty, and halt its illegal practices.

Consumer Financial Protection Bureau v. Northern Resolution Group (W.D. NY 1:16-cv-00880) (complaint filed November 2, 2016)

The CFPB, in partnership with the New York Attorney General, filed a lawsuit in a federal district court against the leaders of a massive debt collection scheme based out of Buffalo, N.Y. The lawsuit alleges Douglas MacKinnon and Mark Gray operate a network of companies that harass, threaten, and deceive millions of consumers across the nation into paying inflated debts or amounts they may not owe. The Bureau is seeking to shut down this illegal operation, obtain compensation for victims, and impose penalties against the companies and partners.

In the Matter of Navy Federal Credit Union (File No. 2016-CFPB-0024) (consent order entered October 11, 2016)

The CFPB took action against Navy Federal Credit Union for making deceptive representations in connection with its debt collection activities to its members. Specifically, the credit union whose members include active duty military, retired servicemembers, and their families, made

deceptive representations about its intention to take legal action against members with delinquent accounts, its intention to contact members' military chains of command about consumer debts, and the effect of delinquency or repayment on members' credit ratings. The credit union also unfairly restricted account access when members had an overdrawn deposit account or delinquent credit account. Navy Federal Credit Union was ordered to stop any misleading, false, or unsubstantiated threats to contact members' commanding officers or, initiate legal action; any misrepresentations about the credit consequences of falling behind on a credit union loan; and unfairly restricting members' access to all of their accounts if they are delinquent on one. The credit union was also ordered to pay roughly \$23 million in redress to victims along with a civil money penalty of \$5.5 million.

In the Matter of Flurish, Inc, d/b/a Lendup (File No. 2016-CFPB-0023) (consent order entered September 27, 2016)

The CFPB took action against online lender Flurish, Inc., doing business as LendUp, for failing to deliver the promised benefits of its products and failing to comply with consumer finance laws. The CFPB found that the company did not give consumers the opportunity to build credit and provide access to cheaper loans, as it claimed to consumers it would, failed to have appropriate policies and procedures regarding credit reporting, failed to disclose certain fees, and misstated annual percentage rates for some consumers. LendUp's conduct violated the CFPA's prohibition on deception and unfairness as well as Regulation V, TILA, and Regulation Z. The CFPB ordered the company to provide more than 50,000 consumers with approximately \$1.83 million in refunds. The company was also ordered to pay a civil monetary penalty of \$1.8 million.

In the Matter of TMX Finance, LLC (File No. 2016-CFPB-0022) (consent order entered September 26, 2016)

The CFPB took action against TitleMax, the parent company TMX Finance, LLC, for luring consumers into costly loan renewals by presenting them with misleading information about the deals' terms and costs. The lender also used unfair debt collection tactics that illegally exposed information about debts to borrowers' employers, friends, and family. TMX Finance violated the CFPA's prohibition against unfair and abusive acts and practices. The Bureau's consent order required TMX Finance to stop its unlawful practices and pay a \$9 million civil monetary penalty.

Consumer Financial Protection Bureau v. Prime Marketing Holdings, LLC, d/b/a/ Park View Credit, National Credit Advisors, and Credit Experts (C.D. Cal. 2:16-cv-07111) (complaint filed September 22, 2016)

The CFPB filed a lawsuit in federal district court against the credit repair company Prime Marketing Holdings, LLC, which allegedly charged consumers a series of illegal advance fees as well as misrepresented the cost and effectiveness of its services. The CFPB is seeking to halt the company's harmful conduct and to obtain relief for consumers, including refunds of fees paid to the defendant. The Bureau released a consumer advisory with tips for consumers who are working to improve their credit history or who are dealing with credit repair services.

In the Matter of Bridgepoint Education, Inc. (File No. 2016-CFPB-0016) (consent order entered September 12, 2016)

The CFPB took action against for-profit college chain Bridgepoint Education, Inc. for deceiving students into taking out private student loans that cost more than advertised. The CFPB found that the school deceived its students about the total cost of institutional loans that it offered by telling students the wrong monthly repayment amount. As a result, students took out loans without knowing the true cost and were obligated to make payments greater than what they were promised.

The Bureau's order requires Bridgepoint to refund all payments made by students toward private student loans taken out from the school, including principal and interest, a total of about \$5 million. Bridgepoint must also discharge all outstanding debt for its institutional student loans, a total of approximately \$18.5 million. In addition, Bridgepoint will stop making deceptive statements about its institutional loan program, remove negative information from borrowers' credit reports, and pay an \$8 million civil monetary penalty. Finally, Bridgepoint will make the cost of college clear by implementing a mandatory financial aid shopping tool developed by the Bureau. This tool will show students what it means for them to take out a Bridgepoint loan and the implication of that decision on their future financial obligations.

In the Matter of Auto Cash Leasing, LLC (File No. 2016-CFPB-0017) (notice of charges filed September 20, 2016) (consent order entered January 30, 2017); ***Interstate Lending, LLC*** (File No. 2016-CFPB-0018) (notice of charges filed September 20, 2016) (consent order entered December 20, 2016); ***Oasis Title Loans, LLC*** (File No. 2016-CFPB-0019) (notice of charges filed September 20, 2016) (consent order entered November 1, 2016); ***Phoenix Title***

Loans, LLC (File No. 2016-CFPB-0020) (notice of charges filed September 20, 2016) (consent order entered March 13, 2017); ***Presto Auto Loans, Inc.*** (File No. 2016-CFPB-0021) (notice of charges filed September 20, 2016) (consent order entered December 20, 2016)

The CFPB filed five individual administrative proceedings against five title lenders operating in Arizona—Auto Cash Leasing, LLC; Interstate Lending, LLC; Oasis Title Loans, LLC; Phoenix Title Loans, LLC; and Presto Auto Loans, Inc.—for failing to disclose the annual percentage rate (APR) in online advertisements about title loans. The Bureau found that the companies advertised a periodic interest rate for their loans without listing the corresponding annual percentage rate. The Bureau entered consent orders in all five proceedings between November 1, 2016 and March 13, 2017. Under those orders, Auto Cash Leasing, Interstate Lending, Oasis Title Loans, Presto Auto Loans, and Phoenix Title Loans are prohibited from advertising a periodic rate of interest unless the advertisement also discloses the corresponding APR. Additionally, Auto Cash Leasing was ordered to pay a civil money penalty of \$10,000, Interstate Lending was ordered to pay a civil money penalty of \$4,000, Oasis Title Loans was ordered to pay a civil money penalty of \$20,000, Presto Auto Loans was ordered to pay a civil money penalty of \$125,000, and Phoenix Title Loans was ordered to pay a civil money penalty of \$40,000.

In the Matter of Wells Fargo Bank, N.A. (File No. 2016-CFPB-0015) (consent order entered September 8, 2016)

The Bureau took action against Wells Fargo Bank, N.A. to address its widespread illegal practice of opening unauthorized deposit and credit card accounts. In an attempt to generate business, Wells Fargo Bank set sales goals and offered financial incentives to encourage employees to cross-sell financial products and services, such as savings and checking accounts, credit cards, debit and ATM cards, and online banking services, to existing customers. The Bureau's investigation revealed that thousands of Wells employees opened unauthorized deposit and credit card accounts, issued and activated unauthorized debit cards, and signed consumers up for online banking without authorization, all to satisfy sales goals and earn financial rewards under the bank's incentive-compensation program. Specifically, the Bureau found that Wells employees engaged in "simulated funding," opening over a million deposit accounts without consumers' knowledge or consent and transferring funds from consumers' authorized accounts to fund the new accounts, causing consumers to incur about \$2 million in fees. The Bureau also found Wells employees opened over 500,000 unauthorized credit cards resulting in over

\$400,000 in fees, opened debit cards and created PINs to active them without consumers' knowledge or consent, and enrolled consumers in online banking services using false email addresses.

The Bureau determined that these practices violated the CFPA's prohibition against unfair and abusive acts and practices. The Bureau's consent order required Wells Fargo Bank to pay at least \$2.5 million in restitution to victims, and a \$100 million civil monetary penalty. This is the largest penalty imposed or received in an enforcement action to date and reflects the severity of the practices the Bureau addressed. The bank also paid an additional \$35 million penalty to the OCC, and another \$50 million to the City and County of Los Angeles.

In the Matter of First National Bank of Omaha (File No. 2016-CFPB-0014) (consent order entered August 25, 2016)

The CFPB took action against First National Bank of Omaha for engaging in unfair and deceptive acts or practices in connection with the marketing and administration of the bank's debt cancellation and credit monitoring credit card add-on products. First National Bank of Omaha deceptively marketed its debt cancellation add-on products by disguising the fact that it was selling consumers a product, misrepresenting the terms, conditions, and benefits of the products, and misrepresenting the ease of cancelling the products. First National Bank of Omaha engaged in unfair acts or practices by administering the debt cancellation products in a way that prevented the vast majority of consumers from receiving several of the product benefits. First National Bank of Omaha also engaged in unfair acts or practices by unfairly billing consumers for credit monitoring add-on products without providing full product benefits. The CFPB ordered First National Bank of Omaha to refund approximately \$27.75 million in fees to approximately 257,000 consumers; cease marketing debt cancellation or credit monitoring add-on products until it submits a compliance plan to the CFPB; and pay a \$4.5 million civil money penalty.

In the Matter of Wells Fargo Bank, N.A. (File No. 2016-CFPB-0013) (consent order entered August 22, 2016)

The CFPB took action against Wells Fargo Bank for certain illegal student loan servicing practices. Wells Fargo violated the CFPA's prohibition against unfair and deceptive acts and practices and the Fair Credit Reporting Act by processing payments in a way that maximized fees for many consumers, misleading borrowers about the consequences of making partial

payments, charging late fees even though consumers had made timely loan payments, and failing to update and correct inaccurate information reported to credit reporting companies. Wells was ordered to pay at least \$410,000 to compensate consumers for illegally-imposed late fees, improve its student loan servicing practices, enhance disclosures provided with its billing statements, remove any negative student loan information inaccurately or incompletely provided to a consumer reporting company, and pay a \$3.6 million civil money penalty.

United States of America and Consumer Financial Protection Bureau v. BancorpSouth Bank (N.D. Miss. 1:16-cv-00118-GHD-DAS) (complaint filed June 29, 2016) (consent order entered July 25, 2016)

The CFPB and DOJ filed a joint complaint and proposed consent order against BancorpSouth Bank for discriminatory mortgage lending practices that harmed African Americans and other minorities. The court entered the stipulated consent order on July 25, 2016. The complaint alleges that BancorpSouth engaged in numerous discriminatory practices, including illegally redlining in Memphis; denying certain African Americans mortgage loans more often than similarly situated non-Hispanic White applicants; charging African-American customers for certain mortgage loans more than non-Hispanic White borrowers with similar loan qualifications; and implementing an explicitly discriminatory loan denial policy. In addition to injunctive relief, the consent order requires BancorpSouth Bank to pay \$4 million in direct loan subsidies in minority neighborhoods in Memphis, at least \$800,000 for community programs, advertising, outreach, and credit repair, \$2.78 million to African-American consumers who were unlawfully denied or overcharged for loans, and a \$3 million civil monetary penalty. The violations of ECOA are further discussed in the Fair Lending Enforcement Section of this report.

In the Matter of Santander Bank, N.A. (File No. 2016-CFPB-0012) (consent order entered July 14, 2016)

The CFPB took action against Santander Bank, N.A. for deceptively marketing overdraft services in violation of the CFPA, and for violating the overdraft opt-in requirements of the Electronic Fund Transfer Act and Regulation E. Santander's telemarketing vendor misrepresented terms and costs associated with overdraft services and signed certain bank customers up for services without their consent. Santander was ordered to pay a \$10 million civil monetary penalty. It must also give consumers a new opportunity to affirmatively consent to overdraft services, must not use a vendor to telemarket its overdraft service, and must increase oversight of the vendors it uses to telemarket consumer financial products or services.

Consumer Financial Protection Bureau v. Intercept Corporation, Bryan Smith, and Craig Dresser (D.N.D. No. 3:16-cv-00144-ARS) (complaint filed June 6, 2016) (lawsuit dismissed March 17, 2017)

The CFPB filed a federal district court complaint against payment processor Intercept Corporation and two of its executives, Bryan Smith and Craig Dresser. The Bureau alleged that the defendants engaged in unfair acts or practices by continuing to electronically debit millions of dollars from consumers' accounts despite numerous warnings that the payment requests were illegal or fraudulent. The Bureau's lawsuit was dismissed without prejudice on March 17, 2017.

In the Matter of David Eghbali (File No. 2016-CFPB-0011) (consent order entered May 25, 2016)

The CFPB took action against a former Wells Fargo employee for an illegal mortgage fee-shifting scheme. The CFPB found that Eghbali directed an escrow company with which he worked to reduce its fees for certain customers and make up for its losses by adding fees to loans for other customers. This scheme helped Eghbali generate business by allowing him to offer "no-cost" loans to price-conscious clients who might otherwise have gone to a competitor bank to find a cheaper loan. The CFPB found the Eghbali violated RESPA and the Consumer Financial Protection Act (CFPA). The consent order required Eghbali to pay an \$85,000 civil money penalty and banned him from working in the mortgage industry for one year.

Consumer Financial Protection Bureau v. All American Check Cashing, Inc., Mid-State Finance, Inc., and Michael E. Gray (S.D. Miss. No. 3:16-cv-00356-WHB-JCG) (complaint filed May 11, 2016)

The CFPB filed a complaint in federal district court against two companies that offer check-cashing services and payday loans and their president and sole owner. The Bureau alleges that All American tried to keep consumers from learning how much they would be charged to cash a check and used deceptive tactics to stop consumers from backing out of transactions. The Bureau also alleges that All American made deceptive statements about the benefits of its high-cost payday loans and failed to provide refunds after consumers made overpayments on their loans. The Bureau's lawsuit seeks to end All American's unlawful practices, obtain redress for consumers, and impose penalties.

In the Matter of Pressler & Pressler, LLP, Sheldon H. Pressler, and Gerard J. Felt
(File No. 2016-CFPB-0009) (consent order entered April 25, 2016)

The CFPB took action against a debt-collection law firm and two principal partners that filed unfair and deceptive debt-collection lawsuits. The CFPB found Pressler & Pressler mass-produced these lawsuits by using an automated claim-preparation system and non-attorney support staff to determine which consumers to sue. Attorneys generally spent less than a few minutes, and sometimes less than 30 seconds, reviewing each case before initiating a lawsuit. This process allowed the firm to generate and file hundreds of thousands of lawsuits against consumers in New Jersey, New York, and Pennsylvania between 2009 and 2014. The CFPB found that Pressler & Pressler and the individual respondents violated the FDCPA and the CFPA. The consent order required the firm and the partners to cease using inaccurate affidavits as evidence to collect debts, to obtain and review specific account-level documents before filing lawsuits or threatening to sue, and to pay a \$1 million civil monetary penalty.

In the Matter of New Century Financial Services, Inc. (File No. 2016-CFPB-0010)
(consent order entered April 25, 2016)

The CFPB took action against a debt buyer that bought and collected defaulted consumer debt and handed off the accounts to Pressler & Pressler LLP, which filed unfair and deceptive debt-collection lawsuits based on the accounts. The CFPB found that New Century violated the FDCPA and the CFPA. The CFPB's consent order required New Century to cease using inaccurate affidavits as evidence to collect debts, to obtain and review specific account-level documents before filing lawsuits or threatening to sue, avoid certain discovery practices in debt-collection litigation, and pay a \$1.5 million civil monetary penalty.

In the Matter of Student Aid Institute, Inc. (File No. 2016-CFPB-0008) (consent order entered March 30, 2016)

The CFPB took action against a student loan debt relief company that tricked borrowers into paying fees for federal loan benefits and misrepresented to consumers that it was affiliated with the Department of Education. The company ultimately reaped millions of dollars in advance fees from thousands of consumers. The Bureau's consent order required Student Aid Institute and its chief executive officer, Steven Lamont, to shut down debt-relief operations, cancel all contracts with consumers and stop charging them, stop participating in the debt relief industry, take steps to ensure student loan borrowers do not miss important repayment benefits, and pay a \$50,000

civil monetary penalty.

Consumer Financial Protection Bureau v. D and D Marketing, Inc., d/b/a T3Leads, Grigor Demirchyan, and Marina Demirchyan (C.D. Cal. File No. 2:15-cv-09692) (complaint filed December 17, 2015);

Consumer Financial Protection Bureau v. Dmitry Fomichev (C.D. Cal. Case No. 2:16-cv-2724) (complaint filed April 21, 2016); and ***Consumer Financial Protection Bureau v. Davit Gasparyan aka David Gasparyan*** (C.D. Cal. Case No. 2:16-cv-2725) (complaint filed April 21, 2016)

In three separate but related actions, the CFPB filed complaints in federal district court against (1) T3Leads, a lead aggregator, and its President and Vice President, Grigor and Marina Demirchyan; (2) Dmitry Fomichev, a co-founder and former executive of the company; and (3) Davit Gasparyan, a co-founder and former executive of the company. The complaint against T3Leads alleges that T3 acquires consumer-loan applications, or leads, from lead-generators, and sells those leads to lead purchasers. The CFPB also alleges T3 does not vet or monitor its lead purchasers for illegal activity and deprives consumers of the opportunity to assess the reliability of lenders with which they are matched, exposing them to substantial risks. The complaint alleges that T3 has allowed its lead generators to attract consumers with misleading statements and also that it takes unreasonable advantage of consumers' lack of understanding of the material risks, costs, or conditions of the loan products for which they apply. The complaint alleges T3 violated the CFPA's prohibitions of unfair and abusive acts or practices. The complaints against the individual defendants allege that they substantially assisted the company's violations. The complaints seek monetary relief, injunctive relief, and penalties.

Consumer Financial Protection Bureau and Anthony J. Albanese, Acting Superintendent of Financial Services of the State of New York v. Pension Funding, LLC; Pension Income, LLC; Steven Covey; Edwin Lichtig; and Rex Hofelter (C.D. Cal. No. 8:15-cv-01329) (complaint filed August 20, 2015) (stipulated final judgment and consent order as to Lichtig and Hofelter entered February 10, 2016) (default judgment as to Covey entered July 11, 2016)

The CFPB joined with the New York Department of Financial Services (NYDFS) to take action against two companies, Pension Funding, LLC and Pension Income, LLC, and three of the companies' individual managers for deceiving consumers about the costs and risks of their pension-advance loans. The CFPB and NYDFS filed a joint complaint in federal court alleging

that from 2011 until about December 2014, Pension Funding and Pension Income offered consumers lump-sum loan payments in exchange for the consumers agreeing to redirect all or part of their pension payments for eight years. The complaint also alleges that the individual defendants, Steven Covey, Edwin Lichtig, and Rex Hofelter, designed and marketed these loans and were responsible for the companies' operations. The complaint alleges that the companies and individuals violated the CFPA's prohibitions against unfair, deceptive, and abusive acts or practices.

On January 8, 2016, the court appointed a receiver over defendants Pension Funding and Pension Income. The receiver's responsibilities include taking control of all funds and assets of the companies and completing an accounting of all pension-advance transactions that are the subject of the action. On February 10, 2016, the court entered a consent order as to two of the individual defendants, Lichtig and Hofelter. The order imposes bans on these individuals' participation in pension-advance transactions and requires them to pay money to the receivership estate. On July 11, 2016, the court granted a default judgment against the final individual defendant, Covey, who did not appear in the case. The court's order imposes a ban and requires Covey to pay disgorgement of approximately \$580,000. The payment will be made to the U.S. Treasury. The court-appointed receiver's work with respect to the companies is ongoing.

In the Matter of Integrity Advance, LLC (File No. 2015-CFPB-0029) (notice of charges filed November 18, 2015) (Recommended Decision issued September 27, 2016)

The CFPB took action against an online lender, Integrity Advance, LLC and its CEO, James R. Carnes, for deceiving consumers about the cost of short-term loans. The Bureau alleges that the company's contracts did not disclose the costs consumers would pay under the default terms of the contracts. The Bureau also alleges that the company unfairly used remotely created checks to debit consumers' bank accounts even after consumers revoked authorization for automatic withdrawals. The CFPB filed an administrative lawsuit seeking redress for harmed consumers, as well as a civil money penalty and injunctive relief. The Administrative Law Judge issued a Recommended Decision finding liability and recommending injunctive and monetary relief. The Recommended Decision has been appealed to the Director of the CFPB and remains pending.

Consumer Financial Protection Bureau v. Global Financial Support, Inc., d/b/a Student Financial Resource Center, d/b/a College Financial Advisory; and Armond Aria a/k/a

Armond Amir Aria, individually, and as owner and CEO of Global Financial Support, Inc. (File No. 2013-0831-02) (S.D. Cal. Case No. 3:15-cv-02440) (complaint filed October 29, 2015)

The Bureau filed a complaint in federal district court alleging that Global Financial Support, Inc., which operates under the names Student Financial Resource Center and College Financial Advisory, issued marketing letters instructing students to fill out a form and pay a fee in exchange for the company conducting extensive searches to target or match consumers with individualized financial aid opportunities. In reality, consumers received nothing or a generic booklet that failed to provide individualized advice. The Bureau also alleges that the defendants misrepresented their affiliation with government and university financial aid offices and pressured consumers to enroll through deceptive statements. The CFPB seeks to stop these practices and obtain restitution and penalties.

Consumer Financial Protection Bureau v. Orion Processing, LLC d/b/a World Law Processing, Wld Credit Repair, and World Law Debt; Family Capital Investment & Management, LLC a/k/a FCIAM Property Management, et al. (S.D. Fla. No. 1:15-cv-23070-MGC D) (complaint for permanent injunction or other relief filed August 17, 2015) (default judgment against corporate defendants World Law Debt Services, LLC, World Law Processing, LLC, and Family Capital Investment & Management, LLC entered August 1, 2016) stipulated final judgment and order against Derin Scott, David Klein, and Shannon Scott entered August 1, 2016) (default judgment and order against Bradley J. Haskins entered November 29, 2016) (stipulated final judgment and order against Orion Processing, LLC March 22, 2017)

The CFPB filed a federal district court complaint against World Law Group for running a debt-relief scheme that charged consumers exorbitant, illegal upfront fees. The Bureau alleged that the debt-relief scheme falsely promised consumers a team of attorneys to help negotiate debt settlements with creditors, failed to provide legal representation, and rarely settled consumers' debts. The Bureau alleged that World Law took almost \$107 million from at least 21,000 consumers, the majority of which World Law collected before providing any debt-relief services. The complaint alleged that the conduct violated the Telemarketing Sales Rule (TSR), and the CFPA's prohibition against deceptive acts and practices.

The court entered a default judgment against the World Law corporate defendants, FCIAM, and Bradley J. Haskins and a Stipulated Final Judgment against two of the individuals and the corporate defendant Orion Processing, LLC permanently banning them from participating in

telemarketing, assisting others in telemarketing any consumer financial product or service, or from selling, advertising, or offering debt relief products. The court also ordered the defendants to pay nearly \$107 million in consumer redress, ordered Haskins, FCIAM, and the World Law corporate defendants to pay a civil money penalty of \$40 million, and ordered Orion to pay a \$20 million civil money penalty. A court-appointed receiver is identifying and collecting assets that can be converted to consumer refunds.

Consumer Financial Protection Bureau v. Gordon, et al. (C.D. Cal. No. 12-cv-06147) (complaint filed July 18, 2012) (stipulated judgment and order entered against various defendants on February 1, 2013) (final judgment entered against Gordon December 19, 2016) (petition for certiorari to Supreme Court filed November 17, 2016)

This action involves 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., 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 and (2) that defendants were affiliated with, endorsed by, or approved by the U.S. government, among other things. The Court also found that Gordon violated Regulation O by charging up-front payments, failing to make required disclosures, wrongly directing consumers not to contact lenders, and misrepresenting material aspects of defendants' services. After the order entering summary judgment against Gordon was largely affirmed on appeal, the court awarded an \$8,606,280.86 judgment for equitable monetary relief against Gordon on December 19, 2016. Gordon has petitioned for certiorari in the Supreme Court.

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 law firm specializing in real estate closings, violated the Real Estate Settlement Procedures Act by paying kickbacks to local real estate and mortgage brokers in exchange for referrals of settlement service business to Borders

& Borders. The complaint seeks injunctive and other equitable relief. The case remains pending.

Consumer Financial Protection Bureau v. NDG Financial Corp., et al. (S.D.N.Y. No. 15-cv-5211) (complaint filed July 6, 2015)

The CFPB filed a complaint against the NDG Financial Corporation and nine of its affiliates for engaging in unfair, deceptive, and abusive practices relating to its payday lending enterprise. The complaint alleges that the enterprise, which has companies located in Canada and Malta, originated, serviced, and collected payday loans that were void under state law, represented that U.S. federal and state laws did not apply to the Defendants or the payday loans, and used unfair and deceptive tactics to secure repayment, all in violation of the Dodd-Frank Act. The case remains pending.

Consumer Financial Protection Bureau v. Nationwide Biweekly Administration, Inc., et al. (N.D. Cal. No. 3:15-cv-2106) (complaint filed May 11, 2015)

The CFPB filed a complaint against Nationwide Biweekly Administration, Inc., Loan Payment Administration LLC, and Daniel S. Lipsky. The complaint alleges that the marketing and administration of Nationwide's "Interest Minimizer" program violated the CFPA's prohibition against deceptive and abusive acts or practices and the Telemarketing Sales Rule. In particular, it alleges that Nationwide and Lipsky guarantee consumers will save money on their mortgages when they know a substantial majority of consumers will leave the program before saving any money. The complaint also alleges Nationwide Biweekly misrepresents the interest savings consumers will achieve through its program and misleads consumers about the cost of the program. The complaint seeks a permanent injunction, consumer redress, and civil penalties.

Consumer Financial Protection Bureau v. Universal Debt & Payment Solutions, LLC, et al. (N.D.GA No. 1:15-CV-0859) (complaint filed March 26, 2015; preliminary injunction issued April 7, 2015)

On April 7, 2015, the Bureau obtained a preliminary injunction that froze the assets and enjoined unlawful conduct related to a phantom debt collection scheme. Phantom debt is debt consumers do not actually owe or debt that is not payable to those attempting to collect it. The Bureau's suit against a group of seven debt collection agencies, six individual debt collectors, four payment processors, and a telephone marketing service provider, alleges violations of the FDCPA and the CFPA's prohibition on unfair and deceptive acts and practices, and providing substantial assistance to unfair or deceptive conduct. The complaint alleges that the individuals,

acting through a network of corporate entities, use threats and harassment to collect “phantom” debt from consumers. The Bureau alleges their misconduct was facilitated by the substantial assistance of the payment processors and the telephone service provider. The Bureau is seeking a permanent injunction, redress for consumers, and a monetary penalty. The action remains pending.

Consumer Financial Protection Bureau v. Richard F. Moseley, Sr., et al. (W.D. Mo. No. 4:14-cv-00789DW) (complaint filed September 8, 2014) (stipulated preliminary injunction entered October 3, 2014)

The CFPB filed a lawsuit against a confederation of online payday lenders known as the Hydra Group, its principals, and affiliates, alleging that they used a maze of interrelated entities to make unauthorized and otherwise illegal loans to consumers. The CFPB alleged that the defendants’ practices violate the CFPA, TILA, and EFTA. On September 9, 2014, a federal court in Kansas City issued an *ex parte* temporary restraining order against the defendants, ordering them to halt lending operations. The court also placed the companies in temporary receivership, granted the appointed receiver and the CFPB immediate access to the defendants’ business premises, and froze their assets. On October 3, 2014, the court entered a stipulated preliminary injunction against the defendants pending final judgment in the case. On February 10, 2016, the U.S. Attorney’s Office for the Southern District of New York announced criminal charges against Richard F. Moseley, Sr. concerning the same online payday lending enterprise. On March 4, 2016, the judge in the CFPB’s case against the Hydra Group stayed the civil proceeding until resolution of the criminal case against Richard F. Moseley, Sr.

Consumer Financial Protection Bureau v. The Mortgage Law Group, LLP, d/b/a The Law Firm of Macey, Aleman & Searns; Consumer First Legal Group, LLC; Thomas G. Macey; Jeffrey J. Aleman; Jason E. Searns; and Harold E. Stafford (W.D. Wisc. 3:14-cv-00513) (complaint filed July 22, 2014)

The Bureau filed a lawsuit in federal district court against The Mortgage Law Group, LLP, the Consumer First Legal Group, LLC, and attorneys Thomas Macey, Jeffrey Aleman, Jason Searns, and Harold Stafford. The complaint alleges that the defendants violated Regulation O, formerly known as the Mortgage Assistance Relief Services (MARS) Rule, by taking payments from consumers for mortgage modifications before the consumers signed a mortgage modification agreement from their lender, by failing to make required disclosures, by wrongly directing consumers not to contact lenders, and by making deceptive statements to consumers when providing mortgage assistance relief services. The complaint also alleges that the defendants

violated the Consumer Financial Protection Act's prohibition against deceptive practices. The case remains pending.

Consumer Financial Protection Bureau v. ITT Educational Services, Inc. (S.D. Indiana 1:14-cv-292) (complaint filed January 6, 2014)

The Bureau filed a lawsuit in federal district court against ITT Educational Services, Inc., accusing the for-profit college chain of predatory student lending. The lawsuit alleges that ITT encouraged new students to enroll by providing them funding for the tuition gap that was not covered by federal student loan programs with a zero-interest loan called "Temporary Credit." This loan typically had to be paid in full at the end of the student's first academic year. The complaint alleges that ITT knew from the outset that many students would not be able to repay their Temporary Credit balances or fund their second-year tuition gap and that ITT illegally pushed its students into repaying their Temporary Credit and funding their second-year tuition gaps through high-cost private student loan programs, which ITT knew students were likely to default on. In September of 2016, ITT closed all of its schools and filed for bankruptcy. The Bureau's case remains pending.

Consumer Financial Protection Bureau v. CashCall, Inc., et al. (C.D. Cal. File CV 15-7522-JFW) (complaint filed December 16, 2013 in D. Mass. No. 1:13-cv-13167) (partial summary judgment granted to the Bureau August 31, 2016)

In 2013, the Bureau filed a lawsuit against online loan servicer, CashCall Inc., its owner, a subsidiary, and an affiliate, for collecting and attempting to collect consumer-installment loans that were void or partially nullified because they violated either state caps on interest rates or state licensing requirements for lenders. CashCall serviced loans it made in the name of an entity, Western Sky, which was located on the Cheyenne River Sioux Tribe's land. The complaint alleges that the defendants violated the CFPA's prohibition against unfair, deceptive, and abusive acts or practices. On August 31, 2016, the court granted the Bureau's motion for partial summary judgment. The court resolved all issues of liability in the Bureau's favor, leaving open only the issues of relief, penalty, and injunction. The court ruled that the tribal choice-of-law provision in the Western Sky loan contracts was unenforceable against borrowers who took out loans outside tribal land, and concluded that the laws of the borrowers' states applied to the loan agreements, which were void in more than a dozen subject states because they violated those states' usury laws, lender licensing laws, or both. The Court held that CashCall, its subsidiary, and its affiliate committed deceptive acts under the CFPA by servicing and collecting on loans

that were void or uncollectible under the laws of the subject states. Finally, the Court held that CashCall's owner and president, J. Paul Reddam, was individually liable for these violations because he was at least reckless with respect to the corporate defendants' acts. This action is still pending.

7. Fair lending

As part of its mandate, the CFPB's Office of Fair Lending and Equal Opportunity (Fair Lending) is charged with "providing oversight and enforcement of federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities" that are enforced by the CFPB, including ECOA and HMDA.⁴⁴ This part of Fair Lending's mandate is accomplished primarily through fair lending supervision and enforcement work. Interagency coordination⁴⁵ and outreach to industry groups, civil rights, and consumer and community advocates⁴⁶ are also important elements of our mandate. The Bureau recently published its 2017 fair lending report to Congress⁴⁷ on the fair lending work of the Bureau. This report of the CFPB provides an overview of the Bureau's risk-based fair lending prioritization process; supervision tools; recent public enforcement actions; rulemaking and related guidance; interagency coordination efforts and reporting; and outreach activities during calendar year 2016.⁴⁸ This Semi-Annual Report update is focused on highlights from the Bureau's fair lending supervision and enforcement activities, rulemaking, and continued efforts in interagency coordination and outreach.

⁴⁴ Dodd-Frank Act, § 1013(c)(2)(A).

⁴⁵ Dodd-Frank Act, §1013(c)(2)(B).

⁴⁶ Dodd-Frank Act, §1013(c)(2)(C).

⁴⁷ Dodd-Frank Act, § 1013(c)(2)(D).

⁴⁸ See Consumer Financial Protection Bureau, *Fair Lending Report of the Consumer Financial Protection Bureau* (Apr. 14, 2017), <https://www.consumerfinance.gov/data-research/research-reports/fair-lending-report-2016/>.

7.1 Fair lending supervision and enforcement

Fair lending supervision

The CFPB's Fair Lending Supervision program assesses compliance with Federal fair lending 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 data integrity reviews.

In conducting reviews, CFPB examination teams have observed violations of ECOA and HMDA, as well as various factors that indicate heightened fair lending risk, including:

- Weak or nonexistent fair lending compliance management systems;
- Underwriting and pricing policies that consider prohibited bases in a manner that violates ECOA or presents a fair lending risk;
- Discretionary policies without sufficient controls or monitoring to prevent discrimination;
- Inaccurate HMDA data; and
- Noncompliance with Regulation B's adverse action notification requirements.

When the CFPB identifies situations in which fair lending compliance is inadequate, it directs institutions to establish fair lending compliance programs commensurate with the size and complexity of the institution and its lines of business. When the Bureau identifies fair lending violations, it requires remediation or other appropriate relief.

Although the Bureau's supervisory activity is confidential, the Bureau publishes regular reports on its website called *Supervisory Highlights*. These reports provide information on supervisory trends the Bureau observes, without identifying specific entities, as well as information on public enforcement matters that arise from supervisory reviews. The Fall 2016 edition of

*Supervisory Highlights*⁴⁹ discussed supervisory observations regarding best practices under ECOA for serving consumers with limited English proficiency (LEP). It also outlined HMDA data collection and reporting reminders for 2017, provided settlement updates for recent enforcement actions that originated in the supervisory process, and outlined the various factors the Bureau considers in assessing redlining risk.

Fair lending enforcement⁵⁰

The CFPB has the statutory authority to bring enforcement actions pursuant to HMDA and ECOA. Specifically, the CFPB has the authority to engage in research, 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 file cases in federal court alleging violations of fair lending laws under the CFPB's jurisdiction. Like other federal bank regulators, the CFPB also is required to refer matters to DOJ when it has reason to believe that a creditor has engaged in a pattern or practice of lending discrimination. Over the past year, the CFPB announced two fair lending public enforcement actions involving mortgage lending and HMDA. The Bureau also made significant progress in the administration of prior fair lending enforcement actions.

Mortgage

NATIONSTAR MORTGAGE LLC

On March 15, 2017, the CFPB resolved an enforcement action against Nationstar Mortgage LLC (Nationstar) for violating the Home Mortgage Disclosure Act (HMDA) by consistently failing to report accurate data about mortgage transactions for 2012 through 2014. The consent order requires Nationstar to pay a \$1.75 million penalty to the CFPB's Civil Penalty Fund. In addition

⁴⁹ Consumer Financial Protection Bureau, *Supervisory Highlights Fall 2016* at 20 (October 31, 2016) http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_13_Final_10.31.16.pdf.

⁵⁰ Section 1016(c)(5) of the Dodd-Frank Act requires the Bureau to include in the semi-annual report public enforcement actions the Bureau was a party to during the preceding year, which is April 1, 2016, through March 31, 2017, for this report.

to paying the civil penalty, Nationstar must take the necessary steps to improve its compliance management and prevent future violations.⁵¹ The Nationstar action is the largest HMDA civil penalty imposed by the Bureau to date, which stems from Nationstar's market size, the substantial magnitude of its errors, and its history of previous violations.

Nationstar, a nationwide nonbank mortgage lender headquartered in Coppell, Texas, is a wholly owned subsidiary of Nationstar Mortgage Holdings Inc. With nearly 3 million customers, Nationstar Mortgage Holdings is a major participant in the mortgage servicing and origination markets. The company and its subsidiaries earn fees through servicing, origination, and other real estate-based services. According to 2014 data, Nationstar was the ninth-largest HMDA reporter by total mortgage originations, the sixth largest by applications received, and the thirteenth largest by money lent. From 2010 to 2014, Nationstar's number of HMDA mortgage loans increased by nearly 900 percent.

The Home Mortgage Disclosure Act of 1975 requires many mortgage lenders to collect and report data about their mortgage lending to appropriate federal agencies and make it available to the public. Federal regulators, enforcement agencies, community organizations, and state and local agencies can use the information to monitor whether financial institutions are serving housing needs in their communities. It also helps direct public-sector investment to attract private investment to areas where it is needed. The data are also used to help identify possibly discriminatory lending patterns, and compliance with the Equal Credit Opportunity Act, the Fair Housing Act, and the Community Reinvestment Act. Inaccurate HMDA data can make it difficult for the public and regulators to discover and stop discrimination in home mortgage lending or for public officials and lenders to tell whether a community's credit needs are being met. In 2013, the CFPB issued a bulletin reminding mortgage lenders about the importance of submitting correct mortgage loan data.

As part of its supervision of larger banks and nonbank mortgage lenders, the CFPB reviews the accuracy of HMDA data and the adequacy of HMDA compliance programs. The CFPB has conducted HMDA reviews at dozens of bank and nonbank mortgage lenders, and has found that many lenders have adequate compliance systems and produce HMDA data with few errors.

⁵¹ Consent Order, *United States v. Nationstar Mortgage LLC*, CFPB No. 2017-CFPB-0011 (Mar. 15, 2017), http://files.consumerfinance.gov/f/documents/201703_cfpb_Nationstar-Mortgage-consent-order.pdf.

However, in its supervision process, the CFPB found that Nationstar's HMDA compliance systems were flawed, and repeatedly generated mortgage lending data with significant, preventable errors. Nationstar also failed to maintain detailed HMDA data collection and validation procedures, and failed to implement adequate compliance procedures. It also produced discrepancies by failing to consistently define data among its various lines of business. Nationstar has a history of HMDA non-compliance. In 2011, the Commonwealth of Massachusetts Division of Banks reached a settlement with Nationstar to address HMDA compliance deficiencies. The samples reviewed by the CFPB showed substantial error rates in three consecutive reporting years, even after that settlement was reached. In the samples reviewed, the CFPB found error rates of 13 percent in 2012, 33 percent in 2013, and 21 percent in 2014.

The CFPB's Order requires Nationstar to pay a \$1.75 million penalty to the CFPB's Civil Penalty Fund. In addition to paying the civil penalty, Nationstar is required to assess and undertake any necessary improvements to its HMDA compliance management system to prevent future violations. Nationstar also must review, correct, and make available its corrected HMDA data from 2012–14. Since the CFPB's examination, Nationstar has been taking steps to improve its HMDA compliance management system and increase the accuracy of its HMDA reporting.

BANCORPSOUTH BANK

On June 29, 2016, the CFPB and the DOJ announced a joint action against BancorpSouth Bank (BancorpSouth) for discriminatory mortgage lending practices that harmed African Americans and other minorities. The complaint filed by the CFPB and DOJ⁵² alleged that BancorpSouth engaged in numerous discriminatory practices, including illegal redlining in Memphis; denying certain African Americans mortgage loans more often than similarly situated non-Hispanic White applicants; charging African-American borrowers more for certain mortgage loans than non-Hispanic White borrowers with similar loan qualifications; and implementing an explicitly discriminatory loan denial policy. The consent order, which was entered by the court on July 25, 2016, requires BancorpSouth to pay \$4 million in direct loan subsidies in minority

⁵² Compl., *United States v. BancorpSouth Bank*, No. 1:16-cv-00118-GHD-DAS (N.D. Miss. June 29, 2016), ECF No. 1, http://files.consumerfinance.gov/f/documents/201606_cfpb_bancorpsouth-joint-complaint.pdf.

neighborhoods⁵³ in Memphis, at least \$800,000 for community programs, advertising, outreach, and credit repair, \$2.78 million to African-American consumers who were unlawfully denied or overcharged for loans, and a \$3 million penalty.⁵⁴

BancorpSouth is a regional depository institution headquartered in Tupelo, Mississippi that operates branches in eight states: Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri, Tennessee, and Texas. In the complaint, CFPB and DOJ alleged that BancorpSouth:

- **Illegally redlined in Memphis:** The agencies alleged that, at least from 2011 to 2013, BancorpSouth illegally redlined in the Memphis area—the market from which the bank received the most applications—by structuring its business to avoid and discourage consumers in minority neighborhoods from accessing mortgages. Specifically, the agencies alleged that the bank placed its branches outside of minority neighborhoods, excluded nearly all minority neighborhoods from the area it chose to serve under the Community Reinvestment Act, and directed nearly all of its marketing away from minority neighborhoods. As a result, BancorpSouth generated relatively few applications from minority neighborhoods as compared to its peers.
- **Discriminated in underwriting certain mortgages:** The agencies also alleged that one of BancorpSouth’s lending units discriminated against African-American applicants by denying them mortgage loans—including loans with consumer as well as business purposes—more often than similarly situated non-Hispanic White applicants. Specifically, the agencies alleged that BancorpSouth granted its employees wide discretion to make credit decisions on mortgage loans. This discretion resulted in African-American applicants being denied certain mortgages at rates more than two times higher than expected if they had been non-Hispanic White.
- **Discriminated in pricing certain mortgage loans:** The agencies also alleged that one of BancorpSouth’s lending units discriminated against African-American borrowers that it

⁵³ Majority-minority neighborhoods or minority neighborhoods refers to census tracts with a minority population greater than 50%.

⁵⁴ Consent Order, *United States v. BancorpSouth Bank*, No. 1:16-cv-00118-GHD-DAS (N.D. Miss. July 25, 2016), ECF No. 8, http://files.consumerfinance.gov/f/documents/201606_cfpb_bancorpSouth-consent-order.pdf.

did approve by charging them higher annual percentage rates than non-Hispanic White borrowers with similar loan qualifications. Specifically, the agencies alleged that BancorpSouth granted its employees wide discretion to set the prices of mortgage loans. This discretion resulted in African-American borrowers paying significantly higher annual percentage rates than similarly situated non-Hispanic White borrowers, costing African-American consumers hundreds of dollars more each year they held the loan.

- Implemented an explicitly discriminatory denial policy: The complaint alleged that BancorpSouth required its employees to deny applications from minorities and other “protected class” applicants more quickly than those from other applicants and not to provide credit assistance to “borderline” applicants that may have improved their chances of getting a loan. The bank generally permitted loan officers to assist marginal applicants, but the explicitly race-based denial policy departed from that practice. An audio recording of a 2012 internal meeting at BancorpSouth clearly articulates this discriminatory policy, as well as negative and stereotyped perceptions of African Americans.

The consent order requires BancorpSouth to take a number of remedial measures, including paying \$4 million into a loan subsidy program to increase access to affordable credit, by offering qualified applicants in majority-minority neighborhoods in Memphis mortgage loans on a more affordable basis than otherwise available from BancorpSouth. The loan subsidies can include interest rate reductions, closing cost assistance, and down payment assistance. In addition, the consent order requires BancorpSouth to spend \$500,000 to partner with community-based or governmental organizations that provide education, credit repair, and other assistance in minority neighborhoods in Memphis, and to spend at least \$300,000 on a targeted advertising and outreach campaign to generate applications for mortgage loans from qualified consumers in majority-minority neighborhoods in Memphis. The consent order also requires BancorpSouth to pay \$2.78 million to African-American consumers who were improperly denied mortgage loans or overcharged for their loans because of BancorpSouth’s allegedly discriminatory pricing and underwriting policies. Finally, BancorpSouth paid a \$3 million penalty to the CFPB’s Civil Penalty Fund.

In addition to the monetary requirements, the court decree orders BancorpSouth to expand its physical presence by opening one new branch or loan production office in a high-minority neighborhood (a census tract with a minority population greater than 80%) in Memphis. Among other revisions to its policies, BancorpSouth is also required by the consent order to implement

policies that require its employees to provide equal levels of information and assistance to individuals who inquire about mortgage loans, regardless of race or any other prohibited characteristic.

When investigating identified redlining risks, the Bureau's approach is consistent with that of other federal agencies, including other federal law enforcement agencies and bank regulators. For example, the Bureau looks to risk indicators described in the Interagency Fair Lending Examination Procedures, which were initially issued by the prudential regulators and later adopted by the Bureau.⁵⁵ The Bureau also looks to the types of evidence that DOJ has cited in support of its complaints alleging redlining. These sources identify multiple factors that the Bureau considers during a redlining investigation, including: applications received, and originations in, minority areas as compared with a lender's peers; the scope of the lender's Community Reinvestment Act assessment area; the lender's physical branch and office locations; the lender's marketing practices; the lender's policies; employee statements and conduct; and other evidence.

As part of its investigation, the CFPB also sent testers to several BancorpSouth branches to inquire about mortgages, and the results of that testing support the CFPB and DOJ allegations. The agencies alleged that, in several instances, a BancorpSouth loan officer treated the African-American tester less favorably than a non-Hispanic White counterpart. Specifically, the complaint alleged that BancorpSouth employees treated African-American testers who sought information about mortgage loans worse than non-Hispanic White testers with similar credit qualifications. For example, BancorpSouth employees provided information that would restrict African-American consumers to smaller loans than non-Hispanic White testers. This investigation was the CFPB's first use of testing to support an allegation of discrimination. Testing is a tool the Bureau employs in its enforcement investigative activity. Other government agencies, including the DOJ and HUD, as well as private fair housing organizations and state and local agencies, have used testers for decades as a method of identifying discrimination. Courts have long recognized testing as a reliable investigative tool.

⁵⁵ See CFPB Supervision and Examination Manual (Oct. 2012), http://files.consumerfinance.gov/f/201210_cfpb_supervision-and-examination-manual-v2.pdf (CFPB Examination Procedures, Equal Credit Opportunity Act Baseline Review Modules).

HMDA warning letters – potential mortgage lending reporting failures

On October 27, 2016, the CFPB issued warning letters to 44 mortgage lenders and mortgage brokers. The Bureau had information that appeared to show these financial institutions may be required to collect, record, and report data about their housing-related lending activity, and that they may be in violation of those requirements. The CFPB, in sending these letters, made no determination that a legal violation did, in fact, occur.

HMDA, enacted in 1975, requires many financial institutions to collect data about their housing-related lending activity, including home purchase loans, home improvement loans, and refinancings that they originate or purchase, or for which they receive applications. Annually, these financial institutions must report to the appropriate federal agencies and make the data available to the public. The public and regulators can use the information to monitor whether financial institutions are serving the housing needs of their communities, to assist in distributing public-sector investment so as to attract private investment to areas where it is needed, and to identify possible discriminatory lending patterns.

Data transparency helps to ensure that financial institutions are not engaging in discriminatory lending or failing to meet the credit needs of the entire community, including low- and moderate-income neighborhoods. Financial institutions that avoid their responsibility to collect and report mortgage loan data hinder regulatory efforts to enforce fair lending laws.

The CFPB identified the 44 companies by reviewing available bank and nonbank mortgage data. The warning letters flag that entities that meet certain requirements are required to collect, record, and report mortgage lending data. The letters say that recipients should review their practices to ensure they comply with all relevant laws. The companies are encouraged to respond to the Bureau to advise if they have taken, or will take, steps to ensure compliance with the law. They can also tell the Bureau if they think the law does not apply to them.⁵⁶

⁵⁶ More information on HMDA reporting requirements and a sample warning letter are available at <http://www.consumerfinance.gov/about-us/newsroom/cfpb-warns-financial-institutions-about-potential-mortgage-lending-reporting-failures/>.

Settlement Administration

ALLY FINANCIAL INC. AND ALLY BANK

On December 19, 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/or Pacific Islander borrowers. The DOJ simultaneously filed a consent order in the United States District Court for the Eastern District of Michigan, which was entered by the court on December 23, 2013. This public enforcement action represented the Federal Government's largest auto loan discrimination settlement in history.⁵⁷

On January 29, 2016, approximately 301,000 harmed borrowers participating in the settlement—representing approximately 235,000 loans—were mailed checks by the Ally settlement administrator, totaling \$80 million plus interest, which the Bureau announced in a blog post in English and Spanish.^{58,59} In addition, and pursuant to its continuing obligations under the terms of the orders, Ally has also made ongoing payments to consumers affected after the consent orders were entered. Specifically, Ally paid approximately \$38.9 million in September 2015 and an additional \$51.5 million in May 2016, to consumers that Ally determined were both eligible and overcharged on auto loans issued during 2014 and 2015, respectively.

PROVIDENT FUNDING ASSOCIATES

As previously reported, on May 28, 2015, the CFPB and the DOJ filed a joint complaint against Provident Funding Associations (Provident) for discrimination in mortgage lending, along with a proposed order to settle the complaint in the United States District Court for the Northern

⁵⁷ Consent Order, *In re Ally Financial Inc.*, CFPB No. 2013-CFPB-0010 (Dec. 20, 2013), http://files.consumerfinance.gov/f/201312_cfpb_consent-order_ally.pdf.

⁵⁸ Patrice Ficklin, *Harmed Ally Borrowers Have Been Sent \$80 Million in Damages*, Consumer Financial Protection Bureau (Jan. 29, 2016), <http://www.consumerfinance.gov/blog/harmed-ally-borrowers-have-been-sent-80-million-in-damages/>.

⁵⁹ Patrice Ficklin, *Prestatarios perjudicados por Ally reciben \$80 millones en daños*, Consumer Financial Protection Bureau (Feb. 4, 2016), <http://www.consumerfinance.gov/about-us/blog/prestatarios-perjudicados-por-ally-reciben-80-millones-en-danos/>.

District of California. The complaint alleged that from 2006 to 2011, Provident discriminated in violation of ECOA by charging over 14,000 African-American and Hispanic borrower more in brokers' fees than similarly situated non-Hispanic White borrowers on the basis of race and national origin. The consent order, which the court entered on June 18, 2015, requires Provident to pay \$9 million in damages to harmed borrowers, to hire a settlement administrator to distribute funds to the harmed borrowers identified by the CFPB and DOJ, and not to discriminate against borrowers in assessing total broker fees.⁶⁰

In Fall 2016, the Bureau published a blog post in English and Spanish announcing the selection of the settlement administrator and its mailing of participation packets to eligible consumers.^{61,62} The blog post also provided information to consumers on how to contact the administrator, participate in the settlement, and submit settlement forms.

AMERICAN HONDA FINANCE CORPORATION

As previously reported, on July 14, 2015, the CFPB and the DOJ resolved an action with American Honda Finance Corporation (Honda) to put new measures in place to address discretionary auto loan pricing and compensation practices. Honda's past practices resulted in thousands of African-American, Hispanic, and Asian and Pacific Islander borrowers paying higher interest rates than non-Hispanic White borrowers for their auto loans between January 1, 2011, and July 14, 2015, without regard to their creditworthiness. The consent order requires Honda to change its pricing and compensation system to substantially reduce dealer discretion and minimize the risks of discrimination, and pay \$24 million in restitution to affected

⁶⁰ Consent Order, *United States v. Provident Funding Assocs., L.P.*, No. 3:15-cv-023-73 (N.D. Cal. May 28, 2015), ECF No. 2, http://files.consumerfinance.gov/f/201505_cfpb_consent-order-provident-funding-associates.pdf.

⁶¹ Patrice Ficklin, *Provident Settlement Administrator to Contact Eligible Borrowers Soon*, Consumer Financial Protection Bureau (Sept. 28, 2016), <http://www.consumerfinance.gov/about-us/blog/provident-settlement-administrator-contact-eligible-borrowers-soon/>.

⁶² Patrice Ficklin, *Administrador del Acuerdo de Provident planea ponerse en contacto con prestatarios elegibles próximamente*, Consumer Financial Protection Bureau (Oct. 6, 2016), <http://www.consumerfinance.gov/about-us/blog/administrador-del-acuerdo-de-provident-planea-ponerse-en-contacto-con-prestatarios-elegibles-proximamente/>.

borrowers.⁶³

In October 2016, the Bureau published a blog post in English and Spanish announcing that the settlement administrator was mailing participation packets to potentially eligible consumers, and providing information to consumers on how to contact the administrator, participate in the settlement, and submit settlement forms.^{64, 65}

Referrals to DOJ

During this reporting period⁶⁶ and pursuant to Section 706(g) of ECOA, the CFPB has referred eight matters to DOJ with regard to:

- Discrimination on the bases of age, marital status, receipt of public assistance income, and sex, in mortgage lending;
- Discrimination on the bases of national origin, race, and receipt of public assistance income in auto finance; and
- Discrimination on the bases of national origin and race in credit card account management.

⁶³ Consent Order, *In re American Honda Finance Corp.*, CFPB No. 2015-CFPB-0014 (July 14, 2015), http://files.consumerfinance.gov/f/201507_cfpb_consent-order_honda.pdf.

⁶⁴ Patrice Ficklin, *What you need to know to get money from the settlement with Honda Finance for overcharging minorities*, Consumer Financial Protection Bureau (Oct. 3, 2016), <http://www.consumerfinance.gov/about-us/blog/what-you-need-know-get-money-settlement-honda-finance-overcharging-minorities/>.

⁶⁵ Patrice Ficklin, *Lo que necesita saber para recibir dinero del acuerdo de compensación con Honda Finance por cobrarles de más a las minorías*, Consumer Financial Protection Bureau (Oct. 11, 2016), <https://www.consumerfinance.gov/about-us/blog/lo-que-necesita-saber-para-recibir-dinero-del-acuerdo-de-compensacion-con-honda-finance-por-cobrarles-de-mas-las-minorias/>.

⁶⁶ April 1, 2016, through March 31, 2017.

7.2 Interagency fair lending coordination and outreach

Interagency coordination

The Bureau's fair lending activity involves regular coordination with other 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 Interagency Task Force on Fair Lending, the Interagency Working Group on Fair Lending Enforcement, and the FFIEC HMDA Data Collection Subcommittee.

On November 14, 2016, along with other members of the FFIEC, the Bureau issued an updated Uniform Interagency Consumer Compliance Rating System.⁶⁷ The revisions reflect the regulatory, supervisory, technological, and market changes that have occurred since the system was established. The previous rating system was adopted in 1980, and the proposed revisions aim to address the broad array of risks in the market that can cause consumer harm, including fair lending violations. The Bureau plans to implement the updated rating system on consumer compliance examinations that begin on or after March 31, 2017.

Fair lending outreach, speeches, presentations, and publications

The CFPB is committed to communicating directly with stakeholders including policymakers; Congressional office; industry; academia; fair lending, civil rights, consumer, and community groups; and the public, on its policies, compliance expectations, and priorities. Outreach is accomplished through issuance of Reports to Congress, Interagency Statements, *Supervisory Highlights*, Compliance Bulletins, letters and blog posts, as well as through the delivery of speeches, meetings, and presentations addressing fair lending and access to credit matters.

On October 4, 2016, along with federal partners from the FRB, DOJ, FDIC, OCC, and NCUA, the

⁶⁷ 81 Fed. Reg. 79,473 (Nov. 14, 2016), available at <https://www.federalregister.gov/documents/2016/11/14/2016-27226/uniform-interagency-consumer-compliance-rating-system>.

Office of Fair Lending participated in and presented at the 2016 Federal Interagency Fair Lending Hot Topics webinar. The webinar covered several fair lending topics, including compliance management, redlining, HMDA validation, ECOA baseline review modules, and mortgage lending settlements. During the reporting period, the Office of Fair Lending also attended roundtables on a variety of issues including fair lending testing methodology, emerging issues in non-real estate lending, and redlining.

As noted in the Fair Lending Supervision section 7.1 above, the Bureau released on October 31, 2016, the Fall 2016 edition of *Supervisory Highlights*, which discussed supervisory observations regarding best practices for serving consumers with limited English proficiency (LEP) under ECOA. It also outlined HMDA data collection and reporting reminders for 2017, provided settlement updates for recent enforcement actions that originated in the supervisory process, outlined the various factors the Bureau considers in assessing redlining risk.

As part of its outreach mandate, to commemorate the 40th anniversary of ECOA (and its 1976 amendments), the Bureau published two blog posts to help educate consumers about what ECOA is, why it was passed, and how it protects consumers.^{68,69}

The Bureau also published a blog post identifying its fair lending priorities for the upcoming year: redlining, mortgage and student loan servicing, and small business lending.⁷⁰

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

⁶⁸ Brian Kreiswirth & Anna-Marie Tabor, *What you need to know about the Equal Credit Opportunity Act and how it can help you: Why it was passed and what it is*, Consumer Financial Protection Bureau (Oct. 31, 2016), <http://www.consumerfinance.gov/about-us/blog/what-you-need-know-about-equal-credit-opportunity-act-and-how-it-can-help-you-why-it-was-passed-and-what-it/>.

⁶⁹ Rebecca Gelfond & Frank Vespa-Papaleo, *What you need to know about the Equal Credit Opportunity Act and how it can help you: Know your rights*, Consumer Financial Protection Bureau (Nov. 2, 2016), <http://www.consumerfinance.gov/about-us/blog/what-you-need-know-about-equal-credit-opportunity-act-and-how-it-can-help-you-know-your-rights/>.

⁷⁰ Patrice Ficklin, *Fair Lending priorities in the new year*, Consumer Financial Protection Bureau (Dec. 16, 2016), <http://www.consumerfinance.gov/about-us/blog/fair-lending-priorities-new-year/>.

7.3 Home Mortgage Disclosure Act

On October 28, 2015, the Bureau published in the Federal Register a final rule to implement the Dodd-Frank Act amendments to HMDA.⁷¹ The rule also finalized certain amendments that the Bureau believes are necessary to improve the utility of HMDA data and further the purposes of HMDA.

Subsequent to the HMDA rule's finalization, the Bureau has published on its website a "Home Mortgage Disclosure Act rule implementation" page to help industry understand, implement, and comply with HMDA and Regulation C.⁷² For more information on HMDA rule implementation, please see Section 4.3, Facilitating Implementation of New Regulations, of this report.

HMDA resubmission guidelines

In response to the comments received on its Request for Information Regarding Home Mortgage Disclosure Act Resubmission Guidelines,⁷³ the Bureau is considering what changes may be needed to its current guidelines. Commenters included HMDA reporters, industry trade groups, and consumer groups. Under the Bureau's current resubmission guidelines, if a financial institution's HMDA data exceed certain error thresholds, the institution must correct and resubmit its HMDA data to the Bureau.

HMDA rule technical corrections and clarifying amendments

Since issuing the 2015 HMDA Final Rule, the Bureau has identified and received information about some areas of uncertainty about requirements under the rule. In April the Bureau issued a proposed rule seeking comment on amendments to certain provisions of Regulation C to make

⁷¹ Home Mortgage Disclosure, 80 Fed. Reg. 66,128 (Oct. 28, 2015) (codified at 12 C.F.R. pt. 1003), <https://www.gpo.gov/fdsys/pkg/FR-2015-10-28/pdf/2015-26607.pdf>.

⁷² These resources are available at Consumer Financial Protection Bureau, *Home Mortgage Disclosure Act rule implementation*, <http://www.consumerfinance.gov/regulatory-implementation/hmda/>.

⁷³ Request for Info. Regarding Home Mortgage Disclosure Act Resubmission Guidelines, 81 Fed. Reg. 1,405 (Jan. 12, 2016), <https://www.gpo.gov/fdsys/pkg/FR-2016-01-12/pdf/2016-00442.pdf>.

technical corrections and to clarify certain requirements under Regulation C.⁷⁴

7.4 ECOA and Regulation B

In 2016, the CFPB published a Bureau Official Approval with regard to ECOA, and on March 24, 2017, issued a proposed rule seeking comment on amendments to Regulation B.

Status of New Uniform Residential Loan Application and Collection of Expanded Home Mortgage Disclosure Act Information about Ethnicity and Race in 2017 under Regulation B

On September 23, 2016, the Bureau published a Bureau Official Approval pursuant to section 706(e) of the ECOA concerning the new Uniform Residential Loan Application and the collection of expanded HMDA information about ethnicity and race in 2017.⁷⁵

In accordance with the request by Federal Housing Finance Agency and the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), the Bureau reviewed the revised and redesigned Uniform Residential Loan Application issued on August 23, 2016 (2016 URLA), and provided the Bureau's official approval under ECOA and Regulation B. Under the terms provided in the Bureau's notice, the Bureau determined that the relevant language in the 2016 URLA is in compliance with the specified provisions of Regulation B. A creditor's use of the 2016 URLA is not required under Regulation B. However, the notice provides that, a creditor that uses the 2016 URLA without any modification that would violate § 1002.5(b) through (d) would act in compliance with §

⁷⁴ Consumer Financial Protection Bureau, *Technical Corrections and Clarifying Amendments to the Home Mortgage Disclosure (Regulation C) October 2015 Final Rule*,

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201704_cfpb_NPRM_HMDA.pdf.

⁷⁵ Consumer Financial Protection Bureau, Status of New Uniform Residential Loan Application and Collection of Expanded Home Mortgage Disclosure Act Information about Ethnicity and Race in 2017 under Regulation B (Sept. 23, 2016),

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_HMDAEthnicityRace.pdf.

1002.5(b) through (d).

The notice also addressed collection of information concerning the ethnicity and race of applicants in conformity with Regulation B from January 1, 2017, through December 31, 2017. The Bureau's official approval provided that at any time from January 1, 2017, through December 31, 2017, a creditor may, at its option, permit applicants to self-identify using disaggregated ethnic and racial categories as instructed in appendix B to Regulation C, as amended by the 2015 HMDA final rule. The Bureau believes such authorization may provide creditors' time to begin to implement the regulatory changes and improve their compliance processes before the new requirement becomes effective, and therefore mandatory, on January 1, 2018. Allowing for this increased implementation period will, in the Bureau's view, reduce compliance burden and further the purposes of HMDA and Regulation C.

Amendments to Equal Credit Opportunity Act (Regulation B) Ethnicity and Race Information Collection

Regulation C currently requires financial institutions to collect and report information about the ethnicity and race, as well as certain other characteristics, of applicants and borrowers. Regulation C, as amended by 2015 HMDA Final Rule, generally effective January 1, 2018, will require financial institutions to permit applicants and borrowers to self-identify using disaggregated ethnic and racial categories beginning January 1, 2018. Regulation B also currently requires creditors to request and retain information about the ethnicity and race, as well as certain other characteristics, of applicants for certain dwelling-secured loans, but uses only aggregate ethnic and racial categories. On March 24, 2017, the Bureau issued a proposed rule seeking comment on amendments to Regulation B to permit creditors additional flexibility in complying with Regulation B in order to facilitate compliance with Regulation C, to add certain model forms and remove others from Regulation B, and to make various other amendments to Regulation B and its commentary to facilitate the collection and retention of information about the ethnicity, sex, and race of certain mortgage applicants.⁷⁶

⁷⁶ Consumer Financial Protection Bureau, Amendments to Equal Credit Opportunity Act (Regulation B) Ethnicity and Race Information Collection (March 24, 2017), http://files.consumerfinance.gov/f/documents/201703_cfpb_NPRM-to-amend-Regulation-B.pdf.

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:⁷⁷

- **Freedom of Information Act (FOIA)**

Transparency is at the core of the CFPB's agenda and is an essential part of how the

⁷⁷ 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.

CFPB operates. The public deserves to know what the CFPB is doing and how it is doing it. Earlier this year, the CFPB posted the [Chief FOIA Officer Report for 2016](#). During this reporting period, the CFPB also published quarterly reports.⁷⁸

- **Leadership Calendars**

The CFPB remains committed to providing information to the public regarding the daily work of the Bureau's senior leadership by sharing their daily calendars. The Bureau consistently posts the [monthly calendars](#) of Director Richard Cordray to its website. The calendars of past leaders Elizabeth Warren, Raj Date, and Steven Antonakes are archived on the Bureau's website for the public to view as well.

- **Procurement Opportunities**

The Bureau remains committed to publishing its [future procurement needs](#) by listing a description of the requirement, forecasted solicitation fiscal year and quarter, and forecasted acquisition method.

- **Procurement Transparency**

The Bureau's Office of Procurement introduced a Contract Transparency Clause in February 2011 to each of its solicitations and contracts. The clause gives notice to all prospective trading partners that the Bureau can publish contracts on our website to enhance the visibility to any interested party in how the public money entrusted to us is being spent.

- **General Reports**

The CFPB also continues to post a variety of reports to illustrate progress in several areas of the Bureau's operations and activities. Recent reports posted to the CFPB's website include, the [2016 Annual Report of the CFPB Student Loan Ombudsman](#), the [2016 Financial Literacy Annual Report](#), [Financial Coaching: A Strategy to Improve Financial Well-Being](#), a report from [Project Catalyst](#) promoting consumer-friendly innovation, the Bureau's most recent edition of the [Semi-Annual Report to Congress and the President](#), the CFPB's [Diversity and Inclusion Strategic Plan 2016-2020](#), the CFPB's [Annual Appropriations Report](#), snapshots on [Older Americans and Student Loan Debt](#) and

⁷⁸ <http://www.consumerfinance.gov/foia/>.

[Online Debts Sales](#), the CFPB's [Independent Audit of Selected Operations and Budget for FY16](#), and two editions of *Supervisory Highlights*.⁷⁹

- **Regulations and Guidance Updates**

The CFPB periodically provides updates on regulations and guidance. During this reporting period, the Bureau posted updates to its Supervision and Examination Manual and various bulletins.⁸⁰

⁷⁹ All editions of *Supervisory Highlights* may be found at <http://www.consumerfinance.gov/policy-compliance/guidance/supervisory-highlights/>.

⁸⁰ The full list of guidance updates during this reporting period may be found in Appendix C, and on the Bureau's website at <http://www.consumerfinance.gov/policy-compliance/guidance/implementation-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 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 was 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.⁸¹

If the authorized transfers from the Federal Reserve were not sufficient in FY 2010-2014, the CFPB had the authority in those fiscal years to ask Congress for up to \$200 million in additional funds, subject to the appropriations process.⁸² The CFPB did not request an appropriation in FY 2011, FY 2012, FY 2013, or FY 2014. That authority has now expired.

The inflation-adjusted transfer cap for FY 2016 was \$631.7 million. The adjusted transfer cap for FY 2017 is \$646.2 million. The CFPB requested transfers from the Federal Reserve totaling \$517.4 million to fund CFPB operations and activities through the third quarter of FY 2017.⁸³

Funds received from the Federal Reserve 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, however, are invested in Treasury securities. Earnings from those investments are also deposited into the Bureau's account.⁸⁴

Fiscal year 2017 spending through the end of the second quarter of FY 2017

As of March 31, 2017, the end of the second quarter of FY 2017, the CFPB incurred approximately \$358.9 million in obligations⁸⁵ to carry out the authorities of the Bureau under Federal financial consumer law. Approximately \$161.2 million was spent on employee compensation and benefits for the 1,689 CFPB employees who were on-board by the end of the second quarter.

⁸¹ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(a)(2).

⁸² See *id.* Sec. 1017(e).

⁸³ The Bureau posts all funding request letters on its website at consumerfinance.gov/budget.

⁸⁴ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(b).

⁸⁵ 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 fiscal year were related to contractual services. Some of the Bureau's significant obligations that occurred through the end of the second quarter of FY 2017 included:

- \$12.8 million for a one-year building occupancy agreement with the Office of the Comptroller of the Currency;
- \$12.5 million for ongoing operations of the consumer contact center and case management system;
- \$10.0 million for a one-year building occupancy agreement with the General Services Administration for CFPB's temporary headquarters office space;
- \$10.0 million for enterprise-wide cloud hosting infrastructure, system administration support and associated services;
- \$8.4 million for IT customer relationship management system tools and support;
- \$5.8 million IT service desk and customer support services; and
- \$5.0 million for continued development of a next generation consumer response system to support the future state scalable model for complaint processing, documentation and investigation.

The tables below categorize CFPB obligations incurred through the first two quarters of FY 2017 by expense category and division/program area:

TABLE 1: FY 2017 SPENDING BY EXPENSE CATEGORY

Expense Category	FY 2017
Personnel Compensation	\$116,457,000
Benefit Compensation	\$44,776,000
Travel	\$9,219,000
Transportation of Things	\$120,000
Rents, Communications, Utilities & Misc.	\$15,046,000
Printing and Reproduction	\$2,152,000

Other Contractual Services	\$131,603,000
Supplies & Materials	\$3,835,000
Equipment	\$24,590,000
Land and Structures	\$11,126,000
Total (as of 03/31/2017)	\$358,924,000

TABLE 2: FY 2017 SPENDING BY PROGRAM AREA

Division/Program Area	FY 2017
Office of the Director	\$4,697,000
Operations	\$63,666,000
Consumer Education & Engagement	\$32,931,000
Research, Markets & Regulations	\$18,814,000
Supervision, Enforcement, Fair Lending	\$83,256,000
Legal Division	\$7,940,000
External Affairs	\$4,505,000
Other Programs ⁸⁶	\$1,518,000
Centralized Services ⁸⁷	\$141,597,000
Total (as of 03/31/2017)	\$358,924,000

Civil Penalty Fund

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect and retain for specified

⁸⁶ Other Programs comprises the costs of the CFPB Office of Ombudsman, Administrative Law Judges, and other CFPB programs.

⁸⁷ 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).

purposes civil penalties collected from any person in any judicial or administrative action under Federal consumer financial laws.⁸⁸ 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.

Civil penalty funds collected in 2017

In the first quarter of FY 2017, the CFPB collected civil penalties from 12 defendants totaling \$8.7 million. In the second quarter of FY 2017, the CFPB collected \$21.3 million from 16 defendants. The CFPB collected a total of \$30.1 million in civil penalties in the first half of FY 2017.

TABLE 3: FY 2017 CIVIL PENALTY FUND COLLECTIONS

Defendant name	CMP collected	Collection date
Flurish, Inc., d/b/a LendUp	\$1,800,000	October 6, 2016

Civil penalty fund allocations in FY 2016

Period 8: April 1, 2016 – September 30, 2016

On November 29, 2016, the Bureau made its eighth allocation from the Civil Penalty Fund. As of September 30, 2016, the Civil Penalty Fund contained an unallocated balance of \$170.1 million. The Fund Administrator set aside \$1 million for administrative expenses, leaving \$169.1 million available for allocation pursuant to 12 C.F.R. § 1075.105(c).

A civil penalty was imposed in 13 cases with final orders from Period 8. Under the Civil Penalty Fund rule, victims of the violations for which these civil penalties were imposed were eligible for compensation from the Civil Penalty Fund. Of those 13 cases, 11 cases had classes of eligible

⁸⁸ See Dodd-Frank, Pub. L. No. 111-203, Sec. 1017(d).

victims with no uncompensated harm that is compensable from the Civil Penalty Fund, and two cases had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund.

Of the Period 8 cases with compensable uncompensated harm, one case, the Morgan Drexen case, received an allocation of \$33,993,373 from the Civil Penalty Fund. The classes of victims eligible for an allocation—consumers who from October 27, 2010, to June 18, 2015, were charged certain advance fees by Ledda or Morgan Drexen or who enrolled in a debt relief service in response to deceptive advertisements that Ledda and Morgan Drexen made between December 8, 2010, and April 11, 2014—have uncompensated harm of \$33,993,373. In Period 7, an allocation was made to victims in the related Walter Ledda matter. A total of \$132,382,488 in Civil Penalty Fund monies has been allocated to eligible consumers in these two matters. The other Period 8 matter with compensable uncompensated harm, the World Law case, will not receive an allocation at this time from the Civil Penalty Fund. As of the time of this allocation, the Fund Administrator did not have sufficient information to determine the amount of compensable uncompensated harm for victims in the World Law matter. As that determination has not yet been made, in accordance with section 1075.106(d)(1) of the rule, the Fund Administrator exercised her discretion to depart from the allocation procedures described in 1075.106 and did not make an allocation to classes from that case during this allocation. The Fund Administrator will revisit an allocation to this case in Period 9. The total allocation to classes of victims from Period 8 cases was therefore \$33,993,373, leaving \$135,064,624 available for allocation to prior-period cases.

Under section 1075.106(d)(2) of the rule, when the Fund Administrator exercises this discretion, she may allocate funds for consumer education and financial literacy purposes only to the same extent she could have absent the exercise of discretion. Had the Fund Administrator not exercised her discretion to depart from the 1075.106 allocation procedures, she would allocate \$13,385,933 to the class of victims from the Global Client Solutions case, enough to compensate fully their uncompensated harm as it was determined in Period 4, and \$106,813,049 to the class of victims in the World Law case, enough to fully compensate the total potential amount of uncompensated harm. That would leave \$14,865,642 available for allocation for Consumer Education and Financial Literacy purposes under section 1075.106(d)(2) of the rule. During Period 8, \$0 was allocated for Consumer Education and Financial Literacy purposes.

TABLE 4: PERIOD 8 ALLOCATION SUMMARY

Type	Allocation
Victim Compensation	\$33,993,373
Morgan Drexen, Inc. and Walter Ledda	
Victim Class Allocation: \$33,993,373	
Consumer Education and Financial Literacy Programs:	\$0
Total Allocation	\$33,993,373

The remaining unallocated Civil Penalty Fund balance will be available for future allocations. The unallocated amount in the Fund as of March 31, 2017, will be available for allocation following the conclusion of Period 9 in accordance with 12 C.F.R. § 1075.105(c).

For additional information on CFPB's Civil Penalty Fund, see <http://www.consumerfinance.gov/budget/civil-penalty-fund/>.

Bureau-administered redress

Dodd-Frank Act section 1055 authorizes a court in a judicial action, or the CFPB in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Relief that is intended to compensate victims is treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury.

BUREAU ADMINISTERED REDRESS COLLECTED IN FY 2017:

In the first quarter of FY 2017, the Bureau collected a total of \$323,890.35 in Bureau-Administered Redress from three defendants. In the second quarter of FY 2017, the Bureau collected \$7,825.89 from two defendants. In total, the Bureau collected \$331,716.24 in Bureau-Administered redress in the first half of FY 2017. In all cases, these funds will be distributed in accordance with the terms of their respective final orders.

TABLE 5: FY 2017 BUREAU-ADMINISTERED REDRESS COLLECTIONS

Defendant name	Amount collected	Collection date
Corinthian Colleges, Inc. ⁸⁹	\$218,158.35	November 7, 2016
3D Resorts-Bluegrass, LLC ⁹⁰	\$49,999.00	November 30, 2016
Security National Automotive Acceptance Company, LLC	\$55,733.00	December 27, 2016
Chance Edward Gordon, et al. ⁹¹	\$5,789.00	January 18, 2017
Orion Processing, LLC, d/b/a World Law Processing – Individual Defendant Derin Scott	\$2,036.89	February 8, 2017
Total	\$331,716.24	

For additional information on CFPB’s Civil Penalty Fund and Bureau-Administered Redress programs, see <http://www.consumerfinance.gov/about-us/payments-harmed-consumers/>.

⁸⁹ In July 2016, the bankruptcy court granted a setoff motion in the Corinthian matter. The Bureau expected to receive a total of \$232,946 from a tax refund that the IRS owed Corinthian as payment toward the \$531,224,267 order for redress. On August 8, 2016, the Bureau received a check for \$35,347. On November 7, 2016, the Bureau received a second check for \$218,158.35. This amount represents the balance of the amount owed (\$197,599) plus \$20,599.35 in interest.

⁹⁰ The Bureau received \$49,999 from the bankruptcy estate in satisfaction of the judgment for equitable monetary relief imposed in the December 2013 consent order.

⁹¹ The Bureau received \$5,789, which was the remainder of funds that were being held by the court-appointed Receiver, toward the judgment for equitable monetary relief in the December 2016 final judgment against Gordon.

10. Office of Minority and Women Inclusion

10.1 Recruiting and hiring

The CFPB continues its commitment to recruit and hire highly qualified individuals from diverse backgrounds to fill positions at the Bureau's headquarters in Washington, D.C., 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, D.C. As of March 31, 2017, there is 1671⁹² staff on-board and working to carry out the CFPB's mission.

To meet current and future staffing requirements, the Bureau will continue to evolve its talent acquisition strategies to build a pipeline of talent through the following methods.

Talent acquisition

The Bureau is committed to recruiting highly-qualified, diverse applicants for CFPB positions; it leverages multiple sources for recruitment to ensure access to wide candidate pools. The Bureau

⁹² There is 1671 staff on-board as of pay period 06 (April 1, 2017). April 01, 2017 is the last day of the pay period of the reporting period, while March 31, 2017, is the last business day in this pay period. This employee count excludes interns and any employees who may have separated from the Bureau during the pay period. It only represents active workforce employees at the end of the reporting period in question and may differ from counts which utilize other methods of counting Bureau employment.

deploys a comprehensive outreach approach and achieves its recruiting goals through:

- Utilizing digital platforms to maximize engagement reach, including the Professional Diversity Network—a digital platform that enables the publication of CFPB job opportunities to a broad array of diverse target populations;
- Engaging in external outreach, which includes participation at professional conferences and university events, with a special focus on building relationships with diverse affinity organizations, such as the National Asian Pacific American Bar Association Annual Convention;
- Enlisting senior leadership and Bureau champions to promote the Bureau’s employer identity at outreach events to attract candidates to the CFPB as a “best place to serve”;
- Engaging existing staff as ambassadors of the Bureau and providing them with the tools, messages, and resources to reach out to their own professional networks;
- Continuing to utilize intern and professional development programs to build a robust pipeline of talent to meet current and emerging workforce needs, including through the Federal Pathways Program; and
- Leveraging and promoting flagship development programs, such as the Technology and Innovation Fellows Program, the Director’s Financial Analyst Program, and the Louis Brandeis Honors Attorney Program, to find the best and brightest mid-and entry-level talent, and promote the Bureau as an employer of choice.

Solidifying identity as an employer of choice

The CFPB continues to build its reputation as an employer that offers challenging work in direct support of American consumers. The Bureau’s inspiring mission, willingness to innovate and collaborate, and insistence on excellence serve as strong platforms on which to recruit exceptional talent. The CFPB recruits inspired, goal-oriented professionals who derive intrinsic value from professional accomplishment and public service. Once onboard, CFPB employees work with diverse, dedicated colleagues while protecting consumers, further solidifying the Bureau’s identity as an employer of choice.

Improving the hiring process

- CFPB is committed to maintaining an efficient and effective hiring process in accordance with federal hiring goals and standards.
- The Office of Human Capital (OHC) has institutionalized a new annual hiring planning process. This process provides the opportunity for divisions and OHC to more strategically plan and ensure appropriate resources to support hiring needs for the year. Better planning enables OHC to allocate resources more effectively to help offices accomplish their hiring goals. OHC also used information provided through hiring planning effort to create new business intelligence tools to better track and monitor hiring activity.
- OHC uses tailored assessment methods (e.g., structured interviews and work sample reviews) to support selections for target positions, and offers training to hiring managers on how to conduct structured interviews effectively. This year, OHC introduced a new Subject Matter Expert Review of Minimum Qualifications process. These 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 the Bureau.
- OHC has implemented a comprehensive Risk and Internal Controls Monitoring Program to provide oversight of the Bureau's recruitment and selection processes and improve the quality, accuracy, and integrity of hiring process data. Components of the monitoring program will be reviewed on a quarterly and annual basis and findings will be used to enhance and improve the quality of the Bureau's hiring program.
- OHC also administers its New Employee and Hiring Manager Surveys to identify processes that are working well, as well as areas for improvement to provide a seamless onboarding experience for all new hires.

10.2 Staff education, training, and engagement

Since its creation, the CFPB has focused on strong engagement with existing and potential Bureau staff by utilizing education, training, and engagement programs. As the CFPB matures,

both the reach and depth of these programs have evolved.

During the reporting period, the Bureau has taken the following actions:

- Enhanced quantity and scope of targeted learning programs and development resources for employees and leaders, including new learning support resources for managers, and additional career development resources and workshops;
- Delivered additional sessions of internal custom training courses for new CFPB supervisors to cover basic managerial duties as a federal supervisor or manager;
- Delivered additional sessions, and implemented new sessions of our custom CFPB Leadership Development series, the *Leadership Excellence Seminars*, designed to train all levels of CFPB managers on managerial practices and desired and expected leadership behaviors;
- Continued to increase the reach, number of engagements, and completions of the leadership coaching program available to middle managers and senior CFPB leaders;
- Increased internal learning and professional development opportunities open to all CFPB employees, including new internal training courses and workshops;
- Continued to leverage thousands of titles of on-demand learning resources, including self-paced eLearning courses, on-line books, articles, and video vignettes, aligned with CFPB core competencies, basic supervisory tasks, and managerial leadership skills;
- Continued to operate a library of online reference materials through the CFPB library, with additional resources;
- Provided guidance, and interactive learning events to support both individual development planning and career development, including:
 - Team briefings and individual consultations to employees and supervisors on individual development planning and career planning resources, to assist employees in career development;
 - Implemented and delivered two new interactive workshops on individual development planning and career development resources, open to all employees;

- Continued multi-year deployment of the revised Performance Management Program, which emphasized coaching for success and implemented revised performance standards for leaders in FY17 and for all team members in FY18;
- Implemented the agency's first-ever Awards and Recognition Program to recognize the exceptional accomplishments of CFPB employees; and
- Implemented a new internal CFPB Team Leader Training course, targeted to non-supervisory Team Leads, Project Managers, and Examiners in Charge, leading the work of others. CFPB has now delivered this one-day session multiple times at our Washington, D.C. Headquarters location, as well as to each of the Supervision Regions in the Field.

10.3 Diversity and inclusion

The CFPB's Office of Minority and Women Inclusion (OMWI) was created in January 2012 to lead the diversity and inclusion strategy at the Bureau. OMWI's mandates are outlined in Section 342 of the Dodd-Frank Act (12 U.S.C. § 5452). Organizationally, OMWI is part of the Office of Equal Opportunity and Fairness, which reports directly to the Bureau's Director.

The statutory mandate requires that OMWI:

- Be responsible for all matters of the Bureau relating to diversity in management, employment, and business activities.
- Develop standards for:
 - Equal employment opportunity, and the racial, ethnic, and gender diversity of the workforce and senior management of the Bureau; and
 - Increased participation of minority-owned and women-owned businesses in the programs and contracts of the Bureau, including standards for coordinating technical assistance to such businesses.
 - Assessing the diversity policies and practices of entities regulated by the Bureau.
- Advise the Director of the CFPB on the impact of the policies and regulations of the Bureau on minority-owned and women-owned businesses.

Diversity in the CFPB's workforce

The CFPB is committed to having a workforce that is diverse by gender, race, and ethnicity at all levels of the organization. As of March 31, 2017, the Bureau had 1,671 total employees. After controlling for attrition, that represents an increase of 152 employees from March 2016. Women represent 49% of the Bureau's workforce. The CFPB is committed to promoting strong workforce demographics by gender, race and ethnicity and to increasing the number of women and minorities in leadership positions.

As Table 7 shows, minorities constituted 38% percent of the workforce as of March 31, 2017.

TABLE 6: CFPB WORKFORCE DIVERSITY AS OF MARCH 31, 2017

Demographic group	CFPB MARCH 2017 #	CFPB MARCH 2017 %
Male	855	51%
Female	816	49%
Non-Minority	1028	63%
Total Minority	645	39%
Total Workforce	1,671	100%

Table 8 shows the CFPB workforce by race and ethnicity. Of the 1,671 employees at the end of the reporting period, 66% self-identify as White, 21% as Black/African-American, 9% as Asian American, and 4% as another racial group or belonging to two or more racial groups. In terms of ethnicity, 6% of employees self-identify as Hispanic, and 94% as Non-Hispanic.

TABLE 7: CFPB WORKFORCE BY ETHNICITY AND RACE AS OF MARCH 31, 2017

Ethnic and racial group	CFPB MARCH 2017 #	CFPB MARCH 2017 %
Non-Hispanic	1,565	93.66%
White	1,026	65.56%
African American	337	20.17%

Ethnic and racial group	CFPB MARCH 2017 #	CFPB MARCH 2017 %
Asian	148	8.87%
American Indian or Alaska Native	5	0.32%
Native Hawaiian or Pacific Islander	3	0.19%
2 or More Races	46	2.94%
Hispanic	106	6.34%
White	69	4.13%
African American	9	0.54%
Asian	2	0.12%
American Indian or Alaska Native	2	0.12%
2 or More Races	6	0.36%
Not Identified	18	1.08%

Workplace Initiatives

During the reporting period, OMWI continued to develop and implement strategies to increase diversity and to foster an inclusive work environment for all employees. Specific initiatives included the following:

- Continued to manage the Executive Advisory (Diversity and Inclusion) Council, a cross-divisional group of senior leaders working to strengthen and integrate diversity and inclusion into the Bureau's functioning by providing strategic guidance, advocacy and support for diversity and inclusion in the Bureau;
- Worked with each division to develop and implement diversity and inclusion objectives in their divisional strategic plans aimed at increasing the diversity among their staff, and ensuring that the work environment is inclusive for all employees;

- Continued to provide a mandatory two-day training workshop on diversity and inclusion and a two-day training working on EEO compliance through OCR for all supervisors and managers to help them strengthen their skills in leading and managing a diverse and inclusive workforce;
- Continued to provide mandatory 2-hour training for all non-supervisory employees to increase their awareness and understanding of the importance of diversity and inclusion and how it enhances the overall effectiveness of the Bureau;
- Continued to collaborate with OHC and OCR to enhance supervisory and employee training offered by them to ensure that compliance and diversity and inclusion concepts are incorporated into the training, such as in the supervisory development sessions, leadership effectiveness seminars, and structured interview training;
- Presented a seminar to managers on identifying and utilizing effective strategies for mitigating unconscious bias and ensuring compliance with civil rights mandates in performance evaluations in collaboration with OCR;
- Continued to work with OHC to establish and maintain relationships with, and outreach to, professional organizations that represent veterans, disabled veterans, Hispanics and other minority constituencies. This includes attending career fairs and professional association meetings throughout the year to meet and provide information on CFPB and on employment opportunities to these groups, including posting vacancies on bulletin boards geared to these groups of professionals;
- Continued to support the Diversity and Inclusion Council of Employees (DICE) as it completed one year of its inaugural term. The DICE members represent employees throughout the Bureau, from both the Headquarters and the Regional offices. (DICE has as its primary role to represent the CFPB staff perspective on matters of D&I and to assist OMWI in executing initiatives that are aligned with the OMWI priorities. The DICE serves as an important employee engagement initiative and as an important feedback mechanism for employee input to OMWI);
- Supported Employee Resource Groups (ERGs) that have formed at the Bureau to assist the Bureau in understanding and considering various perspectives in our service to the diverse spectrum of consumers, and to serve as a vehicle to assist in networking, recruiting and retaining a diverse workforce. In 2016, OMWI approved the charter of two ERGs formed by employees and the two groups have developed membership groups and

have begun meeting; and

- Partnered with OHC to analyze the Annual Employee Survey, particularly the Inclusion Quotient index, to understand employee perceptions of the Bureau across demographic groups in order to understand employee sentiments and to work on solutions to help all employees feel included in the Bureau.

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. The OMWI Director worked with fellow OMWI Directors at the FDIC, FRB, NCUA, OCC, and SEC to develop interagency standards⁹³ which were published in June 2015 following public comment.

OMWI began the work to implement the standards as required by the mandate. In 2016, OMWI continued the planning needed for initiatives related to the new standards. In November 2016, the CFPB OMWI hosted an initial roundtable listening session with members of the mortgage industry in order to learn more about their experiences, practices, and challenges with diversity and inclusion management practices.

SUPPLIER DIVERSITY

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

OMWI and the Office of Procurement have engaged in outreach efforts to raise awareness of procurement opportunities available at CFPB. These efforts include:

- 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

⁹³ <https://www.federalregister.gov/articles/2015/06/10/2015-14126/final-interagency-policy-statement-establishing-joint-standards-for-assessing-the-diversity-policies>.

partners at events when available; and

- Distributing literature and educational materials aimed at minority and women-owned businesses.

The CFPB is a regular participant in an interagency working group consisting of other OMWI staff from the FDIC, Federal Housing Finance Agency, FRB, Treasury, NCUA, OCC, and SEC.

SMALL BUSINESSES

The Procurement Office is currently measuring obligations for certain small business contracts awarded to minority-owned small disadvantaged businesses, women-owned small businesses, service-disabled-veteran-owned small businesses, and HUBZone small businesses. During the first two quarters of FY 2017,⁹⁴ the Bureau awarded 30% of contract dollars to small businesses. Of the total contract dollars awarded in FY 2017, 7% went to small disadvantaged businesses. The total contract dollars awarded to woman-owned small businesses during this period was 5%.

TABLE 8: CONTRACT DOLLARS AWARDED TO SMALL BUSINESS BY TYPE

Type of Small Business	Obligated dollars*
Small business	\$25,239,666
Small disadvantaged business	\$5,911,554
Woman-owned small business	\$4,256,398
Service disabled veteran owned small business	\$5,037,562
HubZone small business	\$5,189,471

*Dollars may apply to multiple socio-economic categories.

To ensure that small businesses are encouraged to receive a portion of federal procurements, the Federal Acquisition Regulation (FAR) established annual goals that 23% of federal procurement

⁹⁴ Data source is from the Federal Procurement Data System (FPDS) for FY 2017 from October 1, 2016 through March 31, 2017. The data was pulled, and is current, as of April 12, 2017. FPDS data is subject to an OMB annual validation each January for the previous fiscal year.

dollars should be directed toward different socioeconomic categories of small businesses.

To assist vendors interested in contracting opportunities at the Bureau to better understand upcoming business opportunities, the Procurement Office lists a forecast of procurement opportunities for the year on its external-facing website. The Procurement Office and OMWI jointly have periodically hosted events and presented important tips for potential businesses at the workshops for vendors new to government or CFPB contracting opportunities, and provided email addresses to foster communication between the office and potential business vendors.

In an effort to increase transparency and enhance understanding, the CFPB has developed a number of practical resources for small, minority-owned, and women-owned businesses. OMWI created brochures and pamphlets aimed specifically at educating diverse suppliers, including minority-owned and women-owned businesses. These materials include information on historical obligations by products and service categories, a forecast of future procurements, and information on small business set-asides. OMWI and the Procurement Office are currently reengineering the Bureau's publication; *A Guide to Doing Business with the CFPB* has recently been updated. This publication assists businesses, including minority-owned and women-owned businesses in understanding how to do business with the CFPB. OMWI works with the Procurement Office to make these resources available digitally and to update them regularly on the CFPB website.⁹⁵

The Office of Procurement has continued its vendor outreach efforts in 2017 attending the 26th Annual Government Procurement Conference in April, 2017 OMWI attended the Reservation Economic Summit in March, 2017.

Business Activities of the Bureau

In furthering OMWI's mandate to ensure fair inclusion among its suppliers, OMWI and Procurement are finalizing a contractual provision requiring contractors and subcontractors, when applicable, to make "good-faith efforts" to ensure, to the maximum extent possible, the "fair inclusion of women and minorities in their workforce," as required under Section 342(c)(2)-(3) of the Dodd-Frank Act.

⁹⁵ <http://www.consumerfinance.gov/doing-business-with-us/>.

Finally, the statement of Director Cordray's commitment to Supplier Diversity remains available for the public and interested vendors to view on the following CFPB Website:

http://files.consumerfinance.gov/f/201409_cfpb_supplier-diversity-statement.pdf.

External Affairs/Consumer Education and Engagement

In collaboration with External Affairs and Consumer Education and Engagement, OMWI conducts outreach to consumer groups, advocacy organizations, and other stakeholders to develop strong and productive partnerships. These offices collaborate to reach consumers and potential candidates at recruiting, community outreach, and other events. These offices also engage in meetings with various consumer groups, advocacy organizations, and other stakeholders to discuss concerns and issues such as how policies may impact consumers, to discuss how the organizations may increase their participation in contracting opportunities for minority-owned and women-owned businesses, and to learn about the experience of minority consumers firsthand. OMWI will continue to develop productive relationships with the representatives of the communities served.

APPENDIX A:

More about the CFPB

GENERAL INFORMATION:

Email address: info@consumerfinance.gov

Phone number: (202) 435-7000

WEBSITE:

www.consumerfinance.gov

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 2900

Clinton, Iowa 52733

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	15-39
2	A justification of the Bureau's budget request for the previous year	Budget Appendix I – Financial and budget reports	121-128 170-174
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	145-156
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	15-39

Statutory Subsection	Reporting Requirement	Section	Page
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 ⁹⁶	Enforcement actions	77-100
		Fair lending enforcement actions	102-112
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	157-161
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	162
8	An analysis of the Bureau's efforts to fulfill its fair lending mission	Fair lending	101-112
9	An analysis of the Bureau's efforts to increase workforce and contracting diversity consistent with the procedures established by OMWI	Diversity and inclusion	133-139

⁹⁶ Supervisory actions are not public. Periodically, the Bureau shares supervisory actions with the public in *Supervisory Highlights*, which may be found in Appendix F.

APPENDIX C:

Significant rules, orders, and initiatives⁹⁷

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.⁹⁸ Rather than limiting the list to significant items, the Bureau has, in order to be transparent and provide more complete information about its activities, included a more expansive set of rules, guidance, and initiatives:⁹⁹

- Proposed Rule: Amendments to Equal Credit Opportunity Act (Regulation B) Ethnicity and Race Information Collection;¹⁰⁰
- Request for Information Regarding Remittance Rule Assessment;¹⁰¹

⁹⁷ 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/ and consumerfinance.gov/guidance.

⁹⁸ The preceding year is defined as April 1, 2016, through March 31, 2017.

⁹⁹ 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. Items are listed in reverse chronological order of Federal Register publication, beginning with the most recently-published document.

¹⁰⁰ https://files.consumerfinance.gov/f/documents/201703_cfpb_NPRM-to-amend-Regulation-B.pdf.

¹⁰¹ <https://www.federalregister.gov/documents/2017/03/24/2017-05681/request-for-information-regarding->

- Proposed Rule: Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z); Delay of Effective Date;¹⁰²
- Request for Information Regarding Consumer Credit Card Market;¹⁰³
- Request for Information Regarding Use of Alternative Data and Modeling Techniques in the Credit Process;¹⁰⁴
- Final Rule: Civil Penalty Inflation Adjustment;¹⁰⁵
- Proposed Rule: Supplemental Standards of Ethical Conduct for Employees of the Bureau of Consumer Financial Protection;¹⁰⁶
- Final Rule: Home Mortgage Disclosure (Regulation C) Adjustment to Asset Size Exemption Threshold;¹⁰⁷
- Final Rule: Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold;¹⁰⁸

[remittance-rule-assessment.](#)

¹⁰² <https://www.federalregister.gov/documents/2017/03/15/2017-05060/prepaid-accounts-under-the-electronic-fund-transfer-act-regulation-e-and-the-truth-in-lending-act>.

¹⁰³ <https://www.federalregister.gov/documents/2017/03/10/2017-04797/request-for-information-regarding-consumer-credit-card-market>.

¹⁰⁴ <https://www.federalregister.gov/documents/2017/02/21/2017-03361/request-for-information-regarding-use-of-alternative-data-and-modeling-techniques-in-the-credit>.

¹⁰⁵ <https://www.federalregister.gov/documents/2017/01/12/2017-00521/civil-penalty-inflation-adjustments>.

¹⁰⁶ <https://www.federalregister.gov/documents/2017/01/10/2016-31596/supplemental-standards-of-ethical-conduct-for-employees-of-the-bureau-of-consumer-financial>.

¹⁰⁷ <https://www.federalregister.gov/documents/2016/12/21/2016-30731/home-mortgage-disclosure-regulation-c-adjustment-to-asset-size-exemption-threshold>.

¹⁰⁸ <https://www.federalregister.gov/documents/2016/12/21/2016-30730/truth-in-lending-act-regulation-z-adjustment-to-asset-size-exemption-threshold>.

- Joint Final Rule: Appraisals for Higher-Priced Mortgage Loans Exemption Threshold;¹⁰⁹
- Joint Final Rule: Consumer Leasing (Regulation M);¹¹⁰
- Joint Final Rule: Truth in Lending (Regulation Z);¹¹¹
- Final Rule: Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth In Lending Act (Regulation Z);¹¹²
- Request for Information Regarding Consumer Access to Financial Records;¹¹³
- Final Rule: Amendments to the 2013 Mortgage Rules Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z);¹¹⁴
- Final Rule: Electronic Fund Transfers (Regulation E);¹¹⁵
- Safe Harbors From Liability Under the Fair Debt Collection Practices Act for Certain Actions Taken in Compliance With Mortgage Servicing Rules Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z);¹¹⁶
- Bureau Official Approval: Status of New Uniform Residential Loan Application and

¹⁰⁹ <https://www.federalregister.gov/documents/2016/11/30/2016-28699/appraisals-for-higher-priced-mortgage-loans-exemption-threshold>.

¹¹⁰ <https://www.federalregister.gov/documents/2016/11/30/2016-28710/consumer-leasing-regulation-m>.

¹¹¹ <https://www.federalregister.gov/documents/2016/11/30/2016-28718/truth-in-lending-regulation-z>.

¹¹² <https://www.federalregister.gov/documents/2016/11/22/2016-24503/prepaid-accounts-under-the-electronic-fund-transfer-act-regulation-e-and-the-truth-in-lending-act>.

¹¹³ <https://www.federalregister.gov/documents/2016/11/22/2016-28086/request-for-information-regarding-consumer-access-to-financial-records>.

¹¹⁴ <https://www.federalregister.gov/documents/2016/10/19/2016-18901/amendments-to-the-2013-mortgage-rules-under-the-real-estate-settlement-procedures-act-regulation-x>.

¹¹⁵ <https://www.federalregister.gov/documents/2016/10/12/2016-24506/electronic-fund-transfers-regulation-e>.

¹¹⁶ <https://www.gpo.gov/fdsys/pkg/FR-2016-10-19/pdf/2016-18902.pdf>.

Collection of Expanded Home Mortgage Disclosure Act Information about Ethnicity and Race in 2017 under Regulation B;¹¹⁷

- Proposed Rule: Amendments Relating to Disclosure of Records and Information;¹¹⁸
- Proposed Rule: Amendments to Federal Mortgage Disclosure Requirements Under the Truth in Lending Act (Regulation Z);¹¹⁹
- Proposed Rule: Appraisals for Higher-Priced Mortgage Loans Exemption Threshold;¹²⁰
- Proposed Rule: Consumer Leasing (Regulation M);¹²¹
- Proposed Rule: Truth in Lending (Regulation Z);¹²²
- Request for Information on Payday Loans, Vehicle Title Loans, Installment Loans, and Open-End Lines of Credit;¹²³
- Proposed Rule: Payday, Vehicle Title, and Certain High-Cost Installment Loans;¹²⁴
- Proposed Rule: Annual Privacy Notice Requirement Under the Gramm-Leach-Bliley Act

¹¹⁷ https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_HMDAEthnicityRace.pdf.

¹¹⁸ <https://www.federalregister.gov/documents/2016/08/24/2016-19594/amendments-relating-to-disclosure-of-records-and-information>.

¹¹⁹ <https://www.federalregister.gov/documents/2016/08/15/2016-18426/amendments-to-federal-mortgage-disclosure-requirements-under-the-truth-in-lending-act-regulation-z>.

¹²⁰ <https://www.federalregister.gov/documents/2016/08/04/2016-18058/appraisals-for-higher-priced-mortgage-loans-exemption-threshold>.

¹²¹ <https://www.federalregister.gov/documents/2016/08/04/2016-18059/consumer-leasing-regulation-m>.

¹²² <https://www.federalregister.gov/documents/2016/08/04/2016-18062/truth-in-lending-regulation-z>.

¹²³ <https://www.federalregister.gov/documents/2016/07/22/2016-13492/request-for-information-on-payday-loans-vehicle-title-loans-installment-loans-and-open-end-lines-of>.

¹²⁴ <https://www.federalregister.gov/documents/2016/07/22/2016-13490/payday-vehicle-title-and-certain-high-cost-installment-loans>.

(Regulation P);¹²⁵

- Final Rule: Truth in Lending (Regulation Z) Annual Threshold Adjustments (CARD Act, HOEPA and ATR/QM);¹²⁶
- Interim Final Rule: Civil Penalty Inflation Adjustments;¹²⁷
- Proposed rule: Arbitration Agreements;¹²⁸
- Final Rule: Amendments to Filing Requirements Under the Interstate Land Sales Full Disclosure Act (Regulations J and L);¹²⁹
- Request for Information Regarding Student Loan Borrower Communications;¹³⁰
- Final Rule: Finalization of Interim Final Rules (Subject to Any Intervening Amendments) Under Consumer Financial Protection Laws;¹³¹ and
- Amendments to the 2013 Mortgage Servicing Rules Under the Real Estate Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z).¹³²

¹²⁵ <https://www.federalregister.gov/documents/2016/07/11/2016-16132/annual-privacy-notice-requirement-under-the-gramm-leach-bliley-act-regulation-p>.

¹²⁶ <https://www.federalregister.gov/documents/2016/06/27/2016-14782/truth-in-lending-regulation-z-annual-threshold-adjustments-card-act-hoeпа-and-atrqm>.

¹²⁷ <https://www.federalregister.gov/documents/2016/06/14/2016-14031/civil-penalty-inflation-adjustments>.

¹²⁸ <https://www.federalregister.gov/documents/2016/05/24/2016-10961/arbitration-agreements>.

¹²⁹ <https://www.federalregister.gov/documents/2016/05/11/2016-10715/amendments-to-filing-requirements-under-the-interstate-land-sales-full-disclosure-act-regulations-j>.

¹³⁰ <https://www.federalregister.gov/documents/2016/05/03/2016-10327/request-for-information-regarding-student-loan-borrower-communications>.

¹³¹ <https://www.federalregister.gov/documents/2016/04/28/2016-09431/finalization-of-interim-final-rules-subject-to-any-intervening-amendments-under-consumer-financial>.

¹³² <https://www.federalregister.gov/documents/2016/04/26/2016-09695/amendments-to-the-2013-mortgage-servicing-rules-under-the-real-estate-settlement-procedures-act>.

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

- Continue work to address issues in connection with implementation of the Dodd-Frank Act's mortgage requirements and implementation of the Bureau's 2013 Mortgage Rules;
- Continued expansion of the Bureau's capacity to handle consumer complaints with respect to all products and services within its authority; and
- Enforcement of nondiscrimination on the basis of disability in programs receiving financial assistance from the Bureau.

The Bureau has issued the following bulletins and guidance documents over the past year:¹³³

- Fair Credit Reporting Act Disclosures;¹³⁴
- Semi-annual Regulatory Agenda;¹³⁵
- Supervisory Highlights Consumer Reporting Special Edition;¹³⁶
- Notice of a Public List of Companies Offering Existing Customers Free Access to a Credit Score;¹³⁷
- Notice of Availability of Revised Methodology for Determining Average Prime Offer Rates;¹³⁸

¹³³ The past year is defined here as April 1, 2016, through March 31, 2017. The Bureau posts all bulletins and guidance documents on its website, <http://www.consumerfinance.gov/guidance/>.

¹³⁴ <https://www.federalregister.gov/documents/2016/11/18/2016-27735/fair-credit-reporting-act-disclosures>.

¹³⁵ <https://www.federalregister.gov/documents/2016/12/23/2016-29921/semiannual-regulatory-agenda>.

¹³⁶ <https://www.federalregister.gov/documents/2017/04/06/2017-06904/supervisory-highlights-consumer-reporting-special-edition>.

¹³⁷ <https://www.gpo.gov/fdsys/pkg/FR-2016-10-05/pdf/2016-24014.pdf>.

¹³⁸ <https://www.gpo.gov/fdsys/pkg/FR-2016-09-19/pdf/2016-22504.pdf>.

- Compliance Bulletin: Detecting and Preventing Consumer Harm from Production Incentives;¹³⁹
- Fall 2016 Supervisory Highlights;¹⁴⁰
- Education Loan Examination Procedures;¹⁴¹
- Compliance Bulletin and Policy Guidance; 2016-02, Service Providers;¹⁴²
- Reverse Mortgage Servicing Examination Procedures;¹⁴³
- Gramm-Leach-Bliley Act (GLBA) Examination Procedures;¹⁴⁴
- Military Lending Act Examination Procedures;¹⁴⁵
- Mortgage Servicing Examination Procedures;¹⁴⁶
- Summer 2016 Supervisory Highlights;¹⁴⁷
- Supervisory Highlights Mortgage Servicing Special Edition;¹⁴⁸ and

¹³⁹ http://www.consumerfinance.gov/documents/1537/201611_cfpb_Production_Incentives_Bulletin.pdf.

¹⁴⁰ http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_13_Final_10.31.16.pdf.

¹⁴¹ http://www.consumerfinance.gov/documents/1383/102016_cfpb_EducationLoanServicingExamManualUpdate.pdf.

¹⁴² http://www.consumerfinance.gov/documents/1385/102016_cfpb_OfficialGuidanceServiceProviderBulletin.pdf.

¹⁴³ http://www.consumerfinance.gov/documents/1387/102016_cfpb_ReverseMortgageServicingExaminationProcedure.pdf.

¹⁴⁴ http://www.consumerfinance.gov/documents/1381/102016_cfpb_GLBAExamManualUpdate.pdf.

¹⁴⁵ http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_MLAExamManualUpdate.pdf.

¹⁴⁶ http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/11.5_Mortgage_Servicing_Exam_Procedures_June_2016.pdf.

¹⁴⁷ http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_12.pdf.

- Interagency Guidance Regarding Deposit Reconciliation Practices.¹⁴⁹

The Bureau has issued the following orders to remedy violations of Federal consumer financial law over the past year:¹⁵⁰

- *In the Matter of Experian Holdings, Inc., Experian Information Solutions, Inc., and ConsumerInfo.com, Inc., d/b/a Experian Consumer Services;*¹⁵¹
- *In the Matter of Nationstar Mortgage, LLC;*¹⁵²
- *In the Matter of UniRush LLC and Mastercard International Incorporated;*¹⁵³
- *In the Matter of RGC Services, Inc. dba Re/Max Gold Coast Realtors;*¹⁵⁴
- *In the Matter of Willamette Legacy, LLC dba Keller Williams Mid-Willamette;*¹⁵⁵
- *In the Matter of Planet Home Lending, LLC;*¹⁵⁶

¹⁴⁸http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/Mortgage_Servicing_Supervisory_Highlights_11_Final_web_.pdf.

¹⁴⁹ http://files.consumerfinance.gov/f/documents/201605_cfpb_interagency-guidance-regarding-deposit-reconciliation-practices.pdf.

¹⁵⁰ April 1, 2016, through March 31, 2017.

¹⁵¹ File No. 2017-CFPB-0012, Consent order entered March 23, 2017.
https://www.consumerfinance.gov/documents/3300/201703_cfpb_Experian-Holdings-Inc-consent-order.pdf

¹⁵² File No. 2017-CFPB-0011, Consent order entered March 15, 2017.
https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201703_cfpb_Nationstar-Mortgage-consent-order.pdf

¹⁵³ File No. 2017-CFPB-0011, Consent order entered on February 1, 2017.
https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201702_cfpb_UniRush-Mastercard-consent-order.pdf.

¹⁵⁴ File No. 2017-CFPB-0009, Consent order entered on January 31, 2017.
https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_RGCServices-consent-order.pdf.

¹⁵⁵ File No. 2017-CFPB-0008, Consent order entered on January 31, 2017.
https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Willamette-Legacy-consent-order.pdf.

- *In the Matter of Prospect Mortgage, LLC*; ¹⁵⁷
- *In the Matter of CitiMortgage, Inc.*; ¹⁵⁸
- *In the Matter of CitiFinancial Servicing, LLC (DE), CitiFinancial Company (DE), CitiFinancial Services, Inc. (MN), and CitiFinancial, Inc. (WV)*; ¹⁵⁹
- *In the Matter of Works & Lentz, Inc.; Works & Lentz of Tulsa, Inc., and Harry A. Lentz, Jr.*; ¹⁶⁰
- *In the Matter of TransUnion Interactive, Inc., TransUnion, LLC, and TransUnion*; ¹⁶¹
- *In the Matter of Equifax Inc. and Equifax Consumer Services, LLC*; ¹⁶²
- *In the Matter of Military Credit Services, LLC*; ¹⁶³
- *In the Matter of Moneytree, Inc.*; ¹⁶⁴

¹⁵⁶ File No. 2017-CFPB-0007, Consent order entered on January 31, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_PlanetHomeLending-consent-order.pdf.

¹⁵⁷ File No. 2017-CFPB-0006, Consent order entered on January 31, 2017.

http://files.consumerfinance.gov/f/documents/201701_cfpb_ProspectMortgage-consent-order.pdf.

¹⁵⁸ File No. 2017-CFPB-0005, Consent order entered on January 23, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_CitiMortgage-consent-order.pdf.

¹⁵⁹ File No. 2017-CFPB-0004, Consent order entered on January 23, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_CitiFinancial-consent-order.pdf.

¹⁶⁰ File No. 2017-CFPB-0003, Consent order entered on January 9, 2017.

http://files.consumerfinance.gov/f/documents/201701_cfpb_Works-and-Lentz-consent-order.pdf.

¹⁶¹ File No. 2017-CFPB-0002, Consent order entered on January 3, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Transunion-consent-order.pdf.

¹⁶² File No. 2017-CFPB-0001, Consent order entered on January 3, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Equifax-consent-order.pdf.

¹⁶³ File No. 2016-CFPB-0029, Consent order entered on December 20, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_MilitaryCreditServices-consentorder.pdf.

- *In the Matter of Reverse Mortgage Solutions, Inc. d/b/a Security 1 Lending;*¹⁶⁵
- *In the Matter of American Advisors Group;*¹⁶⁶
- *In the Matter of Aegean Financial d/b/a Aegean Financial, Inc., Reverse Mortgage Professionals, Jubilados Financial, Newport Lending Reverse Mortgage, Promise Land Lending, Reverse Financial Group;*¹⁶⁷
- *In the Matter of Navy Federal Credit Union;*¹⁶⁸
- *In the Matter of Flurish, Inc, d/b/a LendUp;*¹⁶⁹
- *In the Matter of TMX Finance LLC;*¹⁷⁰
- *In the Matter of Presto Auto Loans, LLC;*¹⁷¹

¹⁶⁴ File No. 2016-CFPB-0028, Consent order entered on December 16, 2016.

http://files.consumerfinance.gov/f/documents/201612_cfpb_Moneytree-consentorder.pdf.

¹⁶⁵ File No. 2016-CFPB-0027, Consent order entered on December 7, 2016.

http://files.consumerfinance.gov/f/documents/201612_cfpb_ReverseMortgageSolutions-consentorder.pdf.

¹⁶⁶ File No. 2016-CFPB-0026, Consent order entered on December 7, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_AmericanAdvisorsGroup-consentorder.pdf.

¹⁶⁷ File No. 2016-CFPB-0025, Consent order entered on December 12, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_AegeanFinancial-consentorder.pdf.

¹⁶⁸ File No. 2016-CFPB-0024, Consent order entered on October 11, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/102016_cfpb_NavyFederalConsentOrder.pdf.

¹⁶⁹ File No. 2016-CFPB-0023, Consent order entered on September 27, 2016.

http://files.consumerfinance.gov/f/documents/092016_cfpb_LendUpConsentOrder.pdf.

¹⁷⁰ File No. 2016-CFPB-0022, Consent order entered on September 26, 2016.

http://files.consumerfinance.gov/f/documents/092016_cfpb_TitleMaxConsentOrder.pdf.

¹⁷¹ File No. 2016-CFPB-0021, Consent order entered on December 20, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_0021-Document027-12202016.pdf

- *In the Matter of Phoenix Title Loans;*¹⁷²
- *In the Matter of Oasis Title Loans, LLC;*¹⁷³
- *In the Matter of Interstate Lending, LLC;*¹⁷⁴
- *In the Matter of Auto Cash Leasing, LLC;*¹⁷⁵
- *In the Matter of Bridgepoint Education, Inc.;*¹⁷⁶
- *In the Matter of Wells Fargo Bank, N.A.;*¹⁷⁷
- *In the Matter of First National Bank of Omaha;*¹⁷⁸
- *In the Matter of Wells Fargo Bank, N.A.;*¹⁷⁹
- *In the Matter of Santander Bank, N.A.;*¹⁸⁰

¹⁷² File No. 2016-CFPB-0020, Consent order entered on March 13, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201703_cfpb_2016-CFPB-0020_Document-027.pdf

¹⁷³ File No. 2016-CFPB-0019, Consent order entered on November 1, 2016.

http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/2016-CFPB-0019_Document_017_11012016.pdf

¹⁷⁴ File No. 2016-CFPB-0018, Consent order entered on December 20, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_0018-Documen030-12202016.pdf

¹⁷⁵ File No. 2016-CFPB-0017, Consent order entered on January 30, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/20170130_cfpb_2016-CFPB-0017_Document-026.pdf

¹⁷⁶ File No. 2016-CFPB-0016, Consent order entered on September 12, 2016.

http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_BridgepointConsentOrder.pdf

¹⁷⁷ File No. 2016-CFPB-0015, Consent order entered on September 8, 2016.

http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_WFBconsentorder.pdf

¹⁷⁸ File No. 2016-CFPB-0014, Consent order entered on August 26, 2016.

http://files.consumerfinance.gov/f/documents/082016_cfpb_FNBConsentorder.pdf

¹⁷⁹ File No. 2016-CFPB-0013, Consent order entered on August 22, 2016.

http://files.consumerfinance.gov/f/documents/2016-CFPB-0013Wells_Fargo_Bank_N.A.--_Consent_Order.pdf

- *In the Matter of David Eghbali*;¹⁸¹
- *In the Matter of New Century Financial Services, Inc.*;¹⁸² and
- *In the Matter of Pressler & Pressler, LLP*.¹⁸³

¹⁸⁰ File No. 2016-CFPB-0012, Consent order entered on July 14, 2016.
http://files.consumerfinance.gov/f/documents/20160714_cfpb_Consent_Order.pdf.

¹⁸¹ File No. 2016-CFPB-0011, Consent order entered on May 26, 2016.
http://files.consumerfinance.gov/f/documents/201605_cfpb_consent-order-david-eghbali.pdf.

¹⁸² File No. 2016-CFPB-0010, Consent order entered on April 25, 2016.
http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order_new-century-financial-services-inc.pdf.

¹⁸³ File No. 2016-CFPB-0009, Consent order entered on April 25, 2016.
http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order-pressler-pressler-llp-sheldon-h-pressler-and-gerard-j-felt.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, 2016, and March 31, 2017, the Bureau has taken the following actions with respect to such covered persons:

- The Bureau’s *Supervisory Highlights* publications provide general information about the Bureau’s supervisory activities at banks and nonbanks without identifying specific companies. The Bureau published four issues of Supervisory Highlights between April 1, 2016, and March 31, 2017;¹⁸⁴

¹⁸⁴ Mortgage Servicing Special Edition:

http://files.consumerfinance.gov/f/documents/Mortgage_Servicing_Supervisory_Highlights_11_Final_web_.pdf; Summer 2016: http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_12.pdf; Fall 2016: http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_13_Final_10.31.16.pdf; Consumer Reporting Special Edition: https://www.consumerfinance.gov/documents/2774/201703_cfpb_Supervisory-Highlights-Consumer-Reporting-Special-Edition.pdf.

- *In the Matter of Pressler & Pressler, LLP*;¹⁸⁵
- *In the Matter of New Century Financial Services, Inc.*;¹⁸⁶
- *In the Matter of David Eghbali*;¹⁸⁷
- *In the Matter of Bridgepoint Education*;¹⁸⁸
- *In the Matter of Auto Cash Leasing, LLC*;¹⁸⁹
- *In the Matter of Interstate Lending, LLC*;¹⁹⁰
- *In the Matter of Oasis Title Loans, LLC*;¹⁹¹
- *In the Matter of Phoenix Title Loans*;¹⁹²

¹⁸⁵ File No. 2016-CFPB-0009. Consent order entered April 25, 2016.

http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order-pressler-pressler-llp-sheldon-h-pressler-and-gerard-j-felt.pdf.

¹⁸⁶ File No. 2016-CFPB-0010. Consent order entered April 25, 2016.

http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order_new-century-financial-services-inc.pdf.

¹⁸⁷ File No. 2016-CFPB-0011. Consent order entered May 25, 2016.

http://files.consumerfinance.gov/f/documents/201605_cfpb_consent-order-david-eghbali.pdf.

¹⁸⁸ File No. 2016-CFPB-0016. Consent order entered on September 12, 2016.

http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_BridgepointConsentOrder.pdf.

¹⁸⁹ File No. 2016-CFPB-0017, Consent order entered on January 30, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/20170130_cfpb_2016-CFPB-0017_Document-026.pdf.

¹⁹⁰ File No. 2016-CFPB-0018, Consent order entered on December 20, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_0018-Documnet030-12202016.pdf.

¹⁹¹ File No. 2016-CFPB-0019, Consent order entered on November 1, 2016.

http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/2016-CFPB-0019_Document_017_11012016.pdf.

¹⁹² File No. 2016-CFPB-0020, Consent order entered on March 13, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201703_cfpb_2016-CFPB-0020_Document-027.pdf.

- *In the Matter of Presto Auto Loans, LLC*;¹⁹³
- *In the Matter of TMX Finance LLC*;¹⁹⁴
- *In the Matter of Flurish, Inc, d/b/a LendUp*;¹⁹⁵
- *In the Matter of Aegean Financial d/b/a Aegean Financial, Inc., Reverse Mortgage Professionals, Jubilados Financial, Newport Lending Reverse Mortgage, Promise Land Lending, Reverse Financial Group*;¹⁹⁶
- *In the Matter of American Advisors Group*;¹⁹⁷
- *In the Matter of Reverse Mortgage Solutions, Inc. d/b/a Security 1 Lending*;¹⁹⁸
- *In the Matter of Moneytree, Inc.*;¹⁹⁹
- *In the Matter of Military Credit Services, LLC*;²⁰⁰

¹⁹³ File No. 2016-CFPB-0021, Consent order entered on December 20, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_0021-Documents-12202016.pdf

¹⁹⁴ File No. 2016-CFPB-0022. Consent order entered on September 26, 2016.

http://files.consumerfinance.gov/f/documents/092016_cfpb_TitleMaxConsentOrder.pdf.

¹⁹⁵ File No. 2016-CFPB-0023. Consent order entered on September 27, 2016.

http://files.consumerfinance.gov/f/documents/092016_cfpb_LendUpConsentOrder.pdf.

¹⁹⁶ File No. 2016-CFPB-0025, Consent order entered on December 12, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_AegeanFinancial-consentorder.pdf.

¹⁹⁷ File No. 2016-CFPB-0026, Consent order entered on December 7, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_AmericanAdvisorsGroup-consentorder.pdf.

¹⁹⁸ File No. 2016-CFPB-0027, Consent order entered on December 7, 2016.

http://files.consumerfinance.gov/f/documents/201612_cfpb_ReverseMortgageSolutions-consentorder.pdf.

¹⁹⁹ File No. 2016-CFPB-0028, Consent order entered on December 16, 2016.

http://files.consumerfinance.gov/f/documents/201612_cfpb_Moneytree-consentorder.pdf.

- *In the Matter of Equifax Inc. and Equifax Consumer Services, LLC;*²⁰¹
- *In the Matter of TransUnion Interactive, Inc., TransUnion, LLC, and TransUnion;*²⁰²
- *In the Matter of Works & Lentz, Inc.; Works & Lentz of Tulsa, Inc., and Harry A. Lentz, Jr.;*²⁰³
- *In the Matter of Prospect Mortgage, LLC;*²⁰⁴
- *In the Matter of Planet Home Lending, LLC;*²⁰⁵
- *In the Matter of Willamette Legacy, LLC dba Keller Williams Mid-Willamette;*²⁰⁶
- *In the Matter of RGC Services, Inc. dba Re/Max Gold Coast Realtors;*²⁰⁷
- *In the Matter of UniRush LLC and Mastercard International Incorporated;*²⁰⁸

²⁰⁰ File No. 2016-CFPB-0029, Consent order entered on December 20, 2016.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201612_cfpb_MilitaryCreditServices-consentorder.pdf.

²⁰¹ File No. 2017-CFPB-0001, Consent order entered on January 3, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Equifax-consent-order.pdf.

²⁰² File No. 2017-CFPB-0002, Consent order entered on January 3, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Transunion-consent-order.pdf.

²⁰³ File No. 2017-CFPB-0003, Consent order entered on January 9, 2017.

http://files.consumerfinance.gov/f/documents/201701_cfpb_Works-and-Lentz-consent-order.pdf.

²⁰⁴ File No. 2017-CFPB-0006, Consent order entered on January 31, 2017.

http://files.consumerfinance.gov/f/documents/201701_cfpb_ProspectMortgage-consent-order.pdf.

²⁰⁵ File No. 2017-CFPB-0007, Consent order entered on January 31, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_PlanetHomeLending-consent-order.pdf.

²⁰⁶ File No. 2017-CFPB-0008, Consent order entered on January 31, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Willamette-Legacy-consent-order.pdf.

²⁰⁷ File No. 2017-CFPB-0009, Consent order entered on January 31, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_RGCServices-consent-order.pdf.

- *In the Matter of Nationstar Mortgage;*²⁰⁹ and
- *In the Matter of Experian Holdings, Inc., Experian Information Solutions, Inc, and ConsumerInfo.com, Inc., dba Experian*²¹⁰

²⁰⁸ File No. 2017-CFPB-0011, Consent order entered on February 1, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201702_cfpb_UniRush-Mastercard-consent-order.pdf.

²⁰⁹ File No. 2017-CFPB-0011, Consent order entered on March 15, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201703_cfpb_Nationstar-Mortgage-consent-order.pdf

²¹⁰ File No. 2017-CFPB-0012, Consent order entered on March 23, 2017.

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201703_cfpb_Experian-Holdings-Inc-consent-order.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.” The reporting period for this information is April 1, 2016, through March 31, 2017.

For purposes of the Section 1016(c)(7) reporting requirement, the Bureau has determined that any actions asserting claims pursuant to Section 1042 of the Dodd-Frank Act are “significant.” The Bureau is aware of the following State attorney general actions that were initiated during the reporting period and that asserted Dodd-Frank Act claims:

- *The People of the State of California v. Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations LLC, Audi AG, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc.*, No. 3:16-cv-03620 (N.D. Cal. June 27, 2016).
- *Consumer Financial Protection Bureau and the People of the State of New York v. RD Legal Funding, LLC, RD Legal Finance, LLC, RD Legal Funding Partners, LP, and Roni Dersovitz*, No. 1:17-cv-00890 (S.D.N.Y. Feb. 7, 2017).

APPENDIX F:

Reports

The CFPB published the following reports from April 1, 2016, through March 31, 2017, which may be found at consumerfinance.gov/reports/.

April 1, 2016: 2015 Consumer Response Annual Report:

April 1, 2016: No FEAR Act Annual Report for Fiscal Year 2015:

April 13, 2016: 2015 Office of Minority and Women Inclusion Annual Report to Congress:

April 20, 2016: Online Payday Loan Payments:

April 26, 2016: Testing of Bankruptcy Periodic Statement Forms for Mortgage Servicing:

April 26, 2016: Monthly Complaint Report, Vol. 10:

April 28, 2016: Fair Lending Report 2015:

May 18, 2016: Single-Payment Vehicle Title Lending:

May 24, 2016: Monthly Complaint Report, Vol. 11:

May 27, 2016: A Profile of 2013 Mortgage Borrowers: Statistics from the National Survey of Mortgage Originations:

June 7, 2016: Supplemental Findings on Payday, Payday Installment, and Vehicle Title Loans, and Deposit Advance Products:

June 22, 2016: Supervisory Highlights Mortgage Servicing Special Edition:

June 28, 2016: Monthly Complaint Report, Vol. 12:

June 30, 2016: 2016 Strategic Sustainability Performance Plan:

July 1, 2016: Semi-Annual Report Spring 2016;

July 15, 2016: Financial Education Programs Serving Immigrant Populations Issue Brief;

July 26, 2016: Monthly Complaint Report, Vol. 13;

July 28, 2016: Study of Third-Party Debt Collection Operations;

July 29, 2016: Plain Writing Act Compliance Report 2016;

August 18, 2016: Midyear Update on Student Loan Complaints;

August 23, 2016: Report and Recommendations: Fighting Elder Financial Exploitation through Community Networks;

August 30, 2016: Monthly Complaint Report, Vol. 14;

September 7, 2016: Building Blocks to Help Youth Achieve Financial Capability: A New Model and Recommendations;

September 27, 2016: Monthly Complaint Report, Vol. 15;

October 17, 2016: 2016 Annual Report of the CFPB Student Loan Ombudsman;

October 20, 2016: Financial Coaching: A Strategy to Improve Financial Well-Being;

October 24, 2016: Project Catalyst Report: Promoting Consumer-Friendly Innovation;

October 25, 2016: Monthly Complaint Report, Vol. 16;

October 31, 2016: Supervisory Highlights, Issue No. 13 (Fall 2016);

October 31, 2016: 2016 Financial Literacy Annual Report;

November 10, 2016: A Snapshot of Servicemember Complaints: A Review of Issues Related to VA Mortgage Refinancing;

November 29, 2016: Monthly Complaint Report, Vol. 17;

November 29, 2016: Semi-Annual Report Fall 2016;

December 16, 2016: Consumer Financial Protection Bureau Independent Audit of Selected Operations and Budget, Fiscal Year 2016;

December 27, 2016: Monthly Complaint Report, Vol. 18;

December 28, 2016: CFPB Diversity and Inclusion Strategic Plan 2016-2020;

December 29, 2016: 2016 CFPB Annual Employee Survey Results;

January 3, 2017: Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act;

January 5, 2017: Snapshot of Older Consumers and Student Loan Debt;

January 12, 2017: Market Snapshot: Online Debt Sales;

January 12, 2017: Consumer Experiences with Debt Collection: Findings from the CFPB's Survey on Consumer Views on Debt;

February 8, 2017: Monthly Complaint Report, Vol. 19;

February 28, 2017: Monthly Complaint Report, Vol. 20;

February 28, 2017: Consumer Insights on Managing Spending; and

March 2, 2017: Supervisory Highlights Consumer Reporting Special Edition.

APPENDIX G:

Congressional testimony

Senior CFPB staff has testified before Congress a total of 63 times since the Bureau began in 2011, including on the following two occasions between April 1, 2016, and March 31, 2017, which may be found at <http://www.consumerfinance.gov/newsroom/?type=testimony>.

April 7, 2016: Richard Cordray before the Senate Committee on Banking, Housing, and Urban Affairs. “The Consumer Financial Protection Bureau’s Semi-Annual Report to Congress”; and

September 20, 2016: Richard Cordray before the Senate Committee on Banking, Housing, and Urban Affairs. “An Examination of Wells Fargo’s Unauthorized Accounts and the Regulatory Response”.

APPENDIX H:

Speeches

Director Richard Cordray spoke at the following public events between April 1, 2016, and March 31, 2017:²¹¹

April 4, 2016: [Prepared Remarks by Richard Cordray at the FCC Consumer Broadband Disclosure Event in Washington, D.C.;](#)

May 5, 2016: [Prepared Remarks by Richard Cordray at the Field Hearing on Arbitration Clauses in Albuquerque, NM;](#)

May 20, 2016: [Prepared Remarks by Richard Cordray at the Academic Research Council Meeting in Washington, D.C.;](#)

June 2, 2016: [Prepared Remarks by Richard Cordray at the Small-Dollar Field Hearing in Kansas City, MO;](#)

June 9, 2016: [Prepared Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Little Rock, AR;](#)

June 29, 2016: [Prepared Remarks by Richard Cordray at the Financial Literacy and Education Commission Meeting in Washington, D.C.;](#)

July 12, 2016: [Prepared Remarks by Richard Cordray at the FINRA Foundation National Financial Capability Study Release in Washington, D.C.;](#)

July 19, 2016: [Prepared Remarks by Richard Cordray at the NAACP Annual Convention in Cincinnati, OH;](#)

²¹¹ All speeches by CFPB senior staff are available at: <http://www.consumerfinance.gov/newsroom/?type=speech-2>.

July 28, 2016: Prepared Remarks by Richard Cordray at the Field Hearing on Debt Collection in Sacramento, CA;

September 1, 2016: Prepared Remarks by Richard Cordray at the Credit Union Advisory Council Meeting in Washington, D.C.;

September 7, 2016: Prepared Remarks by Richard Cordray at the Youth Financial Capability Town Hall in Dallas, TX;

September 21, 2016: Prepared Remarks by Richard Cordray at the National Association of Federal Credit Unions in Washington, D.C.;

September 29, 2016: Prepared Remarks by Richard Cordray at the Community Bank Advisory Council Meeting in Washington, D.C.;

September 29, 2016: Prepared Remarks by Richard Cordray at the Corporation for Enterprise Development Assets Learning Conference in Washington, D.C.;

October 23, 2016: Prepared Remarks by Richard Cordray at Money 20/20 in Las Vegas, NV;

October 25, 2016: Prepared Remarks by Richard Cordray at the Mortgage Bankers Association in Boston, MA;

October 27, 2016: Prepared Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Washington, D.C.;

November 3, 2016: Prepared Remarks by Richard Cordray at the Financial Literacy and Education Commission in Washington, D.C.;

November 17, 2016: Prepared Remarks by Richard Cordray at the Field Hearing on Consumer Access to Financial Records in Salt Lake City, UT;

December 15, 2016: Prepared Remarks by Richard Cordray at the CFPB Research Conference in Washington, D.C.;

January 16, 2017: Prepared Remarks by Richard Cordray at the CFPB Debt Collection Event in Washington, D.C.;

February 14, 2017: Prepared Remarks by Richard Cordray at the Financial Literacy and

Education Commission Meeting in Washington, D.C.;

February 16, 2017: Prepared Remarks by Richard Cordray at the Alternative Data Field Hearing in Charleston, WV; and

March 3, 2017: Prepared Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Washington, D.C.

APPENDIX I:

Financial and budget reports

The CFPB has published the following financial reports from January 1, 2012, through March 31, 2017, 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;

May 15, 2014: CFO Update for the second quarter of FY 2014;

August 15, 2014: CFO Update for the third quarter of FY 2014;

November 15, 2014: Financial Report of the CFPB – FY 2014;

November 15, 2014: CFO Update for the fourth quarter of FY 2014;

February 18, 2015: CFO Update for the first quarter of FY 2015;

May 25, 2015: CFO Update for the second quarter of FY 2015;

September 11, 2015: CFO Update for the third quarter of FY 2015;

November 16, 2015: Financial Report of the CFPB – FY 2015;

November 20, 2015: CFO Update for the fourth quarter of FY 2015;

February 16, 2016: CFO Update for the first quarter of FY 2016;

May 17, 2016: CFO Update for the second quarter of FY 2016;

August 17, 2016: CFO Update for the third quarter of FY 2016;

November 15, 2016: CFO Update for the fourth quarter of FY 2016;

November 15, 2016: Financial Report of the CFPB – FY 2016; and

February 22, 2017: CFP Update for the first quarter of FY 2017.

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](#);
- [CFPB Strategic Plan, Budget, and Performance Plan and Report – April 2013](#);
- [CFPB Strategic Plan, Budget, and Performance Plan and Report – March 2014](#);
- [CFPB Strategic Plan, Budget, and Performance Plan and Report – February 2015](#); and
- [CFPB Strategic Plan, Budget, and Performance Plan and Report – February 2016](#).

The CFPB has published the following funding requests to and funding acknowledgements from the Federal Reserve Board, from January 1, 2012 through March 31, 2017, 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;

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;

January 22, 2014: Funding Acknowledgement from the Federal Reserve Board;

April 7, 2014: Funding Request to the Federal Reserve Board;

April 11, 2014: Funding Acknowledgement from the Federal Reserve Board;

July 9, 2014: Funding Request to the Federal Reserve Board;

July 28, 2014: Funding Acknowledgement from the Federal Reserve Board;

October 8, 2014: Funding Request to the Federal Reserve Board;

October 15, 2014: Funding Acknowledgment from the Federal Reserve Board;

January 14, 2015: Funding Request to the Federal Reserve Board;

January 16, 2015: Funding Acknowledgment from the Federal Reserve Board;

April 10, 2015: Funding Request to the Federal Reserve Board;

April 13, 2015: Funding Acknowledgment from the Federal Reserve Board;

July 16, 2015: Funding Request to the Federal Reserve Board;

July 21, 2015: Funding Acknowledgement from the Federal Reserve Board;

October 8, 2015: Funding Request to the Federal Reserve Board;

October 14, 2015: Funding Acknowledgment from the Federal Reserve Board;

January 26, 2016: Funding Request to the Federal Reserve Board;

February 5, 2016: Funding Acknowledgement from the Federal Reserve Board;

April 12, 2016: Funding Request to the Federal Reserve Board;

April 13, 2016: Funding Acknowledgement from the Federal Reserve Board;

July 14, 2016: Funding Request to the Federal Reserve Board;

July 19, 2016: Funding Acknowledgement from the Federal Reserve Board;

October 14, 2016: Funding Request to the Federal Reserve Board;

October 25, 2016: Funding Acknowledgment from the Federal Reserve Board;

January 17, 2017: Funding Request to the Federal Reserve Board;

January 24, 2017: Funding Acknowledgment from the Federal Reserve Board;

April 17, 2017: Funding Request to the Federal Reserve Board; and

April 20, 2017: Funding Acknowledgment from the Federal Reserve Board.

APPENDIX J:

CFPB organizational chart

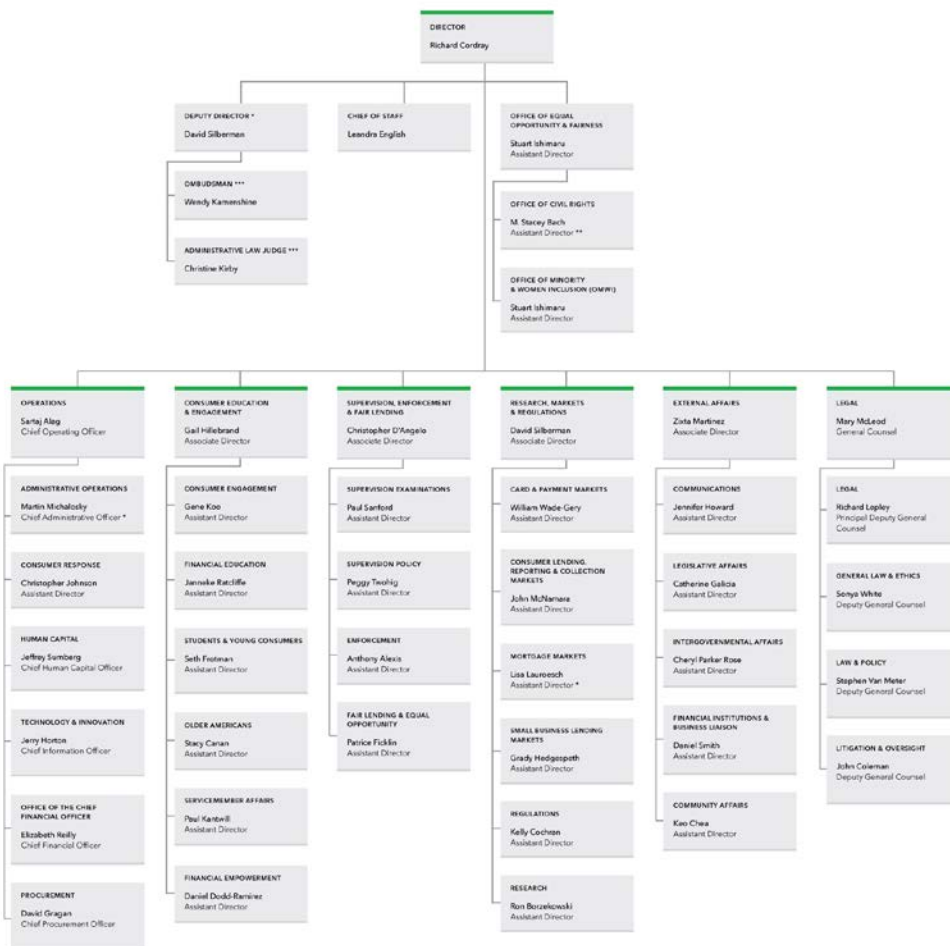


CHART LEGEND

- * Position currently filled on an acting basis
- ** Position has direct reporting responsibilities to the Director
- *** Position is not part of the CFPB Director's Office



Learn more at consumerfinance.gov

[Visit our website for more information about the Bureau's structure.](#)

APPENDIX K:

Defined terms

ACRONYM	DEFINED TERM
APR	Annual Percentage Rate
ARC	The CFPB's Academic Research Council
BUREAU	The Consumer Financial Protection Bureau
CAB	The CFPB's Consumer Advisory Board
CARD ACT	Credit Card Accountability Responsibility and Disclosure Act of 2009
CBAC	The CFPB's Community Bank Advisory Council
CEE	The CFPB's Division of Consumer Education and Engagement
CFPA	Consumer Financial Protection Act of 2010
CFPB	The Consumer Financial Protection Bureau
CFPB FinEx	The CFPB Financial Education Exchange
CONSUMER RESPONSE	The CFPB's Office of Consumer Response
CUAC	The CFPB's Credit Union Advisory Council
DODD-FRANK ACT	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
ED	The U.S. Department of Education
EFTA	Electronic Fund Transfer Act

ACRONYM	DEFINED TERM
EIC	Examiner–in-Charge
EMPOWERMENT	The CFPB’s Office of Financial Empowerment
ENFORCEMENT	The CFPB’s Office of Enforcement
FAIR LENDING	The CFPB’s Office of Fair Lending and Equal Opportunity
FCRA	Fair Credit Reporting Act
FDCPA	Fair Debt Collection Practices Act
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
FLEC	The Financial Literacy and Education Commission
FPDS	Federal Procurement Data System
FRB	The U.S. Board of Governors of the Federal Reserve System
FTC	The U.S. Federal Trade Commission
FY	Fiscal Year
GLBA	Gramm-Leach-Bliley Act
HMDA	Home Mortgage Disclosure Act of 1975
HUD	The U.S. Department of Housing and Urban Development
ICP	Interim Commissioning Policy
KBYO	Know Before You Owe
MOU	Memorandum of Understanding
MSOA	Money Smart for Older Adults
NCUA	The National Credit Union Administration
NYDFS	New York Department of Financial Services

ACRONYM	DEFINED TERM
OCC	The U.S. Office of the Comptroller of the Currency
OHC	The CFPB's Office of Human Capital
OMWI	The CFPB's Office of Minority and Women Inclusion
RESPA	Real Estate Settlement Procedures Act of 1974
SBREFA	The Small Business and Regulatory Enforcement Fairness Act
TILA	Truth in Lending Act
TREASURY	The U.S. Department of the Treasury
TSR	Telemarketing Sales Rule
VITA	Volunteer Income Tax Assistance