

# Semi-Annual Report of the Bureau of Consumer Financial Protection



# Message from the Director

July 2, 2020

To say that we are living in challenging times would be an understatement. In fact, it's fair to say that no one saw the global pandemic crisis and its economic impacts coming in October 2019, which is the beginning of this report's covered period. Yet the uncertainty and dramatic change underscore the importance of the Bureau's mission on behalf of American consumers.

Further, this report gives me the opportunity to highlight the fantastic work of our incredibly talented, dedicated staff in facing the crisis.

Under the banner of "Safety First, Mission Always," the professionals at the CFPB tirelessly work

***To protect, promote, and preserve the financial well-being of the American consumer.***

To further our statutorily-driven objectives (many of which are detailed below), we have teamed with our stakeholders, particularly our federal partners, to ensure consumers were armed with accurate facts and helpful warnings in this unprecedented time.

Since the first days of the pandemic, countless joint statements, virtual co-appearances, and shared broadcasts to stakeholders with our prudential partners and others have been published. That is in addition to the dozens of Bureau efforts to directly engage consumers with the right information, at the right time. We have prepared consumers for the evolving options available to consumers to help them navigate the consequences of the temporary shutdown of the economy.

From efforts to empower elder Americans, to guidance offered about how to avoid potential scams related to the virus, to roadmaps of what relief is available to renters and mortgage holders under the CARES Act legislation, we worked hard to ensure consumers had the tools to cut through any confusion.



Our team truly rose to the occasion as they battled their own significant every day challenges of closed schools and daycare facilities, maintained their own good health, and maximized telework with all our offices shut down. And then some.

Supervisory examinations continued, consumer complaints were processed, and the mechanisms of rulemaking and enforcement of consumer law continued. While much of our economy was effectively shut down, our efforts on behalf of impacted consumers never slowed.

So I am uniquely proud to share with you our semiannual report and welcome your questions and thoughts about our efforts outlined here and our mission overall.

Sincerely,

A handwritten signature in blue ink that reads "Kathleen L. Kraninger". The signature is fluid and cursive, with the first name being the most prominent.

Kathleen L. Kraninger

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# 1. Significant problems faced by consumers in shopping for or obtaining consumer financial products or services

During the reporting period of this Semi-Annual Report, the Bureau released a Market Snapshot on First-time Homebuyers<sup>1</sup> that looks at consumers purchasing their first home between 2002 and 2018 and investigates the ease of first-time homeownership by comparing recent and historical market trends. The snapshot reveals a different set of challenges faced on the road to homeownership following the financial crisis in 2007–2009. The Bureau also released a Quarterly Consumer Credit Trends (qCCT): Public Records, Credit Scores, and Credit Performance.<sup>2</sup> The qCCT provides a retrospective on the removal of tax liens and civil judgments from credit reports that began in July 2017. Credit scores are widely used as an indicator of consumers’ relative creditworthiness, which can impact consumers’ ability to obtain financial products or services.

## 1.1 First-time homebuyers

Most American households desire to own a home. However, for households attempting to make the transition from renting to owning, shifts in the housing and mortgage markets can play a large role in whether they can afford to buy a home. Unlike most repeat buyers, first-time buyers do not have the benefit of accumulated home equity or an existing investment that generally insulates homeowners from rising housing costs. As a result, rising home values can disproportionately affect first-time buyers. Additionally, renters do not benefit from a credit history that reflects

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<sup>1</sup> See <https://www.consumerfinance.gov/data-research/research-reports/market-snapshot-first-time-homebuyers/>.

<sup>2</sup> See <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-public-records-credit-scores-and-credit-performance/>.

monthly mortgage payments, and many times their rental history will not be reflected in their credit history either.

The Market Snapshot on First-time Homebuyers investigates the prevalence and ease of first-time homeownership by comparing current and historical market trends. Specifically, the Bureau looks at the credit characteristics and product usage of first-time buyers, the demographics of first-time buyers, and where first-time buyers are able to buy. The analysis in this report primarily relies on the National Mortgage Database (NMDB), a nationally representative, five percent sample of all outstanding, closed-end, first-lien, 1–4 family residential mortgages. The NMDB is jointly funded and managed by the Federal Housing Finance Agency (FHFA) and the Bureau; its purpose is to inform and educate federal agencies about lending products and mortgage market health.

First-time buyers after the financial crisis face disparate sets of challenges on the road to attaining homeownership. New buyers enter a market that is limited in inventory and has shifted to borrowers with higher credit scores. As home prices remain relatively affordable for median-income households nationwide, credit scores, buyer demographics, and location play key roles in determining when first-time buyers enter the housing market.

Key findings include:

- First-time homebuyers have consistently accounted for about half of all home purchase mortgages since 2002.
- Generally, first-time buyers obtain mortgages at the same age they did before the financial crisis. However, when broken down by race and ethnicity, black borrowers become first-time buyers noticeably later. In 2018, the median first-time black borrower was six years older than the median non-Hispanic white borrower. In 2002, the age gap between black and white first-time borrowers was just two years.
- Loans insured or guaranteed by the Department of Agriculture (USDA loans) have become an increasingly important source of credit for rural first-time borrowers. In 2018, USDA loans accounted for 17 percent of loans originated for rural first-time buyers, compared to five percent of the entire first-time borrower market.
- Home affordability varies significantly by region and housing market. Rural borrowers have lower debt-to-income ratios (DTIs) and lower credit scores than their urban counterparts. Borrowers in some affordable Metropolitan Statistical Areas (MSAs) buy their first home around the same age as they did prior to the financial crisis. Borrowers in

expensive MSAs are typically older and their median age at the time of purchase has continued to increase since the financial crisis.

## 1.2 Public records, credit scores, and credit performance

Credit scores are widely used as an indicator of consumers' relative creditworthiness. The ability of scores to accurately distinguish individuals' creditworthiness depends in large part on the accuracy and completeness of the information underlying the scores. Inaccurate credit reports can prevent consumers from getting credit that they need and can lead to consumers getting credit for which they have a relatively high likelihood of default. Inaccurate credit reports can also create costs for lenders, who benefit from accurate assessments of risk when conducting underwriting and pricing.

This new report follows the Bureau's February 2018 qCCT report,<sup>3</sup> which found that new reporting standards for public records resulted in the removal of all civil judgments and almost half of tax liens from consumer credit reports in July 2017. This ninth qCCT report uses the Bureau's Consumer Credit Panel (CCP) to look at the National Consumer Assistance Plan (NCAP) public records provision's effects on the relationship between credit scores and consumers' credit performance. This report first illustrates the changes in public record reporting since the February 2018 qCCT report and then examines differences in scores for consumers who had a lien or judgment and those who did not. It then considers the differences in average delinquency rates between consumers who had a lien or judgment and those who did not by credit score category and whether this relationship changed after the implementation of the NCAP public record provision.

The report uses data from the Bureau's CCP, a longitudinal, nationally representative sample of approximately five million de-identified credit records maintained by one of the three nationwide consumer reporting agencies.

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<sup>3</sup> See <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-public-records/>.

Key findings include:

- Since the February 2018 qCCT report, the National Consumer Reporting Associations (NCRAs) have taken further steps to remove public records. Almost half of tax liens survived the July 2017 removals, but by April 2018, none remained. Bankruptcies are now the only type of public record on NCRA credit reports.
- Consumers with public records tended to have lower scores than those without. In June 2017 (before NCAP's changes took effect), half of consumers with judgments or liens had Deep Subprime scores (below 580).
- Consumers with judgments or liens had a much higher overall delinquency rate than those without, but this difference is smaller when looking at consumers in the same credit score group.
- Looking within credit score categories, the difference in delinquency rates between consumers with judgments or liens and those without stays largely constant across time periods. This evidence suggests that the public records provision of the NCAP did not have a large effect on the relationship between credit scores and consumers' credit performance.

## 2. Justification of the budget request of the previous year

The Bureau's Annual Performance Plan and Report, and Budget Overview, which is available online at [www.consumerfinance.gov/about-us/budget-strategy/budget-and-performance/](http://www.consumerfinance.gov/about-us/budget-strategy/budget-and-performance/), includes estimates of the resources needed for the Bureau to carry out its mission. The document also describes the Bureau's performance goals and accomplishments, supporting the Bureau's long-term Strategic Plan.

### 2.1 Fiscal year (FY) 2020 spending through the end of the second quarter of FY 2020

#### 2.1.1 Bureau fund

As of March 31, 2020, the end of the second quarter of FY 2020, the Bureau had spent approximately \$301.1 million<sup>4</sup> in FY 2020 funds to carry out the authorities of the Bureau under Federal consumer financial law, including approximately \$159.5 million for employee compensation and benefits. There were 1,421 Bureau employees on board at the end of the quarter.<sup>5</sup>

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<sup>4</sup> This amount includes commitments, new obligations, and expenditures. A commitment is a reservation of funds in anticipation of a future obligation. An obligation is a transaction or agreement that creates a legal liability and obligates the government to pay for goods and services ordered or received. An expenditure is the authorization or outlay of payment related to a prior obligation.

<sup>5</sup> This figure reflects the employees on board during pay-period 06, calendar year 2020.

**TABLE 1: FY 2020 SPENDING EXPENSE CATEGORY**

<b>Expense Category</b>	<b>Fiscal Year 2020</b>
Personnel Compensation	\$112,007,000
Benefit Compensation	\$47,168,000
Benefit Compensation – Former Employees	\$357,000
Travel	\$5,824,000
Transportation of Things	\$110,000
Rents, Communications, Utilities & Misc.	\$9,492,000
Printing and Reproduction	\$1,810,000
Other Contractual Services	\$107,492,000
Supplies & Materials	\$2,630,000
Equipment	\$13,964,000
Land and Structures	\$204,000
<b>Total (as of March 31, 2020)</b>	<b>\$301,058,000</b>

## 2.1.2 FY 2020 funds transfers received from the Federal Reserve

The Bureau is funded principally by transfers from the Federal Reserve System, up to the limits set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). As of March 31, 2020, the Bureau had received the following transfers for FY 2020. The amounts and dates of the transfers are shown below.<sup>6</sup>

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<sup>6</sup> Current year spending in excess of funds received is funded from the prior year's unobligated balance.

**TABLE 2: FUND TRANSFERS**

<b>Funds Transferred</b>	<b>Date</b>
\$223.3M	October 01, 2019
\$97.8M	January 02, 2020
<b>\$321.1M</b>	<b>Total</b>

Additional information about the Bureau’s finances, including information about the Bureau’s Civil Penalty Fund and Bureau-Administered Redress programs, is available in the annual financial reports and the Chief Financial Officer (CFO) quarterly updates published online at [www.consumerfinance.gov/about-us/budget-strategy/financial-reports/](http://www.consumerfinance.gov/about-us/budget-strategy/financial-reports/).

Copies of the Bureau’s quarterly funds transfer requests are available online at [www.consumerfinance.gov/about-us/budget-strategy/funds-transfer-requests/](http://www.consumerfinance.gov/about-us/budget-strategy/funds-transfer-requests/).

### 3. List of the 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<sup>7</sup>

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<sup>7</sup> Separate from the Bureau's obligation to include in this report "a list of the significant rules and orders adopted by the Bureau . . . during the preceding year," 12 U.S.C. 5496(c)(3), the Bureau is required to "conduct an assessment of each significant rule or order adopted by the Bureau" under Federal consumer financial law and issue a report of such assessment "not later than 5 years after the effective date of the subject rule or order," 12 U.S.C. 5512(d). The Bureau will issue separate notices as appropriate identifying rules and orders that qualify as significant for assessment purposes.

## 3.1 Significant rules<sup>8</sup>

The Bureau issued four significant notices of proposed rulemaking during the preceding year:

- Proposed Rule: Home Mortgage Disclosure (Regulation C)<sup>9</sup>
- Proposed Rule: Debt Collection Practices (Regulation F)<sup>10</sup>
- Supplemental Proposed Rule: Debt Collection Practices (Regulation F)<sup>11</sup>
- Proposed Rule: Remittance Transfers under the Electronic Fund Transfer Act (Regulation E)<sup>12</sup>

The Bureau issued two significant final rules:

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<sup>8</sup> The statutory requirement under 1016(c)(3) calls for the Bureau to report a list of the significant rules and orders adopted by the Bureau. This list includes significant notices of proposed rulemakings.

<sup>9</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/home-mortgage-disclosure-regulation-c/>. Additional activity has occurred with this matter since the end of this reporting period. In October 2019 the Bureau finalized this rule. More information can be found here: <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/home-mortgage-disclosure-regulation-c-2019-final-rule/>.

<sup>10</sup> <https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/debt-collection-practices-regulation-f/>.

<sup>11</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/debt-collection-practices-regulation-f-supplemental-proposal-time-barred-debt/>.

<sup>12</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/remittance-transfers-under-electronic-fund-transfer-act-regulation-e/>. Additional activity has occurred with this matter since the end of this reporting period. In May 2020 the Bureau finalized this rule. More information can be found here: <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/remittance-transfers-under-electronic-fund-transfer-act-regulation-e/>.

- Final Rule: Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date; Correcting Amendments.<sup>13</sup> The Bureau issued this final rule in June 2019 to delay the August 19, 2019 compliance date for the mandatory underwriting provisions of the regulation promulgated by the Bureau in November 2017 governing [Payday, Vehicle Title, and Certain High-Cost Installment Loans](#). Compliance with the provisions finalized in 2017 was delayed by 15 months to November 19, 2020. The Bureau also made certain corrections to address several clerical and non-substantive errors it identified in other aspects of the rule.
- Final Rule: Home Mortgage Disclosure (Regulation C)—2019 Final Rule.<sup>14</sup> The Bureau amended Regulation C to adjust the threshold for reporting data about open-end lines of credit by extending to January 1, 2022, the current temporary threshold of 500 open-end lines of credit. The Bureau also incorporated into Regulation C the interpretations and procedures from the interpretive and procedural rule that the Bureau issued on August 31, 2018 and implemented further Section 104(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA).

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<sup>13</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/payday-vehicle-title-and-certain-high-cost-installment-loans-delay-compliance-date-correcting-amendments/>.

<sup>14</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/home-mortgage-disclosure-regulation-c-2019-final-rule/>.

## 3.2 Less significant rules<sup>15</sup>

- Final Rule: Availability of Funds and Collection of Checks (Regulation CC)<sup>16</sup>
- Final Rule: Truth in Lending (Regulation Z) Threshold Adjustments<sup>17</sup>
- Final Rule: Appraisals for Higher-Priced Mortgage Loans Exemption Threshold Adjustments<sup>18</sup>
- Final Rule: Consumer Leasing (Regulation M) Annual Threshold Adjustments<sup>19</sup>
- Final Rule: Fair Credit Reporting Act Disclosures<sup>20</sup>
- Final Rule: Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold<sup>21</sup>

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<sup>15</sup> This list includes less significant rules, and it is not comprehensive. This list may exclude certain non-major rules, proposed rules, procedural rules, and other miscellaneous routine rules. More information about the Bureau's rulemaking activities is available in the Unified Agenda at <https://www.reginfo.gov/public/>, and on the Bureau's public website at <https://www.consumerfinance.gov/policy-compliance/rulemaking/>.

<sup>16</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/availability-funds-and-collection-checks-regulation-cc/>.

<sup>17</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-regulation-z-threshold-adjustments/>.

<sup>18</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/appraisals-higher-priced-mortgage-loans-exemption-threshold-adjustments/>.

<sup>19</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/consumer-leasing-regulation-m-adjustments/>.

<sup>20</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/fair-credit-reporting-act-disclosures/>.

<sup>21</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/home-mortgage-disclosure-regulation-c-adjustment-asset-size-exemption-threshold/>.

- Final Rule: Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold<sup>22</sup>

### 3.3 Significant initiatives

- *Research Reports.* During the reporting period, in addition to the Home Mortgage Disclosure Act (HMDA) data reports and the Credit Card Market Report, the Bureau released the following research reports:
  - *Quarterly Consumer Credit Trends: Timing of Applications for Consumer Credit.* This report explores the relationship between fluctuations in consumers' credit scores and the timing of consumers' applications for credit.<sup>23</sup>
  - *Data point: Credit card revolvers.* This report studies patterns of revolving and repayment of credit card accounts in the United States and examines how often balances are revolved on an account, or borrowed, how long balances are revolved, and how regularly they are paid down.<sup>24</sup>
  - *Market Snapshot: Third-Party Debt Collections Tradeline Reporting.* This report provides a basic overview of third-party debt collections credit reporting tradelines.<sup>25</sup>

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<sup>22</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-act-regulation-z-adjustment-asset-size-exemption-threshold/>.

<sup>23</sup> <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-timing-applications-consumer-credit/>.

<sup>24</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-credit-card-revolvers/>.

<sup>25</sup> <https://www.consumerfinance.gov/data-research/research-reports/market-snapshot-third-party-debt-collections-tradeline-reporting/>.

- *Planning for tax-time savings.* This report presents the results of a large-scale field experiment that the tax preparation company H&R Block conducted in collaboration with the Bureau. The field experiment investigated whether customers could be encouraged, through consumer communications with and without the offer of a small financial incentive, to use a savings feature on a prepaid card to save a portion of their tax refunds from all sources, including state and federal refunds.<sup>26</sup>
- *Credit Characteristics, Credit Engagement Tools, and Financial Well-Being.* This report presents results from a joint research study by the Bureau and Credit Karma. The purpose of the study is to examine how consumers' subjective financial well-being relates to objective measures of consumers' financial health, specifically, consumers' credit report characteristics. The study also seeks to relate consumers' subjective financial well-being to consumers' engagement with financial information through educational tools.<sup>27</sup>
- *Quarterly Consumer Credit Trends: Consumer Bankruptcy, BAPCPA, and the Great Recession.* This report explores how the volume and types of bankruptcy filings have changed throughout the period 2001–2018, which includes the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) and the Great Recession. The report considers changes in the attributes of bankruptcy filers by analyzing credit scores and the amount of debt consumers hold prior to bankruptcy.<sup>28</sup>

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<sup>26</sup> <https://www.consumerfinance.gov/data-research/research-reports/planning-tax-time-savings/>.

<sup>27</sup> <https://www.consumerfinance.gov/data-research/research-reports/credit-characteristics-credit-engagement-tools-financial-well-being/>.

<sup>28</sup> <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-consumer-bankruptcy-bapcpa-great-recession/>.

- *Market Snapshot: Background Screening Reports.* This report describes the background screening industry; how background screening reports, including criminal history information, are generated; how screening reports are used by employers; challenges related to accuracy and dispute resolution, and developments in the market. While background screening reports can include various types of information and be used for several purposes, this paper focuses on reports used for employment purposes that include criminal history information.<sup>29</sup>
- *Data Point: Servicer Size in the Mortgage Market.* This data point compares borrower characteristics at mortgage servicers of different sizes and explores the role servicers of each size play in the mortgage market.<sup>30</sup>
- *Data Point: Borrower Experiences on Income-Driven Repayment.* This data point describes which student loan borrowers use income-driven repayment (IDR) and how their delinquencies on student loans and other credit products evolve as they transition onto IDR plans. The report follows borrowers throughout their first year on IDR and shows how some borrowers continue to pursue lower payments while others transition back to standard repayment.<sup>31</sup>
- *Quarterly Consumer Credit Trends: Public records, credit scores, and credit performance.* This report looks at the NCAP public records provision's effects on the relationship between credit scores and consumers' credit performance for consumers who had a civil judgment or tax lien removed from their credit report and those who did not.<sup>32</sup>

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<sup>29</sup> <https://www.consumerfinance.gov/data-research/research-reports/market-snapshot-background-screening-reports/>.

<sup>30</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-servicer-size-mortgage-market/>.

<sup>31</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-borrower-experiences-income-driven-repayment/>.

<sup>32</sup> <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-public-records-credit-scores-and-credit-performance/>.

- *Report to Congress: 2019 College credit card agreements.* The Credit Card Accountability Responsibility and Disclosure Act (CARD Act or Act) requires the Bureau to submit to Congress, and to make available to the public, an annual report that lists information submitted to the Bureau concerning agreements between credit card issuers and institutions of higher education or certain organizations affiliated with such institutions in connection with the issuance of credit cards. This report refers to these agreements as “college credit card agreements” or simply “agreements.” Affiliated organizations include fraternities, sororities, alumni associations, or foundations affiliated with or related to an institution of higher education. This is the tenth annual report pursuant to the CARD Act.<sup>33</sup>
  
- *Data Point: Small Business Lending and the Great Recession.* This Data Point article uses Community Reinvestment Act (CRA) and Census data to track the evolution of small business lending before, during, and after the Great Recession. Considering the important role that small businesses play in the American economy, this report helps explain their lending experiences during this critical time period. This report looks at lending across county and state geographies and different types of depository institutions. This report finds that while there was substantial variation in small business lending growth during the Pre-period (2004–2007), virtually all counties were affected similarly by the Great Recession (2008–2009). Overall, small business lending growth was weak during the Recovery (2010–2017).<sup>34</sup>
  
- *Disclosure of Time-Barred Debt and Revival: Findings from the CFPB’s Quantitative Disclosure Testing.* This report presents the results of a large-scale

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<sup>33</sup> <https://www.consumerfinance.gov/data-research/research-reports/2019-college-credit-card-agreements/>.

<sup>34</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_data-point\\_small-business-lending-great-recession.pdf](https://files.consumerfinance.gov/f/documents/cfpb_data-point_small-business-lending-great-recession.pdf).

online survey experiment designed to test several versions of disclosures to support understanding of time-barred debt and revival.<sup>35</sup>

- *Report to Congress: Fair Debt Collection Practices Act Annual Report 2020.* The Bureau published its annual report summarizing the Bureau’s activities along with those of the Federal Trade Commission (FTC) to administer the Fair Debt Collection Practices Act (FDCPA). This year’s report describes activities conducted by the Bureau and the FTC during 2019 in relation to debt collection. The Bureau and the FTC work closely to coordinate debt collection enforcement actions among other matters related to debt collection.<sup>36</sup>
- *Bureau Symposia Series.* In April 2019, Director Kraninger announced a symposia series to explore consumer protection in today’s dynamic financial services marketplace. The series is aimed at stimulating a proactive and transparent dialogue to assist the Bureau in its policy development process. Four symposia were held during the reporting period:
  - The [first symposium](#) was on June 25, 2019 and provided a forum to hear various perspectives from academic experts and practitioners on the Dodd-Frank Act’s prohibition on abusive acts or practices.
  - The Bureau hosted its [second symposium](#) on September 19, 2019. The Bureau and the public heard testimony and discussion from experts on: (1) the methodological foundations of behavioral economics and (2) behavioral law and economics and consumer financial protection.
  - The [third symposium](#) in the series, on Section 1071 of the Dodd-Frank Act, took place on November 6, 2019. This symposium explored how to collect appropriate data without imposing undue costs that could limit access to credit and also provided an opportunity for experts to discuss the hurdles and goals of an effective rule.

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<sup>35</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_debt-collection-quantitative-disclosure-testing\\_report.pdf](https://files.consumerfinance.gov/f/documents/cfpb_debt-collection-quantitative-disclosure-testing_report.pdf).

<sup>36</sup> <https://www.consumerfinance.gov/data-research/research-reports/fair-debt-collection-practices-act-annual-report-2020/>.

- The [fourth symposium](#), held on February 26, 2020, focused on consumer access to financial records and elicited a variety of perspectives on the current and future state of the market for services based on consumer-authorized use of financial data, as well as considerations for policymakers.
- *A Review of Youth Financial Education: Effects and Evidence.*<sup>37</sup> This literature review was issued to help education policymakers, program leaders, financial educators, and academic researchers make evidence-informed policy, programming, and resourcing decisions about school-based financial education.
- *Financial Well-Being of Veterans report.*<sup>38</sup> The Bureau’s review of the data about veterans in the financial well-being survey found that veterans reported higher levels of financial well-being than the average U.S. adult. However, the analysis also found that veterans, like other U.S. adults, have financial experiences that are negatively associated with financial well-being. The analysis suggests that for veterans, as for the general population, there is a pathway from financial skill to financial well-being.
- *Request for Information: Remittances.* In April 2019, the Bureau issued a Request for Information (RFI) seeking information on two aspects of the Bureau’s Remittance Rule.<sup>39</sup> First, the Bureau asked for information to determine whether to propose changes to the Rule given the impending expiration of a temporary exception, which permits depository institutions under certain circumstances to estimate certain fees and other costs when providing disclosures. Second, the Bureau asked for information to determine whether to

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<sup>37</sup> <https://www.consumerfinance.gov/data-research/research-reports/review-youth-financial-education-effects-and-evidence/>.

<sup>38</sup> <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-veterans/>.

<sup>39</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-request-information-remittance-rule/>.

propose changes to the Rule’s safe harbor for determining whether a provider is engaged in providing remittances in the normal course of business.<sup>40</sup>

- *Advance Notice of Proposed Rulemaking: Home Mortgage Disclosure Act.* In May 2019 the Bureau issued an Advance Notice of Proposed Rulemaking (ANPR) seeking information to determine whether to propose changes to the data points that the Bureau’s 2015 HMDA rule added to Regulation C or revised to require additional information. The ANPR sought information regarding the costs and benefits of these data points.<sup>41</sup> Additionally, the Bureau solicited comments relating to the requirement that institutions report certain business- or commercial-purpose transactions under Regulation C.
- *Convening Community to Build Elder Fraud Prevention and Response Networks report.*<sup>42</sup> This report describes the Bureau-facilitated convenings in Florida, Oklahoma, Tennessee, Montana, and Oregon, which have sparked the creation of new elder fraud prevention and response networks or have enhanced existing networks. The lessons learned from these pilot convenings can help other communities develop networks that improve coordination and collaboration between responders and service providers to protect older people from financial harm.
- *Section 610 Review of Significant Rules.* In May 2019 the Bureau published a plan for the review of rules which have a significant economic impact on a substantial number of small entities.<sup>43</sup> These reviews are required by Section 610 of the Regulatory Flexibility Act. The

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<sup>40</sup> Additional activity has occurred with this matter since the end of this reporting period. See Remittance in Section 3.5.

<sup>41</sup> <https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/home-mortgage-disclosure-regulation-c-data-points-and-coverage-extension-comment-period/>.

<sup>42</sup> <https://www.consumerfinance.gov/data-research/research-reports/convening-communities-build-elder-fraud-prevention-and-response-networks/>.

<sup>43</sup> <https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/plan-review-bureau-rules-purposes-regulatory-flexibility-act/>.

Bureau invited public comment on its plan. Concurrently with the publication of this plan, the Bureau launched a Section 610 review of a rule regulating overdraft services which the Board of Governors of the Federal Reserve System (FRB or Board) adopted in 2009 and invited public comment with respect to the review of that rule.<sup>44</sup> The Bureau subsequently completed its review of the rule regulating overdraft services. After considering the statutory review factors, including a review of public comment, the Bureau has determined that the rule should continue without change at this time. The Bureau believes that there is a continued need for this rule, which does not overlap with other Federal or State rules and which likely preserves a valuable consumer choice. The overdraft rule is not complex, and no aspect of the rule was identified as presenting a unique burden or cost to small entities. Commenters also overwhelmingly supported continuing the 2009 rule without change.

- *Statement on Collection of Demographic Information by Community Development Financial Institutions.*<sup>45</sup> In June 2019, the Bureau issued a statement regarding Certified Community Development Financial Institutions (CDFIs) receiving Federal financial assistance from the U.S. Department of the Treasury’s Community Development Financial Institutions Fund (CDFI Fund). The statement explains that CDFIs receiving Federal financial assistance from the CDFI Fund may collect demographic information on the individuals the CDFI serves, consistent with the Equal Credit Opportunity Act (ECOA) and its implementing Regulation B.
- *Fair Lending Annual Report.*<sup>46</sup> In June of 2019, the Bureau published the Fair Lending Annual Report describing the Bureau’s fair lending activities in innovation, outreach,

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<sup>44</sup> <https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/overdraft-rule-review-pursuant-regulatory-flexibility-act/>.

<sup>45</sup> [https://files.consumerfinance.gov/f/documents/20190627\\_cfpb\\_statement-on-collection-demographic-information.pdf](https://files.consumerfinance.gov/f/documents/20190627_cfpb_statement-on-collection-demographic-information.pdf).

<sup>46</sup> [https://files.consumerfinance.gov/f/documents/201909\\_cfpb\\_corrected-2018-fair-lending\\_report.pdf](https://files.consumerfinance.gov/f/documents/201909_cfpb_corrected-2018-fair-lending_report.pdf).

prioritization, guidance and rulemaking, supervision, and enforcement for calendar year 2018.

- *Reporting of Suspected Elder Financial Exploitation by Financial Institutions.*<sup>47</sup> In 2016, the Bureau released an Advisory for Financial Institutions, which includes a comprehensive set of voluntary recommendations for preventing and responding to elder financial exploitation. In July 2019, the Bureau updated the advisory, building on earlier recommendations and its recent research on Suspicious Activity Reports (SARs) on Elder Financial Exploitation (EFE). The update provides new information about reporting EFE based on federal and state law changes. The new analysis of current laws aims to help financial institutions in their efforts to combat elder fraud.
- *Advance Notice of Proposed Rulemaking: Ability-to-Repay and Qualified Mortgages.* In July 2019 the Bureau issued an ANPR asking for information relating to the expiration of the temporary Government-Sponsored Enterprise (GSE) provision of the Bureau's Ability-to-Repay and Qualified Mortgage Rule. Under that provision, mortgages which are eligible for purchase or guarantee by one of the GSEs and which satisfy certain statutory criteria relating primarily to features of the mortgage are generally deemed to be Qualified Mortgages (QMs). This provision is scheduled to expire in January 2021, and the Bureau's ANPR sought information to determine whether to propose changes in the general definition of QM considering that expiration.<sup>48</sup>
- *Credit Card Market Report.* Every two years, the Bureau reports on the state of the consumer credit card market.<sup>49</sup> The report for 2019 covered how consumers use cards, the

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<sup>47</sup> <https://www.consumerfinance.gov/data-research/research-reports/reporting-suspected-elder-financial-exploitation-financial-institutions-update-2016-advisory-and-recommendations/>.

<sup>48</sup> <https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/qualified-mortgage-definition-under-truth-lending-act-regulation-z/>.

<sup>49</sup> In 2009, the CARD Act made substantial changes to the legal requirements applicable to the credit card market, with Section 502 of the CARD Act also requiring that a report be issued every two years with respect to the market.

price they pay for using them, the availability of credit cards, the practices used by credit card companies and debt collectors, academic literature on the possible effects of the CARD Act, and innovation in the credit card market.<sup>50</sup>

- *Home Mortgage Disclosure Act Data Release.* Every year, on behalf of the Federal Financial Institutions Examination Council (FFIEC), the Bureau releases data on mortgage lending transactions at U.S. financial institutions covered by the HMDA. Covered institutions include banks, savings associations, credit unions, and mortgage companies. The loan-level HMDA data covering previous-year lending activity are submitted to the Bureau by March 1st of each year. Modified loan-level data are released by March 31st, and other data products including a national dataset and Aggregate and Disclosure Reports are released in the Summer of each year.<sup>51</sup> In August 2019, the Bureau released two reports along with this HMDA data. The first Data Point article is an annual series of Bureau articles describing mortgage market activity over time. It summarizes the historical data points in the HMDA data, as well as recent trends in mortgage and housing markets.<sup>52</sup> The second Data Point article analyzes data points introduced beginning with the 2018 HMDA data and provides observations about the nation's mortgage market based on those new or revised data points.<sup>53</sup> Public access to HMDA data is also made available through the HMDA Data Browser,<sup>54</sup> allowing custom selections of the data to be summarized and downloaded. To develop the HMDA Data Browser, the Bureau used structured usability testing in Summer 2019 with both internal and external users, including nine community and consumer groups, in order to test designs and data outputs, understand end user

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<sup>50</sup> <https://www.consumerfinance.gov/data-research/research-reports/the-consumer-credit-market-2019/>.

<sup>51</sup> <https://ffiec.cfpb.gov/data-publication/>.

<sup>52</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-2018-mortgage-market-activity-and-trends/>.

<sup>53</sup> <https://www.consumerfinance.gov/data-research/research-reports/introducing-new-revised-data-points-hmda/>.

<sup>54</sup> <https://ffiec.cfpb.gov/data-browser/data/2019?category=states>.

behavior, and survey user needs and expectations.<sup>55</sup> Bureau subject matter experts also met with Senate Banking Committee senior staff in June 2019 to describe the HMDA Data Browser and other details of HMDA Data Products. In order to assess what other improvements may best serve the needs of HMDA users, the Bureau will continue to conduct outreach to users and make further improvements. On November 6, 2019, Bureau staff participated in a call with approximately 10 local community organizations, who are members of the National Reinvestment Coalition (NCRC), to discuss the availability of certain HMDA aggregate and disclosure (A/D) reports and the accessibility of the HMDA Data Browser.

- *Consumer Complaint Database.* In September 2019, the CFPB announced that it will continue the publication of consumer complaints, data fields, and narrative descriptions through the Bureau’s Consumer Complaint Database while making several enhancements to the information available to users of the database. The Bureau already made changes to its website to:
  - More prominently display disclosures making it clear that the Consumer Complaint Database is not a statistical sample of consumers’ experiences in the marketplace;
  - Highlight the availability of answers to common financial questions for consumers to help inform them before they submit a complaint; and
  - Encourage consumers to contact the financial company directly to get answers to their specific questions.

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<sup>55</sup> *Additional activity has occurred with this matter since the end of this reporting period. On June 2 and June 10, 2020, the Bureau conducted webinars entitled, “Publications and Tools for the HMDA Data User,” which provided an overview of HMDA publications and tools, a demo of the HMDA Data Browser using examples, and highlights of various publicly-available resources that users may find helpful. Approximately 80 consumer and community groups participated in the webinars.*

To further enhance the database in 2020, the Bureau will:

- Build and launch dynamic visualization tools including geospatial and trend views based on recent complaint data to help users of the database understand current and recent marketplace conditions; and
  - Emphasize features for aggregation and analysis while continuing to make all the underlying data available for analysis.<sup>56</sup>
- *Trial Disclosure Programs.*<sup>57</sup> In September 2019, the Bureau issued its revised Policy to Encourage Trial Disclosure Programs (Policy). Because the Bureau had not permitted a single trial disclosure program under the original 2013 version of the Policy, the Bureau determined revisions were necessary. The Bureau voluntarily sought public comment on the revised Policy proposal in September 2018 during a 30-day comment period and received approximately 30 distinct comment letters from a broad array of stakeholders, including consumer advocacy groups and civil rights organizations, industry trade associations and individual financial service providers, and state attorneys general and associations of state regulatory agencies. The Bureau gave each comment careful consideration and adopted several of the suggested changes designed to improve the Policy. The Bureau is now accepting applications under the revised Policy.
  - *No-Action Letters.*<sup>58</sup> In September 2019, the Bureau issued its revised Policy on No-Action Letters. The Bureau determined that revisions to the original 2016 Policy were necessary because the Bureau had issued only one No-Action Letter under the 2016 Policy. The revised Policy brings the Bureau's program more in line with certain features of No-Action Letter programs successfully operated by other Federal agencies. The Bureau voluntarily sought comment during a 60-day comment period on a two-part proposal to (i) revise the 2016 Policy on No-Action Letters and (ii) create a Product Sandbox. The Bureau received approximately 30 distinct comment letters from a broad array of stakeholders; including

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<sup>56</sup> More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/director-kraningers-speech-national-consumer-empowerment-conference/>.

<sup>57</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_final-policy-to-encourage-tdp.pdf](https://files.consumerfinance.gov/f/documents/cfpb_final-policy-to-encourage-tdp.pdf).

<sup>58</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_final-policy-on-no-action-letters.pdf](https://files.consumerfinance.gov/f/documents/cfpb_final-policy-on-no-action-letters.pdf).

consumer advocacy groups and civil rights organizations, industry trade associations and individual financial service providers, and state attorneys general and associations of state regulatory agencies. Upon careful consideration of comments received, the Bureau elected to separate the two-part proposal into distinct final policies—the revised Policy on No-Action Letters and the Policy on the Compliance Assistance Sandbox (discussed below). The Bureau is now accepting applications for No-Action Letters (NALs) under the revised Policy and has granted two NALs and three NAL Templates under the revised Policy to date.

- *Compliance Assistance Sandbox.*<sup>59</sup> In September 2019, the Bureau issued its Policy on the Compliance Assistance Sandbox (CAS Policy). The Bureau proposed the CAS Policy to address stakeholder demand for forms of compliance assistance that provide greater protection from liability than is provided by NALs. Under the final CAS Policy, innovators can apply for an approval that provides a safe harbor from liability for conduct compliant with the law under certain statutes within the Bureau’s jurisdiction. The Bureau is now accepting applications for approvals under the CAS Policy.
- *Tech Sprints Request for Information.*<sup>60</sup> In September 2019, the Bureau issued an RFI seeking comments and information. The comment period closed on November 8, 2019, and the Bureau received 19 comments in response to its RFI. The feedback identified an interest in organizing Tech Sprints in the areas of HMDA, supervision data sharing and submission, automated compliance, third-party technology providers/bank-fintech partnerships, consumer disclosures, and regulations. The information provided will help the Bureau identify how stakeholders can work together to create a regulatory environment (1) that allows flexible, efficient, and effective innovation to flourish; (2) where new and/or emerging risks can be identified and managed effectively; and (3) where consumers have

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<sup>59</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_final-policy-on-cas.pdf](https://files.consumerfinance.gov/f/documents/cfpb_final-policy-on-cas.pdf).

<sup>60</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_rfi\\_tech-sprints.pdf](https://files.consumerfinance.gov/f/documents/cfpb_rfi_tech-sprints.pdf). For additional information, see *infra* Section 8.3.1.

the appropriate level of protection and suitable access to the benefits of technological advancement. The Bureau expects to announce its first Tech Sprints later in 2020.<sup>61</sup>

- *ACFIN*.<sup>62</sup> The American Consumer Financial Innovation Network (ACFIN) is now a network of nineteen federal and state officials and regulators seeking to facilitate consumer-beneficial innovation. Launched in September 2019 by the Bureau and seven state partners, ACFIN benefits consumers by enabling federal and state officials to coordinate efforts to facilitate innovation and further shared objectives such as competition, consumer access, and financial inclusion. ACFIN members hold joint Office Hours programs and share information on innovation-related matters, as appropriate. ACFIN members may also coordinate on NALs or Sandbox trials.
- *GFIN*.<sup>63</sup> The Bureau is also a coordinating member of the Global Financial Innovation Network (GFIN), an organization of over 50 regulatory agencies worldwide working together to support financial innovation in the interest of consumers. Formally launched in January 2019, GFIN seeks to: (a) act as a network of regulators to collaborate and share experiences on innovation in respective markets, including emerging technologies and business models; (b) provide a forum for joint policy work and discussions; and (c) give firms an environment that allows for trials of cross-border solutions. The Bureau now participates in two GFIN workstreams: one related to cross-border testing and another related to regulatory and supervisory technology.
- *Your Money, Your Goals*.<sup>64</sup> In FY 2020, the Bureau's financial empowerment program for front-line staff and volunteers entered its eighth year. Your Money, Your Goals provides a suite of financial empowerment tools and resources that frontline staff and volunteers can use to build their own financial skills and confidence and to start money conversations with the people they serve. The Bureau uses a train-the-trainer model to provide training and

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<sup>61</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/tech-sprints/>.

<sup>62</sup> <https://www.consumerfinance.gov/policy-compliance/innovation/american-consumer-financial-innovation-network/>.

<sup>63</sup> <https://www.consumerfinance.gov/policy-compliance/innovation/global-financial-innovation-network/>.

<sup>64</sup> <https://www.consumerfinance.gov/practitioner-resources/your-money-your-goals/>.

technical assistance to help an annual cohort of organizations build capacity to integrate Your Money, Your Goals tools and information into their work. From 2013 through September 2019, more than 30,000 front line staff and volunteers have been trained to use Your Money, Your Goals with the individuals they serve. The suite of educational resources now includes the core toolkit and training materials; companion guides that focus on money topics specific to Native communities, people with criminal records, and people with disabilities; and four issue-focused booklets, “Behind on bills?”, “Debt getting in your way,” “Want credit to work for you?” and “Building Your Savings?”

- *Measuring Youth Capability.*<sup>65</sup> To effectively teach the building blocks of financial capability, it is helpful to gauge what students know, understand, and can do. The Bureau released the “Youth financial capability survey” to highlight the attitudes, skills, and habits a young person has by measuring their development of three interconnected building blocks of financial capability: executive function, financial habits and norms, and financial knowledge and decision-making skills. Alongside the survey, the Bureau issued a teacher guide to help teachers administer, score, and analyze the survey.
- *Start Small, Save Up Initiative.*<sup>66</sup> The Start Small, Save Up initiative aims to increase people’s opportunities to save and achieve their own savings and financial goals. Through Start Small, Save Up, the Bureau is working to help consumers build emergency savings over the next few years by working with employers to prioritize emergency savings and automated solutions in the workplace; engaging with partners to highlight emergency savings products that work and make more accessible products available; and partnering with trusted community institutions to tailor savings solutions to unique audiences. The Start Small, Save Up initiative includes a robust research and evaluation component to ensure the Bureau is learning about its own efforts, as well as the efforts of others who are also working toward a similar goal of helping consumers save. The Bureau launched a series of saving resources including the CFPB Savings Boot Camp, a multi-week email course to guide people through the fundamentals of saving. The Bureau also released the fourth in a series of booklets for social services providers to talk with people about money

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<sup>65</sup> <https://www.consumerfinance.gov/data-research/research-reports/measuring-youth-financial-capability/>.

<sup>66</sup> <https://www.consumerfinance.gov/start-small-save-up/>.

topics that are important to them: “Building your Savings? Start with Small Goals.” The booklet contains colorful, engaging tools to support people in setting savings goals, preparing for the unexpected, finding a place to save, and making the most of tax services providers, financial coaches, and financial educators. The Bureau also hosted a convening with several financial institutions to engage them in a dialogue about helping consumers and their workforce build emergency savings, exploring new research opportunities, understanding successful ways to market savings solutions to consumers, and seeking opportunities to collaborate with the Bureau on these efforts.

- *Tax Time: An opportunity to Start Small and Save Up.*<sup>67</sup> As part of the research and evaluation component of the Start Small, Save Up initiative, the Bureau issued this paper highlighting findings about saving during tax time. Specifically, the paper highlights how liquid savings contribute to financial stability; examples of how Volunteer Income Tax Assistance programs creatively used Bureau tools, resources and technical assistance to encourage savings; and recommendations on strategies that can be employed to increase people’s interest and commitment to saving during the tax preparation process.
- *Assessments of Significant Rules.* Section 1022(d) of the Dodd-Frank Act requires the Bureau to conduct an assessment of each significant rule or order adopted by the Bureau under Federal consumer financial law. Under Section 1022(d)(2), assessment reports must be published not later than five years of the effective date of the significant rule or order.
  - *TRID Integrated Disclosure Rule (the Truth in Lending Act and Real Estate Settlement Procedures Act).* In November 2019, the Bureau publicly initiated the assessment of the TRID rule by requesting public comment on its plans to conduct the assessment. As part of its assessment, the Bureau intends to address the TRID rule’s effectiveness in meeting the purposes and objectives of Title X of the Dodd-Frank Act, the specific goals of the rule, and other relevant factors. The public was

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<sup>67</sup> <https://www.consumerfinance.gov/data-research/research-reports/tax-time-opportunity-start-small-save-up/>.

invited to comment on the feasibility and effectiveness of the assessment plan, recommendations to improve the assessment plan, and recommendations for modifying, expanding, or eliminating the TRID rule, among other questions.<sup>68</sup>

- *Financial well-being by state.*<sup>69</sup> In 2015, the Bureau released its first report on financial well-being based on in-depth interviews with adults ages 18 and older across the United States. Building on that effort, this report provides the first state-by-state description of the financial well-being of adults in the United States, as measured by the CFPB Financial Well-Being Scale. The report is based on public data from the Financial Industry Regulatory Authority Investor Education Foundation 2018 National Financial Capability Study State-by-State Survey. The report highlights important patterns found in the distribution of scores by state and age.
- *Statement on Alternative Data in Underwriting.*<sup>70</sup> In December 2019, the Bureau, the FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration (NCUA) (collectively “the agencies”) issued a joint statement on the use of alternative data in underwriting by banks, credit unions, and non-bank financial firms. The purpose of the statement was to provide guidance on the use of alternative data in underwriting and, to the extent firms are using or contemplating using alternative data, to encourage responsible use of such data.
- *CFPB-FTC Workshop on Accuracy in Consumer Reporting.* On December 10, 2019, the Bureau cohosted, with the FTC, a workshop to examine issues affecting the accuracy of

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<sup>68</sup> <https://www.consumerfinance.gov/about-us/newsroom/bureau-to-assess-integrated-mortgage-disclosure-rule/>.

<sup>69</sup> <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-state/>.

<sup>70</sup> <https://www.consumerfinance.gov/about-us/newsroom/federal-regulators-issue-joint-statement-use-alternative-data-credit-underwriting>.

traditional credit reports as well as employment and tenant background screening reports.<sup>71</sup>

- *CFPB Research Conference.* On December 12-13, 2019, the Bureau hosted its fourth research conference, which featured research from a range of disciplines and approaches that can inform the topic of consumer finance.<sup>72</sup>
- *Financial Literacy Annual Report.*<sup>73</sup> The Bureau reports annually on its statutory mission to conduct financial education programs and to ensure consumers receive timely and understandable information to make responsible decisions about financial transactions. The 2019 report highlights the Bureau’s financial education programs and initiatives.
- *Taskforce on Federal Consumer Financial Law.* The Director established the Taskforce on Federal Consumer Financial Law and appointed five members in January 2020 to examine ways to harmonize and modernize Federal consumer financial laws. The Taskforce will examine the existing legal and regulatory environment facing consumers and financial services providers and report to the Director its recommendations for ways to improve and strengthen consumer financial laws and regulations. The Taskforce will produce new research and legal analysis of consumer financial laws in the United States, focusing specifically on harmonizing, modernizing, and updating Federal consumer financial laws—and their implementing regulations—and identifying gaps in knowledge that should be addressed through research, ways to improve consumer understanding of markets and products, and potential conflicts or inconsistencies in existing regulations and guidance. In March 2020, the Bureau issued an RFI seeking input from the public to help identify areas of consumer protection for the Taskforce to focus its research and analysis.

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<sup>71</sup> The agenda for that workshop is available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-announces-panels-for-cfpb-ftc-accuracy-in-consumer-reporting-workshop/>. The video and transcript from that workshop are available at <https://www.ftc.gov/news-events/events-calendar/accuracy-consumer-reporting-workshop/>.

<sup>72</sup> The agenda for the conference is available at <https://www.consumerfinance.gov/data-research/cfpb-research-conference/2019-cfpb-research-conference/agenda/>.

<sup>73</sup> <https://www.consumerfinance.gov/data-research/research-reports/2019-financial-literacy-annual-report/>.

- *Consolidation of Bureau Headquarters.* The Bureau has finalized the consolidation of all Washington, DC-based staff from two office buildings into one to increase effectiveness of the organization and to significantly improve the collaboration across all teams and divisions. Approximately 900 Bureau personnel moved between November 13, 2019 and January 17, 2020.
- *Abusiveness Policy Statement.* On January 24, 2020, the Bureau published a Policy Statement with respect to the manner in which the Bureau intends to apply the abusiveness provision of the Dodd-Frank Act in its supervisory and enforcement work. This Policy Statement provided much needed guidance to the market with respect to the Bureau’s approach to this novel provision of the Dodd-Frank Act.<sup>74</sup>
- *Office of the Chief Experience Officer.* The Bureau established the Office of the Chief Experience Officer. This office will focus on improving our internal staff experience through enhanced operational services enabling the workforce to be more effective and efficient in meeting the Bureau’s mission.
- *Office of the Chief Data Officer.* The Bureau established the Office of the Chief Data Officer. This office will lead the Bureau’s data strategy and facilitate the effective management, use, sharing, and protection of Bureau data assets to meet the Bureau’s statutory requirements and enable the Bureau to achieve its mission. The OCDO will also facilitate implementation of the Foundations for Evidence-Based Policymaking Act and Federal Data Strategy requirements and milestones.
  - The CDO joined the CDO Council and its Governance Working Group, recently launched by the Office of Management and Budget, in order to establish government-wide data management best practices; encourage inter-agency data sharing; improve access to government data assets; and identify new technology solutions for the collection and use of data.
- *Memorandum of Understanding (MOU) with the Department of Education (Department).* The CFPB and the Department reestablished the MOU regarding complaints on January 31,

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<sup>74</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_abusiveness-enforcement-policy\\_statement.pdf](https://files.consumerfinance.gov/f/documents/cfpb_abusiveness-enforcement-policy_statement.pdf).

2020. The new complaints MOU provides a framework for the Bureau and the Department of Education to facilitate increased collaboration and to bring their complementary areas of subject matter expertise to bear on student loans in order to have better outcomes for consumers. More specifically, the new complaints MOU provides for the sharing of information about complaints and borrower characteristics. It provides for the sharing of analysis, recommendations, and data analytics tools, and provides for regular meetings between the Bureau and the Department of Education regarding complaints. With the new complaints MOU, the Department of Education will have near real-time access to the Bureau's complaint database. Additionally, the new MOU directly addresses and balances the respective roles and responsibilities of both the Bureau and the Department of Education with respect to federal and private student complaints.

- *Responsible Business Conduct Bulletin.* On March 6, 2020, the Bureau amended and reissued its responsible business conduct bulletin to clarify its approach to responsible conduct and to reiterate the importance of such conduct. The bulletin articulates that the Bureau intends to favorably consider responsible conduct, along with other relevant factors, in addressing violations of Federal consumer financial law in supervisory and enforcement matters.<sup>75</sup>
- *Evolutions in Consumer Debt Relief Convening.* On March 10, 2020, the Bureau held a convening on consumer debt relief. The event explored options for consumers facing unmanageable unsecured debt and limited credit options.<sup>76</sup>
- *Outreach.* From April 2019 to March 2020, the Director engaged with a broad range of the Bureau's stakeholders. In April, she delivered her inaugural speech at the Bipartisan Policy Center in Washington, DC, at which she announced a symposia series over the coming year. The Director's inaugural speech was followed by speaking engagements during this period in Los Angeles, CA; Denver, CO; San Antonio, TX; New Orleans, LA; Chicago, IL; Milwaukee, WI; Arlington, VA; Las Vegas, NV; New York, NY; Marco Island, FL; Salt Lake City, UT; and Washington, DC. She also participated in a wide array of events and meetings

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<sup>75</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_bulletin-2020-01\\_responsible-business-conduct.pdf](https://files.consumerfinance.gov/f/documents/cfpb_bulletin-2020-01_responsible-business-conduct.pdf).

<sup>76</sup> <https://www.consumerfinance.gov/about-us/events/archive-past-events/evolutions-in-consumer-debt-relief-event/>.

with Bureau stakeholders in these cities as well as in Austin, TX; St. Louis, MO; Asheville, NC; Bristol, TN; Orange County, CA; Oklahoma City, OK; Little Rock AR; and Baton Rouge, LA. In May, the Bureau held a field hearing on debt collection in Philadelphia, PA, that was open to the public and featured testimony from experts, practitioners, and advocates. Additionally, at CFPB Headquarters in Washington, DC, the Bureau held two Hill Day events, one with Members of Congress in May followed by another with Congressional Staffers in September. In May, the Bureau had a conference call meeting with the Academic Research Council (ARC.) In June, the Bureau hosted the members of the Consumer Advisory Board (CAB), the Community Bank Advisory Council (CBAC), and the Credit Union Advisory Council (CUAC) for their in-person meetings. In October, the Bureau held in-person meetings of the CAB, CBAC, CUAC, and the ARC. In the Fall of 2019, the Bureau hosted a Financial Well-Being Conference, its annual Research Conference, and it participated in a joint workshop on accuracy in consumer reporting with the Federal Trade Commission. In the winter of 2020, the Bureau hosted a Start Small, Save Up Financial Institution and Trade Association Convening, an Evolutions in Debt Relief Convening, and it participated in a Financial Readiness Network event with the Department of Defense.

- *Misadventures in Money Management for Active Duty Servicemembers.* The Bureau made Misadventures in Money Management (MiMM) available for active duty servicemembers reporting to their first service station. MiMM is an online training that engages servicemembers with real life financial choices in a fun and interactive manner and provides a just-in-time financial curriculum. MiMM is also available to future servicemembers in the Delayed Entry Program (DEP), as well as future leaders in the Junior Reserve Officers' Training Corps (JROTC) and Reserve Officer Training Corps (ROTC).
- *Managing Someone Else's Money guides.*<sup>77</sup> The Bureau made its Managing Someone Else's Money guides available for co-branding so that banks, credit unions, legal services

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<sup>77</sup> <https://www.consumerfinance.gov/cobrandMSEM>.

programs, area agencies on aging, and other service providers can add a logo to the covers of the booklets by following a few steps listed on the Bureau’s website. These guides provide practical guidance to the millions of Americans who manage money and property for someone unable to do so independently.

- *Classroom Activities for Teaching the Building Blocks of Financial Capability.*<sup>78</sup> The Bureau launched a set of activities for middle school teachers to incorporate lessons into the classroom that support the development of financial skills. The middle school activities are available alongside the activities for high school teachers that were launched in late 2018. These activities are based on the building blocks for youth to develop financial capability in adulthood. Children and youth need to develop all three of the interconnected building blocks to support financial capability in adulthood. The building blocks are executive function; financial habits and norms; and financial knowledge and decision-making skills. The searchable teacher platform on [consumerfinance.gov](https://www.consumerfinance.gov) includes 191 specific classroom activities for teachers to use with their students.
  
- *COVID-19 Pandemic Response.*
  - *COVID-19 Consumer Information.*<sup>79</sup> At the onset of the COVID-19 pandemic, the Bureau published a collection of consumer education resources to help consumers protect themselves financially during the health crisis. Shortly after, the Bureau created a landing page to organize the frequent COVID-19 related resources and updates to previously released content. Topics covered include mortgages, credit reporting, debt collection, student loans, frauds and scams, and more. A number of materials have been made available in a number of languages other than English.
  
  - *Response to Ensure Safety of Staff During COVID-19 Pandemic.* The Bureau instituted several initiatives to ensure the health, safety, and well-being of the Bureau’s staff during the COVID-19 pandemic. These include:

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<sup>78</sup> [https://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/.](https://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/)

<sup>79</sup> [https://www.consumerfinance.gov/coronavirus/.](https://www.consumerfinance.gov/coronavirus/)

- Directing that all examination activity of Bureau-supervised institutions be conducted off-site, from examiners' home duty stations, indefinitely until further notice starting March 16.
  - Implementing a mandatory telework policy for all CFPB employees, regardless of work location, indefinitely until further notice starting March 16.
  - Instituting additional workplace flexibilities allowing employees to utilize administrative leave if the employees are unable to telework/work and (1) school or daycare closures result in a lapse in childcare, which requires one to provide care or (2) other reasons one identifies as related to COVID-19 such as providing care for another family member in order to prevent exposure/spread of COVID-19, taking any required sanitation measures, etc.
  - Providing Bureau employees with updates on prevention measures, workplace flexibilities, telework options and best practices, and keeping staff informed through a variety of communication channels.
  - Creating several ways to hear from our employees through National Treasury Employees Union engagements, a COVID-19 Bureau advisory group, a Pandemic Inquiries Inbox, leadership involvement, and through our Employee Resources Groups. Additionally, we have maintained a frequent cadence of communicating with FIRREA and other federal agencies for situational awareness and alignment, where possible.
- The Bureau took action to protect consumers and provide industry with needed flexibility.<sup>80</sup>

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<sup>80</sup> See Section 3.4 for the items released in response to COVID-19 after the reporting period ending on March 31, 2020.

- Interagency Statement on Pandemic Planning<sup>81</sup>
  - Joint Statement Encouraging Responsible Small-Dollar Lending in Response to COVID-19<sup>82</sup>
  - Statement on Supervisory and Enforcement Practices Regarding Quarterly Reporting Under the Home Mortgage Disclosure Act<sup>83</sup>
  - Statement on Supervisory and Enforcement Practices Regarding Bureau Information Collections for Credit Card and Prepaid Account Issuers<sup>84</sup>
  - Statement on Bureau Supervisory and Enforcement Response to COVID-19 Pandemic<sup>85</sup>
- *Other Guidance Documents.* The Bureau also issued the following guidance documents over the past year:<sup>86</sup>
    - ECOA Baseline Review Examination Procedures<sup>87</sup>

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<sup>81</sup> <https://www.ffiec.gov/press/PDF/FFIEC%20Statement%20on%20Pandemic%20Planning.pdf>.

<sup>82</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_interagency-statement\\_small-dollar-lending-covid-19\\_2020-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_interagency-statement_small-dollar-lending-covid-19_2020-03.pdf).

<sup>83</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_hmda-statement\\_covid-19\\_2020-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_hmda-statement_covid-19_2020-03.pdf).

<sup>84</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_data-collection-statement\\_covid-19\\_2020-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_data-collection-statement_covid-19_2020-03.pdf).

<sup>85</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-enforcement-statement\\_covid-19\\_2020-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-enforcement-statement_covid-19_2020-03.pdf).

<sup>86</sup> The Bureau posts many documents relating to compliance and guidance on its website at <https://www.consumerfinance.gov/policy-compliance/guidance/>. For the purpose of this Semi-Annual Report, the term “guidance” is used informally to refer broadly to documents that could serve to inform and advise regulated entities.

<sup>87</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_supervision-and-examination-manual\\_ecoa-baseline-exam-procedures\\_2019-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_ecoa-baseline-exam-procedures_2019-04.pdf).

- HMDA Examination Procedures<sup>88</sup>
- Statement on Collection of Demographic Information by Community Development Financial Institutions<sup>89</sup>
- Summer 2019 *Supervisory Highlights*<sup>90</sup>
- Automobile Finance Examination Procedures<sup>91</sup>
- October 2019 Annual Report of the CFPB Private Education Loan Ombudsman<sup>92</sup>
- *Supervisory Highlights: Consumer Reporting Special Edition*<sup>93</sup>
- Annual Reports to Congress on the TILA, EFTA, and CARD Act<sup>94</sup>
- Winter 2020 *Supervisory Highlights*<sup>95</sup>

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<sup>88</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_supervision-and-examination-manual\\_hmda-exam-procedures\\_2019-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_hmda-exam-procedures_2019-04.pdf).

<sup>89</sup> [https://files.consumerfinance.gov/f/documents/20190627\\_cfpb\\_statement-on-collection-demographic-information.pdf](https://files.consumerfinance.gov/f/documents/20190627_cfpb_statement-on-collection-demographic-information.pdf).

<sup>90</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-19\\_092019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-19_092019.pdf).

<sup>91</sup> [https://files.consumerfinance.gov/f/documents/201908\\_cfpb\\_automobile-finance-examination-procedures.pdf](https://files.consumerfinance.gov/f/documents/201908_cfpb_automobile-finance-examination-procedures.pdf).

<sup>92</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_annual-report\\_private-education-loan-ombudsman\\_2019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_annual-report_private-education-loan-ombudsman_2019.pdf).

<sup>93</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-20\\_122019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-20_122019.pdf).

<sup>94</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_tila-efta-card-act-annual-report\\_2019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_tila-efta-card-act-annual-report_2019.pdf) and [https://files.consumerfinance.gov/f/documents/cfpb\\_semi-annual-report-to-congress\\_fall-2019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_semi-annual-report-to-congress_fall-2019.pdf). The TILA, EFTA, CARD Act Report containing 2019 calendar year information will be included in the Bureau's Fall 2020 SAR.

<sup>95</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-21\\_2020-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-21_2020-02.pdf).

- Consumer Reporting, Larger Participants Examination Procedures<sup>96</sup>
- Education Loan Examination Procedures<sup>97</sup>

## 3.4 Plan for upcoming initiatives

- *Office of Servicemember Affairs Annual Report.*<sup>98</sup> The Office of Servicemember Affairs (OSA) has an important mandate to educate and protect our Nation’s servicemembers, veterans, and their families given the unique challenges they face in their daily lives. This annual report highlights the education and engagement, compliant monitoring, cross-agency coordination, and research done by the OSA and the Bureau in Fiscal Year 2019.
- *Consumer Complaint Database.* In April, the CFPB will launch a geospatial view to the Bureau’s Consumer Complaint Database. With this addition, database users will now be able to view complaints by state with a U.S. map visualization.<sup>99</sup> In July, the CFPB will launch trends analytics tools to provide visualizations of complaints trends over time.
- *Elder Fraud Prevention and Response Networks Development Guide.* The Bureau will release an Elder Fraud Prevention and Response Networks Development Guide that

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<sup>96</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-reporting-larger-participants\\_procedures\\_2020-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-reporting-larger-participants_procedures_2020-02.pdf).

<sup>97</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_education-loan-servicing-exam-manual\\_2020-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_education-loan-servicing-exam-manual_2020-02.pdf).

<sup>98</sup> <https://www.consumerfinance.gov/data-research/research-reports/office-servicemember-affairs-annual-report-fy-2019/>.

<sup>99</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-enhances-consumer-complaint-database/>.

provides step-by-step materials to help communities form or enhance networks to increase their capacity to prevent and respond to elder fraud.<sup>100</sup>

- *Taskforce on Federal Consumer Financial Law.* The Taskforce is committed to a robust dialogue with the public and Bureau stakeholders. In March 2020, the Taskforce held a listening session with representatives from various consumer advocacy and trade groups. The session helped shape the RFI to assist the Taskforce that was issued by the Bureau in March 2020 with a comment period closing on June 1, 2020. The Taskforce intends to also engage in a public hearing in July 2020. Finally, the Taskforce intends to participate in a publicly available listening session with the Bureau’s four advisory committees, which will take place in the fall of 2020. The group also intends to engage with federal and state regulatory partners before delivering its final report in early 2021.
- *Symposia Series.* The Bureau plans to hold a symposium on cost-benefit analysis in July 2020. A future symposium will address implementing the ECOA. The symposia series will be open to the public and webcast on the Bureau’s website.<sup>101</sup>
- *Research Reports.* The Bureau plans to publish several research reports in the second half of FY 2020, including:
  - Mortgage Market Activity and Trends based on 2019 HMDA data.
  - Quarterly Consumer Credit Trend reports on debt settlement trends and patterns of mortgage credit inquiries and credit scores.
  - Results from the Bureau’s Making Ends Meet survey, which will provide a deeper understanding of how often U.S. consumers have difficulty making ends meet, how they cope with these shortfalls, and the subsequent effects of financial difficulty.

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<sup>100</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-tool-helps-communities-prevent-and-respond-to-elder-fraud/>.

<sup>101</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/bureau-announces-symposia-series/>.

- Savings-related research on evidence-based strategies and innovations to promote savings.
- *Outreach.* During Summer 2020, the Bureau will virtually host a Youth Financial Education Research Convening, a Youth Financial Education Learning Cluster with national organizations, and a Child Savings Convening. In September 2020, the Bureau will hold meetings with the members of the CAB, CBAC, CUAC, and the ARC. Regarding upcoming speaking engagements, the Director plans to virtually participate in the National Association of Realtors' Regulatory Issues Forum and the Mortgage Bankers Association's State of the Industry event, both scheduled to take place in May.
- *Coordination with the Department of Education (Department).* The CFPB and the Department are establishing coordination protocols regarding oversight of compliance obligations. The protocols will be designed to coordinate efforts to oversee regulated entities and protect consumers.
- *COVID-19 Pandemic Response.*
  - *COVID-19 Consumer Information.*<sup>102</sup> The Bureau will continue to provide timely content and updates to help consumers protect and manage their finances during the coronavirus pandemic. Resources for consumers will include webpages, guides, blogs, videos, and more.
  - *Unified Housing Website.* The Bureau will launch a federal interagency housing website with the Department of Housing and Urban Development (HUD) and FHFA. For consumers who are concerned about how they will pay their mortgage or rent because of the coronavirus, the website will be a one-stop-shop to find accurate information about relief options available to them—especially those under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).<sup>103</sup>

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<sup>102</sup> <https://www.consumerfinance.gov/coronavirus/>.

<sup>103</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/>.

- *Continued Response to Ensure Safety of Staff During Summer 2020.* The Bureau will continue to monitor and update its workforce flexibilities to ensure the health, safety, and well-being of the Bureau's staff during the COVID-19 pandemic. The Bureau will also develop safety protocols and procedures to determine when and how staff will re-enter its buildings. Effective on July 8, 2020, the Bureau will begin a phased return to work at its headquarters location allowing staff that want to work from the building the opportunity to do so in a safe and secure manner.
- *COVID-19 Response to Data Collection.* The Bureau will continue to collect data and use information to identify market and consumer experience trends to provide insights into the issues facing consumers and inform the publication of tools and materials designed to help consumers protect themselves financially during the COVID-19 pandemic.
- *COVID-19 related NAL Templates.* The Bureau issued two Templates under its innovation policies to provide increased regulatory certainty. Using the first NAL Template, mortgage servicers seeking to assist struggling borrowers to avoid foreclosure and engage in loss mitigation efforts would be able to apply for their own NAL. To further competition in the small-dollar lending space and facilitate robust competition that fosters access to credit, the Bureau also approved a NAL Template that insured depository institutions can use to apply for a NAL covering their small-dollar credit products. The NAL template includes important protections for consumers who seek small-dollar loan products.
- *COVID-related Guidance:* The Bureau will take action to protect consumers and provide industry with needed flexibility:

- Statement on Supervisory and Enforcement Practices Regarding the Fair Credit Reporting Act and Regulation V in Light of the CARES Act<sup>104</sup>
- The Bureau’s Mortgage Servicing Rules FAQs related to the COVID-19 Emergency.<sup>105</sup>
- Joint Statement on Supervisory and Enforcement Practices Regarding the Mortgage Servicing Rules in Response to the COVID-19 Emergency and the CARES Act.<sup>106</sup>
- Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised).<sup>107</sup>
- Statement on Supervisory and Enforcement Practices Regarding the Remittance Rule in Light of the COVID-19 Pandemic.<sup>108</sup>

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<sup>104</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_credit-reporting-policy-statement\\_cares-act\\_2020-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_credit-reporting-policy-statement_cares-act_2020-04.pdf).

<sup>105</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-servicing-rules-covid-19\\_faqs.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-rules-covid-19_faqs.pdf).

<sup>106</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_interagency-statement\\_mortgage-servicing-rules-covid-19.pdf](https://files.consumerfinance.gov/f/documents/cfpb_interagency-statement_mortgage-servicing-rules-covid-19.pdf).

<sup>107</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_interagency-statement\\_loan-modifications-reporting-covid-19\\_2020-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_interagency-statement_loan-modifications-reporting-covid-19_2020-04.pdf).

<sup>108</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_policy-statement\\_remittances-covid-19\\_2020-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_policy-statement_remittances-covid-19_2020-04.pdf).

- Interpretive Rule: Treatment of Pandemic Relief Payments Under Regulation E and Application of the Compulsory Use Prohibition<sup>109</sup>
- Interagency Statement on Appraisals and Evaluations for Real Estate Related Financial Transactions Affected by the Coronavirus.<sup>110</sup>
- Bulletin 2020-02 – Compliance Bulletin and Policy Guidance: Handling of Information and Documents During Mortgage Servicing Transfers.<sup>111</sup>
- Statement on Supervisory and Enforcement Practices Regarding Certain Filing Requirements Under the Interstate Land Sales Full Disclosure Act and Regulation J.<sup>112</sup>
- The Bureau’s Mortgage Origination Rules FAQs related to the COVID-19 Emergency.<sup>113</sup>

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<sup>109</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_interpretive-rule\\_pandemic-relief-payments-reg-e.pdf](https://files.consumerfinance.gov/f/documents/cfpb_interpretive-rule_pandemic-relief-payments-reg-e.pdf).

<sup>110</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_interagency-statement\\_real-estate-transactions-covid-19.pdf](https://files.consumerfinance.gov/f/documents/cfpb_interagency-statement_real-estate-transactions-covid-19.pdf).

<sup>111</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_policy-guidance\\_mortgage-servicing-transfers\\_2020-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_policy-guidance_mortgage-servicing-transfers_2020-04.pdf).

<sup>112</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_ilsa\\_relief-statement-covid-19\\_2020-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ilsa_relief-statement-covid-19_2020-04.pdf).

<sup>113</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-origination-rules\\_faqs-covid-19.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-origination-rules_faqs-covid-19.pdf).

- Interpretive Rule: Application of Certain Provisions in the TILA-RESPA Integrated Disclosure Rule and Regulation Z Right of Rescission Rules in Light of the COVID-19 Pandemic.<sup>114</sup>
- Application of Certain Provisions in the TILA-RESPA Integrated Disclosure Rule and Regulation Z Right of Rescission Rules in Light of the COVID-19 Pandemic.<sup>115</sup>
- The Bureau’s Equal Credit Opportunity Act and Regulation B FAQs Related to the COVID-19 Emergency.<sup>116</sup>
- Statement on Supervisory and Enforcement Practices Regarding Regulation Z Billing Error Resolution Timeframes in Light of the COVID-19 Pandemic.<sup>117</sup>
- Payments and Deposits Rules FAQs related to the COVID-19 Pandemic.<sup>118</sup>

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<sup>114</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_tila-respa-integrated-disclosure\\_rescission-pandemic-interpretive-rule.pdf](https://files.consumerfinance.gov/f/documents/cfpb_tila-respa-integrated-disclosure_rescission-pandemic-interpretive-rule.pdf).

<sup>115</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_tila-respa-integrated-disclosure\\_rescission-pandemic-interpretive-rule.pdf](https://files.consumerfinance.gov/f/documents/cfpb_tila-respa-integrated-disclosure_rescission-pandemic-interpretive-rule.pdf).

<sup>116</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_ecoa-regulation-b\\_faqs-covid-19.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ecoa-regulation-b_faqs-covid-19.pdf).

<sup>117</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_statement\\_regulation-z-error-resolution-covid-19\\_2020-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_statement_regulation-z-error-resolution-covid-19_2020-05.pdf).

<sup>118</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_faqs\\_payments-deposits-rules-covid-19\\_2020-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_faqs_payments-deposits-rules-covid-19_2020-05.pdf).

- Open-End (not Home-Secured) Rules FAQs related to the COVID-19 Pandemic.<sup>119</sup>
- Joint release with the Conference of State Bank Supervisors (CSBS): Consumer Relief Guide on borrowers' rights to mortgage payment forbearance and foreclosure protection under the federal CARES Act.<sup>120</sup>
- Statement on Supervisory and Enforcement Practices Regarding Electronic Credit Card Disclosures in Light of the COVID-19 Pandemic.<sup>121</sup>
- Statement on Supervisory and Enforcement Practices Regarding Electronic Credit Card Disclosures in Light of the COVID-19 Pandemic.<sup>122</sup>
- Joint guidance, with the CSBS, to mortgage servicers to assist in complying with the CARES Act provisions granting a right to forbearance to consumers impacted by the COVID-19 pandemic.<sup>123</sup>

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<sup>119</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_faqs\\_open-end-rules-covid-19\\_2020-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_faqs_open-end-rules-covid-19_2020-05.pdf).

<sup>120</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_csbs\\_consumers-forbearance-guide\\_2020-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_csbs_consumers-forbearance-guide_2020-05.pdf).

<sup>121</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_e-sign-credit-card\\_statement\\_2020-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_e-sign-credit-card_statement_2020-06.pdf).

<sup>122</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_e-sign-credit-card\\_statement\\_2020-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_e-sign-credit-card_statement_2020-06.pdf).

<sup>123</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_csbs\\_industry-forbearance-guide\\_2020-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_csbs_industry-forbearance-guide_2020-06.pdf).

- *Other Guidance Documents.*<sup>124</sup>
  - Reverse Mortgage Servicing Examination Procedures.<sup>125</sup>

## 3.5 Plan for upcoming rules

The Bureau published its Spring 2020 Rulemaking Agenda as part of the Spring 2020 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by the Office of Management and Budget.<sup>126</sup> As an independent regulatory agency, the Bureau voluntarily participates in the Unified Agenda. Among other things, the Unified Agenda lists the regulatory matters that the Bureau reasonably anticipates having under consideration during the period from May 1, 2020, to April 30, 2021.<sup>127</sup> Not included in this report, the Bureau’s Rulemaking Agenda also includes long-term actions.<sup>128</sup>

During the reporting period, the Bureau will be engaged in several rulemakings to implement directives mandated in the EGRRCPA, the Dodd-Frank Act, and other statutes. As part of these rulemakings, the Bureau is working to achieve the consumer protection objectives of the statutes and the Bureau’s mission while minimizing regulatory burden on financial services providers, including through facilitating industry compliance with rules.

Pre-rulemaking initiatives, as reflected in the Bureau’s Spring 2020 Unified Agenda:

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<sup>124</sup> The Bureau posts many documents relating to compliance and guidance on its website at <https://www.consumerfinance.gov/policy-compliance/guidance/>. For the purpose of this Semi-Annual Report, the term “guidance” is used informally to refer broadly to documents that could serve to inform and advise regulated entities.

<sup>125</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_reverse-mortgage-servicing-examination-procedures\\_2020-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_reverse-mortgage-servicing-examination-procedures_2020-06.pdf).

<sup>126</sup> <https://www.consumerfinance.gov/about-us/blog/spring-2020-rulemaking-agenda/>.

<sup>127</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/regulatory-agenda/>.

<sup>128</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found here: <https://www.consumerfinance.gov/about-us/blog/spring-2020-rulemaking-agenda/>.

- *Business Lending Data (Regulation B)*. The Bureau is working to develop rules to implement Section 1071 of the Dodd-Frank Act. Section 1071 amended the ECOA to require financial institutions to collect, report, and make public certain information concerning credit applications made by women-owned, minority-owned, and small businesses. The Bureau resumed pre-rulemaking activities on Section 1071. In November 2019, the Bureau conducted a symposium on small business loan data collection. In addition, the Bureau is working to conduct a survey of lenders to obtain estimates of one-time costs lenders of varying sizes would incur to collect and report data pursuant to Section 1071. The Bureau's next step will be the release of materials in advance of convening a panel under the Small Business Regulatory Enforcement Fairness Act, in conjunction with the Office of Management and Budget and the Small Business Administration's Chief Counsel for Advocacy, to hear from representatives of small businesses on which Bureau rules to implement Section 1071 may impose costs.
- *Property Assessed Clean Energy (PACE) Financing*. Section 307 of the EGRRCPA amends the Truth in Lending Act (TILA) to mandate that the Bureau prescribe certain regulations relating to PACE financing. As defined in EGRRCPA Section 307, PACE financing results in a tax assessment on a consumer's real property and covers the costs of home improvements. The required regulations must carry out the purposes of TILA's ability-to-repay (ATR) requirements, currently in place for residential mortgage loans, with respect to PACE financing, and apply TILA's general civil liability provision for violations of the ATR requirements the Bureau will prescribe for PACE financing. The EGRRCPA directs that such requirements account for the unique nature of PACE financing. In March 2019, the Bureau issued an ANPR on PACE financing to facilitate the Bureau's rulemaking process. The Bureau is continuing to engage with stakeholders and collect information for the rulemaking, including by pursuing quantitative data on the effect of PACE on consumers' financial outcomes.

Proposed rules for the upcoming period, as reflected in the Spring 2020 Unified Agenda:

- *Higher-Priced Mortgage Loan Escrow Exemption*. Prior to the enactment of the Dodd-Frank Act, the FRB issued a rule requiring the establishment of escrow accounts for payment of property taxes and insurance payments for certain "higher-priced mortgage loans," a category which the Board defined to include what it deemed to be subprime loans. Pursuant to the Dodd-Frank Act, the Bureau in 2013 issued a rule creating an exemption from the escrow requirement for creditors with under \$2 billion in assets and meeting other criteria. Section 108 of the EGRRCPA, codified at 15 U.S.C. 1639d, directs the Bureau to conduct a rulemaking to exempt from the escrow requirement loans made by certain creditors with assets of \$10

billion or less and meeting other criteria. In anticipation of future rulemaking activity, the Bureau conducted a preliminary analysis of the number of lenders potentially impacted by implementation of Section 108 of EGRRCPA. The Bureau released the analysis in late summer 2019 and it showed that a limited number of additional lenders would be exempt under Section 108 of EGRRCPA once implemented by rule. The Bureau expects to issue a Notice of Proposed Rulemaking (NPRM) in summer 2020.

- *Public Release of Home Mortgage Disclosure Act Data.* This rule will facilitate further implementation of a statutory directive in the Dodd-Frank Act that the Bureau modify or require modification of the public HMDA data for the purpose of protecting consumer privacy interests. In its 2015 final rule to implement the Dodd-Frank Act amendments to HMDA, the Bureau adopted a balancing test to use to determine whether and how HMDA data should be modified prior to its disclosure to the public in order to protect applicant and borrower privacy while also fulfilling HMDA's public disclosure purposes. The Bureau sought comment in 2017 on its proposed application of the balancing test to the 2018 data to be collected and reported by lenders and issued final policy guidance in late 2018. After consideration of stakeholder comments urging that the Bureau issue a legislative rule with its determinations concerning the disclosure of loan-level HMDA data, the Bureau decided to commence such a rulemaking. Commencing a rulemaking to develop legislative rules will enable the Bureau to adopt a more definitive approach to disclosing HMDA data to the public in future years after considering new information concerning the privacy risks and benefits of disclosure of the HMDA data. The Bureau expects to issue an NPRM in late summer 2020. This timing corresponds with the Bureau's expected timing for issuing a proposed rule addressing HMDA data points, so that stakeholders can concurrently consider and comment on collection and reporting of data points and public disclosure of those data points.
- *Home Mortgage Disclosure Act (Regulation C) Data Collection and Reporting Requirements.* The Bureau announced in December 2017 that it intended to open a rulemaking to reconsider various aspects of a 2015 final rule that amended regulations implementing the HMDA. The Bureau issued an ANPR in May 2019 soliciting comment on certain data points in the 2015 final rule that were added to Regulation C or revised to require additional information, and on coverage of certain business or commercial purpose loans. The Bureau expects to issue an NPRM in late summer 2020 to follow up on the May 2019 ANPR. This timing corresponds with the Bureau's expected timing for issuing a proposed rule addressing the public disclosure of HMDA data in light of consumer privacy interests, so that stakeholders can concurrently

consider and comment on the collection and reporting of data points and public disclosure of those data points.

- *Qualified Mortgage Definition Under the Truth in Lending Act (Regulation Z).* In July 2019, the Bureau issued an ANPR to solicit information about possible amendments to the qualified mortgage provisions of Regulation Z. With certain exceptions, Regulation Z requires creditors to make a reasonable, good faith determination of a consumer’s ability to repay any residential mortgage loan, and loans that meet Regulation Z’s requirements for QMs obtain certain protections from liability. One QM category is the General QM category. To fit within the General QM category, residential mortgage loans must comply with the ATR-QM Rule’s prohibitions on certain loan features, its points-and-fees limits, and its underwriting requirements. Additionally, the ratio of the consumer’s total monthly debt to total monthly income (DTI ratio) must not exceed 43 percent. The rule further requires creditors calculate, consider, and verify debt and income for purposes of determining the consumer’s DTI ratio using the standards contained in Appendix Q of Regulation Z. A second category of QMs covers certain loans that are eligible for purchase or guarantee by either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation (government-sponsored enterprises or GSEs). Under Regulation Z, this category of QMs (Temporary GSE QM loans or GSE Patch) is scheduled to expire no later than January 10, 2021 or when the GSEs exit conservatorship of the FHFA, whichever occurs earlier. The Bureau is planning to propose in June 2020 amendments to the General QM loan definition that would remove the General QM loan definition’s 43 percent DTI limit and that would instead establish a pricing threshold (i.e., the difference between the loan’s annual percentage rate and the average prime offer rate for a comparable transaction) for loans to qualify as QMs. General QM loans would still have to meet the statutory criteria for QM status, including restrictions related to loan features, up-front costs, and underwriting. The Bureau also expects to propose in June 2020 to extend the GSE Patch until the effective date of the final amendments to the General QM loan definition to help ensure a smooth and orderly transition away from the GSE Patch by (among other things) allowing the Bureau to complete this rulemaking and to avoid any gap between the expiration of the GSE Patch and the effective date of the proposed alternative. Finally, the Bureau is considering adding a new “seasoning” definition of QM, which would be proposed in a separate NPRM. This definition would create an alternative pathway to QM safe-harbor status for certain mortgages when the borrower has consistently made timely payments for a specified period.

- *Amendments to Regulation Z to Facilitate Transition From LIBOR.* Some consumer credit contracts use the London Interbank Offering Rate (LIBOR) as a reference rate. This rule would facilitate creditors for home equity lines of credit (HELOCs) (including reverse mortgages) and card issuers for credit card accounts transitioning existing accounts away from LIBOR if certain conditions are met to an alternative index beginning around December 2020, well in advance of LIBOR’s anticipated expiration at the end of 2021. The rule also would address change-in-terms notice provisions for HELOCs and credit card accounts and how they apply to the transition away from LIBOR, to ensure that consumers are informed of the replacement index and any adjusted margin. The Bureau’s work is also designed to facilitate compliance by open-end and closed-end creditors and to lessen the financial impact to consumers by providing examples of replacement indices that meet Regulation Z requirements. The rule also would address how the rate re-evaluation provisions applicable to credit card accounts apply following the transition from LIBOR to a replacement index, to facilitate compliance by card issuers. Commencing a notice-and-comment rulemaking will enable the Bureau to facilitate compliance by creditors with Regulation Z as they transition away from LIBOR. The Bureau expects to issue an NPRM in May 2020.<sup>129</sup>
- *Amendments to FIRREA Concerning Appraisals (Automated Valuation Models).* The Bureau is participating in interagency rulemaking processes with the FRB, OCC, the FDIC, NCUA, and FHFA (collectively, the Agencies) to develop regulations to implement the amendments made by the Dodd-Frank Act to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) concerning appraisals. The FIRREA amendments require implementing regulations for quality control standards for automated valuation models (AVMs). These standards are designed to ensure a high level of confidence in the estimates produced by the valuation models, protect against the manipulation of data, seek to avoid conflicts of interest, require random sample testing and reviews, and account for any other such factor that the Agencies determine to be appropriate. The Agencies will continue to work to develop a proposed rule to implement the Dodd-Frank Act’s AVM amendments to FIRREA.

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<sup>129</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-facilitates-libor-transition/>.

Final rules for the upcoming period as reflected in the Bureau's Spring 2020 Unified Agenda:

- *Debt Collection Rule.* In May 2019, the Bureau issued an NPRM, which would prescribe rules under Regulation F to govern the activities of debt collectors, as that term is defined under the FDCPA. The Bureau's proposal would, among other things, address communications in connection with debt collection; interpret and apply prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection; and clarify requirements for certain consumer-facing debt collection disclosures. The proposal builds on the Bureau's research and pre-rulemaking activities regarding the debt collection market; the conduct of debt collectors remains a significant source of complaints to the Bureau. The Bureau expects to take final action in October 2020 with regard to the May 2019 NPRM. The Bureau has also engaged in testing of time-barred debt disclosures that were not addressed in the May 2019 proposal. In February 2020, after completing the testing, the Bureau issued a supplemental NPRM related to time-barred debt disclosures.<sup>130</sup>
- *Remittance Transfers.* Section 1073 of the Dodd-Frank Act contains a temporary exception to its requirements that remittance transfer providers disclose exact amounts for remittance transfers. The exception permits certain insured depository institutions and insured credit unions in certain circumstances to estimate certain required disclosures. As mandated by statute, this exception will expire on July 21, 2020. After completing an assessment in October 2018 of the Remittance Rule and issuing, in April 2019, an RFI to gather information related to the expiration of the temporary exception and information related to the scope of the Remittance Rule's coverage, the Bureau issued an NPRM in December 2019. In the NPRM, the Bureau proposed to increase a safe harbor threshold under which a person is deemed not to be providing remittance transfers in the normal course of business, from 100 per year to 500 per year. The Bureau also proposed changes to mitigate the effects of the expiration of the statutory temporary exemption, by allowing certain insured institutions to continue to estimate

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<sup>130</sup> See <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-supplemental-nprm-on-time-barred-debt-disclosures/>.

the exchange rate and covered-third party fees under certain circumstances. Finally, the Bureau solicited comment on a permanent exception permitting remittance transfer providers to use estimates for transfers to certain countries and the process for adding countries to the safe harbor countries list maintained by the Bureau. In May 2020, the Bureau expects to take final action on the December 2019 NPRM.<sup>131</sup>

- *Payday, Vehicle Title, and Certain High-Cost Installment Loans.* The Bureau announced in 2018 that it intended to open a rulemaking to reconsider its 2017 rule titled Payday, Vehicle Title, and Certain High-Cost Installment Loans. The Bureau issued an NPRM in February 2019 that proposed to revoke provisions of the rule concerning the mandatory underwriting of covered short-term and longer-term balloon payment loans, including payday and vehicle title loans, and related reporting and recordkeeping requirements. That rulemaking remains pending. Under the proposed rule, the regulations would no longer: (1) identify as an unfair and abusive practice a lender making a covered short-term or longer-term balloon-payment loan, including payday and vehicle title loans, without reasonably determining that consumers have the ability to repay those loans according to their terms; (2) prescribe mandatory underwriting requirements for making the ability-to-repay determination, or exempt certain loans from the mandatory underwriting requirements; and (3) include definitions or impose reporting and recordkeeping requirements relating to the mandatory underwriting requirements.
- *Home Mortgage Disclosure Act (Regulation C).* The Bureau announced in December 2017 that it intended to open a rulemaking to reconsider various aspects of a 2015 final rule that amended regulations implementing HMDA. The Bureau issued an NPRM in May 2019 to seek comment on thresholds for collecting and reporting data with respect to open-end lines of credit as well as on thresholds for collecting and reporting data with respect to closed-end mortgage loans. The NPRM also proposed to clarify partial HMDA exemptions created by the EGRRCPA by incorporating into Regulation C an interpretive and procedural rule that the Bureau issued in August 2018 as well as implementing further Section 104(a) of the EGRRCPA. In August 2019, the Bureau reopened the comment period for certain aspects of the proposed

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<sup>131</sup> Additional activity has occurred with this matter since the end of the reporting period. In May 2020, the Bureau issued the final rule. More information can be found here: <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/remittance-transfers-under-electronic-fund-transfer-act-regulation-e/>.

rule. The reopened comment period gave interested parties an opportunity to review the Bureau’s annual overview of residential mortgage lending based on the HMDA data financial institutions collected in 2018, as requested by a variety of stakeholders, before they submitted their comments. The Bureau determined that it would issue two final rules at different times to address different aspects of the NPRM. The Bureau issued the first final rule in October 2019. It finalized the proposed two-year extension of the 500-loan temporary threshold for collecting and reporting data on open-end lines of credit and incorporated into Regulation C the EGRRCPA partial exemption provisions. The Bureau intends to issue a second final rule in April 2020 that will address the proposed changes to the permanent thresholds for collecting and reporting data on open-end lines of credit and closed-end mortgage loans.<sup>132</sup>

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<sup>132</sup> Additional activity has occurred with this matter since the end of the reporting period. In April 2020, the Bureau issued the final rule. More information can be found here: <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/regulation-c-home-mortgage-disclosure-act/>.

## 4. 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

During the period April 1, 2019, through March 31, 2020, the Bureau received approximately 372,700 consumer complaints.<sup>133</sup> This is an approximately nine percent increase from the prior reporting period.<sup>134</sup> Consumers submitted approximately 84 percent of these complaints through the Bureau’s website and seven percent via telephone calls. Referrals from other state and federal agencies accounted for six percent of complaints. Consumers submitted the remainder of

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<sup>133</sup> This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. The Bureau does not verify all the facts alleged in complaints and does not publish complaints in the Consumer Complaint Database until the company responds, confirming a commercial relationship with the consumer, or after it has had the complaint for 15 days, whichever comes first. For more information on our complaint process refer to the Bureau’s website at <https://www.consumerfinance.gov/complaint/process>.

<sup>134</sup> The prior reporting period, October 1, 2018, to September 30, 2019, reported 342,500 consumer complaints. See Consumer Fin. Prot. Bureau, *Semi-Annual Report Fall 2019* (Feb. 2020.), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_semi-annual-report-to-congress\\_fall-2019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_semi-annual-report-to-congress_fall-2019.pdf).

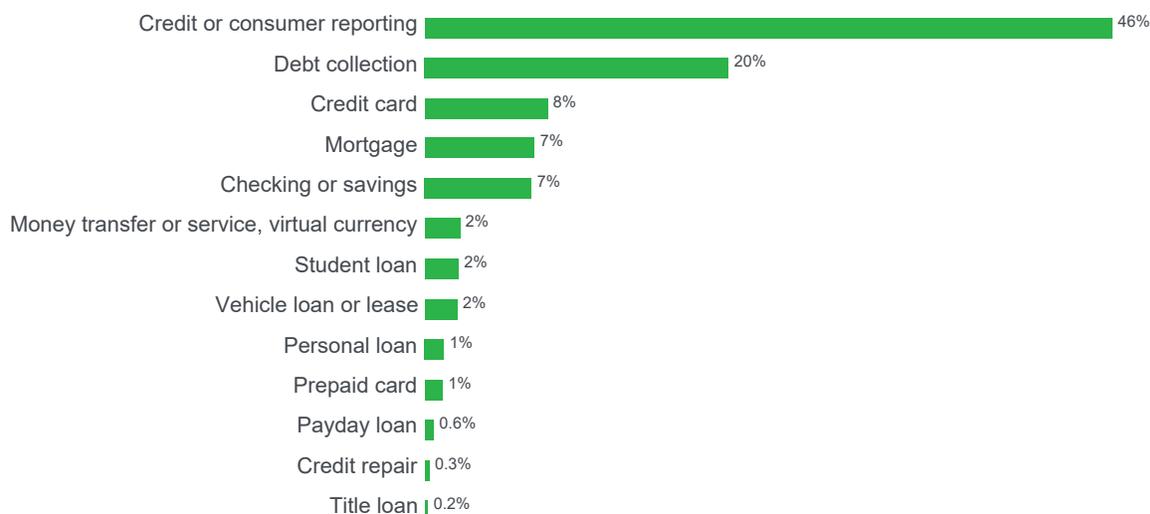
complaints by mail, email, and fax. The Bureau sent approximately 304,200 (82 percent) of complaints received to companies for review and response.<sup>135</sup> Companies responded to approximately 95 percent of complaints that the Bureau sent to them for response during the period. The remaining complaints were either pending response from the company at the end of the period or did not receive a response. Company responses typically include descriptions of steps taken or that will be taken in response to the consumer's complaint, communications received from the consumer, any follow-up actions or planned follow-up actions, and a categorization of the response. Companies' responses describe a range of relief. Examples of relief include correcting inaccurate data provided or reported in consumers' credit reports; stopping unwanted calls from debt collectors; correcting account information; issuing corrected documents; restoring account access; and, addressing formerly unmet customer service issues. Ninety-nine percent of complaints sent to companies received timely responses.

When consumers submit complaints, the Bureau's complaint form prompts them to select the consumer financial product or service with which they have a problem as well as the type of problem they are having with that product or service. The Bureau uses these consumer selections to group the financial products and services about which consumers complain to the Bureau for public reports. As shown in Figure 1, credit or consumer reporting, debt collection, credit card, mortgage, and checking or savings accounts are the most-complained-about consumer financial products and services.

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<sup>135</sup> The Bureau referred 13 percent of the complaints it received to other regulatory agencies and found five percent to be incomplete. At the end of this period, 0.4 percent of complaints were pending with the consumer and 0.4 percent were pending with the Bureau. Percentages in this section of the report may not sum to 100 percent due to rounding.

**FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT**



Consumer Response analyzes consumer complaints, company responses, and consumer feedback to assess the accuracy, completeness, and timeliness of company responses so that the Bureau, other regulators, consumers, and the marketplace have relevant information about consumers’ challenges with financial products and services. Consumer Response uses a variety of approaches to identify trends and possible consumer harm. Examples include:

- Reviewing cohorts of complaints and company responses to assess the accuracy, timeliness, and completeness of an individual company’s responses to complaints sent to them for response;
- Conducting text analytics to identify emerging trends and statistical anomalies; and
- Visualizing data to highlight geographic and temporal patterns.

The Bureau used these approaches to understand the experiences consumers were having in the financial marketplace as a result of the coronavirus pandemic following the President’s declaration of national emergency on March 8, 2020. For example, the Bureau initially used its search-based capabilities to identify approximately 1,100 complaints mentioning keywords such as “COVID,” “coronavirus,” “pandemic,” or “CARES Act” for analysis.

These coronavirus analyses, like other complaint analyses conducted throughout the year, support the Bureau's work to supervise companies, enforce Federal consumer financial laws, propose rules, and develop tools that help empower consumers to make informed financial decisions.

The Bureau also shares consumer complaint information with prudential regulators, the FTC, other federal agencies, and state agencies.

Complaints give us insights into problems people are experiencing in the marketplace and help us regulate consumer financial products and services under existing Federal consumer financial laws, enforce those laws judiciously, and educate and empower consumers to make informed financial decisions. The Bureau also publishes complaint data and reports on complaint trends annually in Consumer Response's Annual Report to Congress.<sup>136</sup>

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<sup>136</sup> From April 1, 2019, to March 31, 2020, the Office of Consumer Response contributed to the Office of Servicemember Affairs' Annual Report. (published on April 3, 2020, but covers October 1, 2018, to September 30, 2019), and the Bureau's Fair Debt Collection Practices Act Annual Report. The Bureau also publishes the Consumer Response Annual Report, which provides a more detailed analysis of complaints. These reports can be viewed at <https://www.consumerfinance.gov/data-research/research-reports>.

# 5. 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

## 5.1 Supervisory activities

The Bureau's supervisory activities with respect to individual institutions are non-public. The Bureau has, however, issued numerous supervisory guidance documents and bulletins during the preceding year. These documents are listed under Section 3.3 of this Report as issued guidance documents undertaken within the preceding year.

## 5.2 Enforcement activities<sup>137</sup>

The Bureau was a party in the following public enforcement actions from April 1, 2019, through March 31, 2020, detailed as follows and listed in descending chronological order by filing or issue

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<sup>137</sup> Enforcement activity summaries are current as of March 31, 2020, and do not include activities that occurred after the reporting period.

date. This section also identifies those actions involving Office of Administrative Adjudication Orders with respect to covered persons that are not credit unions or depository institutions.

Bureau of Consumer Financial Protection v. Fifth Third Bank, National Association (N.D. Ill. 1:20-cv-01683). On March 9, 2020, the Bureau filed a lawsuit in federal district court in the Northern District of Illinois against Fifth Third Bank, National Association (Fifth Third). The Bureau alleges that for several years Fifth Third, without consumers' knowledge or consent: opened deposit and credit card accounts in consumers' names; transferred funds from consumers' existing accounts to new, improperly opened accounts; enrolled consumers in unauthorized online-banking services; and activated unauthorized lines of credit on consumers' accounts. The Bureau alleges that Fifth Third violated the Consumer Financial Protection Act's (CFPA) prohibition against unfair and abusive acts or practices as well as the TILA and the Truth in Savings Act and their implementing regulations. The Bureau seeks an injunction to stop Fifth Third's unlawful conduct, redress for affected consumers, and the imposition of a civil money penalty. The case remains pending.

Bureau of Consumer Financial Protection; South Carolina Department of Consumer Affairs; and the State of Arkansas *ex rel.* Leslie Rutledge, Attorney General v. Candy Kern-Fuller, Howard Sutter III, and Upstate Law Group LLC (D.S.C. 6:20-cv-00786-DCC). On February 20, 2020, the Bureau, the South Carolina Department of Consumer Affairs (South Carolina), and Arkansas Attorney General Leslie Rutledge filed a lawsuit in federal district court in the District of South Carolina against Candy Kern-Fuller, Howard Sutter III, and Upstate Law Group LLC. The Bureau alleges that the defendants worked with a series of companies that brokered contracts offering high-interest credit to consumers, primarily disabled veterans, and violated the CFPA's prohibition against deceptive acts or practices and against providing substantial assistance to deceptive and unfair acts or practices of others. The Bureau specifically alleges that the defendants committed deceptive acts or practices by collecting on the contracts brokered by the companies, including by filing suit when consumers failed to make payments, and representing, expressly or impliedly, that consumers are legally obligated to make payments in accordance with the terms of their contracts when, in fact, the contracts are void from inception and consumers are not obligated to make payments. The Bureau seeks an injunction, redress to consumers, and the imposition of civil money penalties. The case remains pending.

Bureau of Consumer Financial Protection v. Citizens Bank, N.A. (D.R.I. 1:20-cv-00044). On January 30, 2020, the Bureau filed a lawsuit in federal court in the District of Rhode Island against Citizens Bank, N.A. (Citizens), alleging violations of TILA and its implementing Regulation Z,

including TILA provisions passed under the Fair Credit Billing Act (FCBA) and the CARD Act. The Bureau alleges that Citizens systematically violated TILA and Regulation Z by failing to properly manage and respond to consumers' credit card disputes and fraud claims. The Bureau also alleges that Citizens violated TILA and Regulation Z by not providing credit counseling to consumers as required by law. The Bureau seeks, among other remedies, an injunction against Citizens and the imposition of civil money penalties. The case remains pending.

Bureau of Consumer Financial Protection v. Monster Loans, Lend Tech Loans, and Associated Student Loan Debt-Relief Companies (C.D. Cal. 8:20-cv-00043). On January 9, 2020, the Bureau filed a lawsuit in federal court in the Central District of California against Chou Team Realty, LLC f/k/a Chou Team Realty, Inc., d/b/a MonsterLoans, d/b/a Monster Loans; Lend Tech Loans, Inc.; Docu Prep Center, Inc., d/b/a DocuPrep Center, d/b/a Certified Document Center; Document Preparation Services, LP, d/b/a DocuPrep Center, d/b/a Certified Document Center; Certified Doc Prep, Inc.; Certified Doc Prep Services, LP; Assure Direct Services, Inc.; Assure Direct Services, LP; Direct Document Solutions, Inc.; Direct Document Solutions, LP; Secure Preparation Services, Inc.; Secure Preparation Services, LP; Docs Done Right, Inc.; Docs Done Right, LP; Bilal Abdelfattah a/k/a Belal Abdelfattah a/k/a Bill Abdel; Robert Hoose; Eduardo "Ed" Martinez; Jawad Nesheiwat; Frank Anthony Sebreros; David Sklar; Thomas "Tom" Chou; Sean Cowell; Kenneth Lawson; Cre8labs, Inc.; XO Media, LLC; and TDK Enterprises, LLC. The Bureau alleges that many of the Defendants violated the Fair Credit Reporting Act (FCRA) by wrongfully obtaining consumer report information and that, in connection with the marketing and sale of student loan debt relief products and services, certain defendants charged unlawful advance fees and engaged in deceptive acts and practices. The Bureau also alleges that certain entities and individuals are liable as Relief Defendants because they received profits resulting from the illegal conduct. The Bureau seeks an injunction against defendants, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of civil money penalties. In March 2020, one of the defendants filed a motion to dismiss for failure to join a necessary party. That motion and the case remain pending.

In the Matter of Edmiston Marketing, LLC d/b/a Easy Military Travel, and Brandon Edmiston (2019-BCFP-0011) (not a credit union or depository institution). On November 25, 2019, the Bureau issued a consent order against Edmiston Marketing, LLC, also known as Easy Military Travel, and Brandon Edmiston, the owner and operator of Easy Military Travel. The Bureau found that Easy Military Travel and Edmiston violated the CFPA by misrepresenting the true cost of credit for loans for airline tickets. The Bureau also found that Easy Military Travel failed to provide

certain required disclosures about the terms of credit in violation of TILA and Regulation Z. The Bureau also found that Easy Military Travel and Edmiston failed to disclose the total costs of purchasing airline tickets through financing in the course of telemarketing the loans in violation of the Telemarketing Sales Rule (TSR). The consent order issued against Easy Military Travel and Edmiston requires restitution to servicemembers and their families who paid the hidden finance charges by imposing a suspended judgment in the amount of \$3,468,224. The consent order also requires Easy Military Travel and Edmiston to pay a civil money penalty of \$1 and prohibits them from future consumer lending targeted to servicemembers and their families. The suspension of the payment for restitution, as well as the \$1 civil penalty, are based on Easy Military Travel's and Edmiston's inability to pay more based on sworn financial statements submitted to the Bureau.

In the Matter of USA Service Finance, LLC (2019-BCFP-0010) (not a credit union or depository institution). On November 25, 2019, the Bureau issued a consent order against USA Service Finance, LLC (USASF). The action was filed concurrently with the consent order issued against Edmiston Marketing, LLC, also known as Easy Military Travel and Brandon Edmiston, the owner and operator of Easy Military Travel. The Bureau found that USASF engaged in deceptive practices in violation of the CFPA by overcharging servicemembers and their families for a debt-cancellation product that was offered in connection with the Easy Military Travel loans for airline tickets, which USASF purchased and serviced. The Bureau also found that USASF violated Regulation V, which implements FCRA, because it never established, reviewed, or updated any written policies or procedures regarding the accuracy and integrity of the consumer information it furnished to consumer reporting agencies. The consent order issued against USASF requires it to provide redress to borrowers who were overcharged for the debt-cancellation product, including paying \$54,625 in restitution to borrowers with no outstanding balance on their loans and issuing additional restitution in the form of account credits to borrowers with outstanding balances. The consent order also requires USASF to pay a civil money penalty of \$25,000 to the Bureau. The consent order prohibits USASF from collecting on or selling the loans purchased from Easy Military Travel. The consent order also requires USASF to establish and update reasonable written policies and procedures for the accuracy and integrity of consumer information it furnishes to consumer reporting agencies.

Bureau of Consumer Financial Protection v. Sterling Infosystems, Inc. (S.D.N.Y. 1:19-cv-10824). On November 22, 2019, the Bureau filed a proposed stipulated judgment with Sterling Infosystems, Inc. (Sterling), a privately-held Delaware corporation headquartered in New York, which was entered by the court on November 26, 2019. Sterling's primary business is to prepare

background screening reports on individual job applicants to assist employers in employment-making decisions. The Bureau alleged that Sterling violated the FCRA by (1) failing to employ reasonable procedures to ensure the maximum possible accuracy of the information about consumers it included in the consumer reports it prepared; (2) failing to maintain strict procedures to ensure that public record information about consumers that it included in consumer reports it prepared was complete and up to date or notify consumers, at the time that such information was reported, of the fact that public record information was being reported; and (3) reporting criminal history information and other adverse information about consumers outside of the reporting period allowed by the FCRA. The stipulated final judgment and order requires Sterling to pay \$6 million in monetary relief to affected consumers and a \$2.5 million civil money penalty to the Bureau. The stipulated judgment also includes injunctive relief to prevent the claimed illegal conduct from recurring.

Bureau of Consumer Financial Protection; State of Minnesota, by its Attorney General, Keith Ellison; State of North Carolina, *ex rel.* Joshua H. Stein, Attorney General; and The People of the State of California, Michael N. Feuer, Los Angeles City Attorney v. Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center; True Count Staffing Inc., d/b/a SL Account Management; Prime Consulting LLC, d/b/a Financial Preparation Services; Albert Kim, a/k/a Albert King; Kaine Wen, a/k/a Wenting Kaine Dai, Wen Ting Dai, and Kaine Wen Dai; and Tuong Nguyen, a/k/a Tom Nelson (C.D. Cal. 8:19-cv-01998-JVS-JDE). On October 21, 2019, the Bureau filed a complaint and sought a temporary restraining order and preliminary injunction in federal court in the Central District of California against Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center (Premier); True Count Staffing Inc., d/b/a SL Account Management (True Count); Prime Consulting LLC, d/b/a Financial Preparation Services (Prime); Albert Kim; Kaine Wen; and Tuong Nguyen. The Bureau alleges the debt relief companies operate as a common enterprise and have engaged in deceptive practices and charged unlawful advance fees in connection with the marketing and sale of student loan debt relief services to consumers. The Bureau also alleges the individuals substantially assisted the student loan debt relief companies. The court granted the request for the temporary restraining order on October 21, 2019. The court granted the Bureau's request for a preliminary injunction on November 15, 2019. The Bureau's complaint seeks an injunction against defendants, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of a civil money penalty. The complaint also names several relief defendants and seeks disgorgement of those relief defendants' ill-gotten gains. The case remains pending.

Bureau of Consumer Financial Protection, and South Carolina Department of Consumer Affairs v. Katharine Snyder, Performance Arbitrage Company, Inc., and Life Funding Options, Inc. (D.S.C. 6:19-cv-02794-DCC). On October 1, 2019, the Bureau and the South Carolina Department of Consumer Affairs (South Carolina) filed a lawsuit in federal district court in the District of South Carolina against Katharine Snyder, Performance Arbitrage Company, Inc., and Life Funding Options, Inc. The companies, owned and operated by Snyder, were brokers of contracts offering high-interest credit to veterans, many of whom are disabled, and to other consumers. The Bureau alleges that the companies and their owner violated the CFPA's prohibition against deceptive acts or practices. The Bureau and South Carolina specifically allege that Snyder and her companies misrepresented to consumers that the contracts the companies broker are valid and enforceable when, in fact, the contracts are void under federal and state law; misrepresented to consumers that the product is a sale of payments and not a high-interest credit offer; and failed to inform consumers of the products' interest rates. The Bureau seeks an injunction against Snyder and her companies, as well as damages, redress to consumers, and the imposition of a civil money penalty. The Bureau's investigation was conducted in partnership with South Carolina. The case remains pending.

Bureau of Consumer Financial Protection v. FCO Holding, Inc., Fair Collections & Outsourcing, Inc., Fair Collections & Outsourcing of New England, Inc., FCO Worldwide, Inc., and Michael E. Sobota (D. Md. No. 8:19-cv-02817-GJH). On September 25, 2019, the Bureau filed a complaint in federal court in the District of Maryland against Maryland-based debt collectors FCO Holding, Inc. and its subsidiaries, Fair Collections & Outsourcing, Inc., Fair Collections & Outsourcing of New England, Inc., and FCO Worldwide, Inc. The Bureau also named Michael E. Sobota, the chief executive officer, president, director, and owner of FCO Holding, Inc. as a defendant. The Bureau alleges that FCO violated the FCRA and Regulation V by failing to maintain reasonable policies and procedures regarding the accuracy and integrity of the information it furnishes, including the handling of consumer disputes, failing to conduct reasonable investigations of certain consumer disputes, and furnishing information that was alleged to have been the result of identity theft before it made any determination of whether the information was accurate. The Bureau also alleges that FCO and Michael Sobota violated the FDCPA when FCO represented that consumers owed certain debts when, in fact, FCO did not have a reasonable basis to assert that the consumers owed those debts. The Bureau seeks an injunction, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of a civil money penalty. On November 20, 2019, the defendants filed a motion to dismiss the complaint and/or stay the proceedings, which the Bureau opposed. The court has not ruled on that motion. The case remains pending.

Bureau of Consumer Financial Protection v. Certified Forensic Loan Auditors, LLC, Andrew Lehman, and Michael Carrigan (C.D. Cal. No. 2:19-cv-07722). On September 6, 2019, the Bureau filed a complaint in federal court in the Central District of California against Certified Forensic Loan Auditors, LLC (CFLA), Andrew Lehman (Lehman), and Michael Carrigan (Carrigan). The Bureau alleges that CFLA and Lehman have engaged in deceptive and abusive acts or practices and have charged unlawful advance fees in connection with the marketing and sale of financial advisory and mortgage assistance relief services to consumers. CFLA is a foreclosure relief services company, and Lehman is CFLA's president and CEO. The Bureau alleges that Carrigan, who was the Company's sole auditor, provided substantial assistance to CFLA and Lehman. Concurrent with the complaint, the Bureau and Carrigan filed a proposed stipulated final judgment and order to resolve the substantial assistance claims against Carrigan, which the court entered on October 29, 2019. Among other things, that order bans Carrigan from providing mortgage assistance relief services or consumer financial products and services and imposes a \$493,000 civil money penalty, all but \$5,000 of which is suspended based on his limited ability to pay more based on sworn financial statements. In November 2019, the Bureau filed an amended complaint. Certain defendants filed a motion to dismiss the amended complaint as well as a motion to stay the action. The court denied the motion to stay. The motion to dismiss and the case remain pending.

In the Matter of Financial Credit Service, Inc., d/b/a Asset Recovery Associates (File No. 2019-BCFP-0009) (not a credit union or depository institution). On August 28, 2019, the Bureau issued a consent order against Asset Recovery Associates (ARA), a debt-collection company headquartered in Illinois. ARA, also known as Financial Credit Service, Inc., collects debts from consumers throughout the United States. The Bureau found that ARA violated the FDCPA by threatening to sue or arrest consumers even though it did not intend to take such action, falsely representing to consumers that company employees were attorneys, threatening to garnish consumers' wages or place liens on their homes even though it did not intend to do so, and representing that consumers' credit reports would be negatively affected if they did not pay, even though ARA does not report consumer debts to credit-reporting agencies. The Bureau found that these false statements were also deceptive, in violation of the Consumer Financial Protection Act of 2010 (CFPA). Under the terms of the consent order, ARA will pay at least \$36,800 in restitution to affected consumers and a \$200,000 civil money penalty to the Bureau. The consent order also prohibits ARA from continuing to engage in this conduct and requires ARA to record calls with consumers to help ensure collectors do not make false statements in the future.

In the Matter of Maxitransfers Corporation (File No. 2019-BCFP-0008) (not a credit union or depository institution). On August 27, 2019, the Bureau issued a consent order against Maxitransfers Corporation (Maxi), which provides remittance transfer services that allow consumers to send money overseas electronically. From October 2013 until May 2017, Maxi sent approximately 14.5 million remittance transfers for consumers in the U.S. The Bureau found that Maxi violated the Electronic Fund Transfer Act (EFTA) and the Remittance Rule by using inaccurate language in certain required disclosures, failing to provide other required disclosures altogether, and not maintaining all the required error resolution policies and procedures. The Bureau also found that Maxi violated the CFPA by stating to consumers that it was not responsible for errors made by its third-party payment agents when in fact under the Remittance Transfer Rule a provider is liable for any violation by an agent when such agent acts for the provider. The consent order requires Maxi to pay a civil money penalty of \$500,000 and prohibits Maxi from stating that it is not responsible for the acts of its agents. The consent order also requires Maxi to take steps to improve its compliance management to prevent future violations of the CFPA, EFTA, and the Remittance Transfer Rule.

Bureau of Consumer Financial Protection v. Andrew Gamber, Voyager Financial Group, LLC, BAIC, Inc., SoBell Corp (E.D. Ark. No. 4:19-cv-00565-BSM). On August 14, 2019, the Bureau filed a proposed stipulated judgment with Andrew Gamber, Voyager Financial Group, LLC, BAIC, Inc., and SoBell Corp., which the court entered on September 4, 2019. The companies were brokers of contracts offering high-interest credit to veterans and other consumers and were owned and operated by Gamber. The Bureau alleged that Gamber and his companies misrepresented to consumers that the contracts the companies facilitate are valid and enforceable when, in fact, they are void under federal and state law; misrepresented to consumers that the product is a sale of payments and not a high-interest credit offer; misrepresented to consumers when they will receive their funds; and failed to inform consumers of the applicable interest rate on the credit offer. The order bans the defendants from the industry and imposes a judgment for \$2.7 million in redress. Under the order, full payment of the redress judgment will be suspended upon paying \$200,000 towards redress, and upon paying \$1 for a civil money penalty to the Bureau, and \$75,000 to the State of Arkansas. The Bureau filed this complaint in coordination with the Office of the Arkansas Attorney General.

Bureau of Consumer Financial Protection v. Equifax, Inc. (N.D. Ga. No. 1:19-cv-03300-TWT). On July 22, 2019, the Bureau, the FTC, and 48 states, the District of Columbia, and Puerto Rico entered into a global settlement with Equifax that provides up to \$700 million in monetary relief

and penalties. The Bureau filed a stipulated judgment in federal district court in the Northern District of Georgia, which the court entered on July 23, 2019. The Bureau alleged that Equifax engaged in unfair and deceptive practices in connection with the 2017 data breach of Equifax's systems, which impacted approximately 147 million consumers. The settlement with the Bureau provides up to \$425 million in monetary relief to consumers, a \$100 million civil money penalty, and other relief.

Bureau of Consumer Financial Protection v. Student CU Connect CUSO, LLC (S.D. Ind. No. 1:19-cv-02397-JRS-DLP). On June 14, 2019, the Bureau filed a complaint against Student CU Connect CUSO, LLC (CUSO) along with a proposed stipulated judgment, which the court entered on June 20, 2019. CUSO was set up to hold and manage private loans for students at ITT Technical Institute. The Bureau alleged that CUSO provided substantial assistance to ITT Educational Services, Inc. (ITT) in engaging in unfair acts and practices. Under the terms of the stipulated judgment, CUSO must stop collecting on all outstanding CUSO loans, discharge all outstanding CUSO loans, and ask all consumer reporting agencies to which CUSO furnished information to delete tradelines relating to CUSO loans. The order also requires CUSO to provide notice to all consumers with outstanding CUSO loans that their debt has been discharged and is no longer owed and that CUSO is seeking to have the relevant tradelines deleted. The total amount of loan forgiveness is estimated to be \$168 million. Forty-four states plus the District of Columbia have also settled with CUSO.

In the Matter of Freedom Mortgage Corporation (File No. 2019-BCFP-0007) (not a credit union or depository institution). On June 5, 2019, the Bureau issued a consent order against Freedom Mortgage Corporation (Freedom), which has its principal place of business in Mount Laurel, New Jersey. The Bureau found that Freedom violated the HMDA and Regulation C by submitting mortgage-loan data for 2014 to 2017 that contained errors. The Bureau found that Freedom reported inaccurate race, ethnicity, and sex information and that much of Freedom's loan officers' recording of this incorrect information was intentional. The consent order requires Freedom to pay a civil money penalty of \$1.75 million and take steps to improve its compliance management to prevent future violations.

In the Matter of Servis One, Inc., d/b/a BSI Financial Services (File No. 2019-BCFP-0006) (not a credit union or depository institution). On May 29, 2019, the Bureau issued a consent order against BSI Financial Services (BSI), a mortgage servicer headquartered in Irving, Texas. The Bureau found that BSI violated the CFPA, Real Estate Settlement Procedures Act (RESPA), and

TILA by handling mortgage servicing transfers with incomplete or inaccurate loss mitigation and escrow information; inadequately overseeing service providers; failing to promptly enter interest rate adjustment loan data for adjustable rate mortgage loans into its servicing system; and maintaining an inadequate document management system. The consent order requires BSI to pay a civil money penalty of \$200,000 and restitution estimated to be at least \$36,500. BSI must also establish and maintain a comprehensive data integrity program to ensure the accuracy, integrity, and completeness of the data for loans that it services and implement an information technology plan to ensure its systems comply with Federal consumer financial laws.

*Bureau of Consumer Financial Protection v. Forster & Garbus, LLP* (E.D.N.Y. No. 2:19-cv-02928). On May 17, 2019, the Bureau filed a complaint in the federal district court in the Eastern District of New York against Forster & Garbus, LLP, a New York debt-collection law firm. The Bureau alleges that Forster & Garbus violated the FDCPA by representing to consumers that attorneys were behind its lawsuits when, in fact, attorneys were not meaningfully involved in preparing or filing them. The Bureau also alleges that Forster & Garbus violated the CFPA's prohibition against deceptive acts and practices by making such representations to consumers through its lawsuits. The Bureau seeks an injunction against Forster & Garbus, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of a civil money penalty. After holding an initial status conference on September 23, 2019, the court stayed discovery. The case remains pending.

*Bureau of Consumer Financial Protection v. Progrexion Marketing, Inc.; PGX Holdings, Inc.; Progrexion Teleservices, Inc.; eFolks, LLC; CreditRepair.com, Inc.; John C. Heath, Attorney at Law, PLLC, d/b/a/ Lexington Law* (D. Utah No. 2:19-cv-00298-DBP). On May 2, 2019, the Bureau filed a complaint against PGX Holdings, Inc. and its subsidiaries (collectively, Progrexion) and against John C. Heath, Attorney at Law PLLC, which does business as Lexington Law, in the federal district court in the District of Utah. The Bureau alleges the defendants violated the TSR by requesting and receiving payment of prohibited upfront fees for their credit repair services. The Bureau also alleges that Progrexion and its subsidiaries violated the TSR and the CFPA by making deceptive representations in its marketing, or by substantially assisting others in doing so. The Bureau seeks an injunction, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of civil money penalties. Defendants filed a motion to dismiss on July 19, 2019, which the court denied on February 18, 2020. The parties are currently engaged in discovery. The case remains pending.

In the Matter of Conduent Education Services, LLC (File No. 2019-BCFP-0005) (not a credit union or depository institution). On May 1, 2019 the Bureau issued a consent order against Conduent Education Services, LLC (CES), a student loan servicing company that formerly operated under the name of ACS Education Services. CES is in the process of winding down its business. The Bureau found that CES engaged in unfair practices in violation of the CFPB by failing to adjust in a timely manner principal balances of student loans made under the Federal Family Education Loan Program. The consent order requires that CES, if it has not already done so, make proper adjustments to the principal balances of the relevant loans or otherwise make restitution to borrowers or any third parties who paid off such loans. The order also requires CES to pay a \$3.9 million civil money penalty.

Bureau of Consumer Financial Protection v. Future Income Payments, LLC, et al. (C.D. Cal. No. 8:18-cv-01654). On September 13, 2018, the Bureau filed a complaint against Future Income Payments, LLC, Scott Kohn, and several related entities. The Bureau alleged that defendants represented to consumers that their pension-advance products were not loans, were not subject to interest rates, and were comparable in cost to, or cheaper than, credit-card debt when, in actuality, the pension-advance products were loans, and were subject to interest rates that were substantially higher than credit-card interest rates. The Bureau also alleged that the defendants failed to disclose a measure of the cost of credit, expressed as a yearly rate, for its loans. Among other relief, the Bureau sought compensation for harmed consumers, civil money penalties, and injunctive relief. The defendants waived service of the Bureau's complaint but failed to answer or otherwise respond to it. The Bureau obtained a clerk's entry of default in December 2018, and in August 2019, the Bureau moved for entry of default judgment against all defendants, appointment of a receiver, and to transfer the action to the District of South Carolina. On October 17, 2019, the court transferred the matter to the District of South Carolina. The remaining motions and the case remain pending.

Consumer Financial Protection Bureau v. Think Finance, LLC f/k/a Think Finance, Inc., et al. (D. Mont. No. 17-cv-0127); In re Think Finance, LLC, et al., (Bankr. N.D. Tex. No. 17-33964). On November 15, 2017, the Bureau filed a complaint against Think Finance and its wholly owned subsidiaries (Think Finance Entities). The Bureau alleged that they collect debts that were not legally owed. Specifically, the Bureau alleged that Think Finance collects on loans that are void ab initio under state laws governing interest rate caps or the licensing of lenders in seventeen states. The Bureau alleged that Think Finance made deceptive demands and took money from consumers' bank accounts for debts that were not legally owed, in violation of federal law. On April 24, 2018,

the defendants filed a motion to dismiss, which the court denied on August 3, 2018. Defendants filed an answer on August 31, 2018. The Bureau also filed a proof of claim in the Think Finance bankruptcy case. On February 5, 2020, the Bureau filed a proposed stipulated final consent order against the Think Finance Entities, which the court entered on February 6, 2020. Among other things, the order prohibits the Think Finance Entities from offering or collecting on loans to consumers in any of the seventeen states if the loan violates state lending laws or assisting others in engaging in that conduct. The order also imposes a \$1 civil money penalty for each of the seven Think Finance Entities. The Bureau's consent order is a component of the global resolution of the Think Finance Entities' bankruptcy proceeding, which includes settlements with the Pennsylvania Attorney General's Office and private litigants in a nationwide consumer class action. Consumer redress will be disbursed from a fund created as part of the global resolution, which is anticipated to have over \$39 million for distribution to consumers and may increase over time as a result of ongoing, related litigation and settlements.

Consumer Financial Protection Bureau v. Freedom Debt Relief, LLC and Andrew Housser (N.D. Cal. No. 17-cv-6484). On November 8, 2017, the Bureau filed a complaint against Freedom Debt Relief, the nation's largest debt-settlement services provider, and its co-CEO Andrew Housser. The Bureau alleged that Freedom Debt Relief violated the TSR by charging advance fees and failing to inform consumers of their rights to funds they deposited with the company. The Bureau also alleged that Freedom Debt Relief violated the CFPB by charging consumers without settling their debts as promised, charging consumers after having them negotiate their own settlements with creditors, and misleading consumers about the company's fees and its ability to negotiate directly with all a consumer's creditors. On July 9, 2019, the Bureau filed a stipulated final judgment, which the court entered on the same day. The judgment requires Freedom Debt Relief to pay \$20 million in restitution to affected consumers and a \$5 million civil money penalty and enjoins it from engaging in this conduct in the future. The company also agreed to a consent order with the FDIC. The Bureau will remit \$493,500 of the \$5 million civil penalty it assessed considering the penalty that the company was ordered to pay the FDIC.

Consumer Financial Protection Bureau v. The National Collegiate Master Student Loan Trust, et al. (D. Del. No. 17-cv-1323). On September 18, 2017, the Bureau filed a complaint and proposed consent judgment against several National Collegiate Student Loan Trusts (collectively, "NCSLT"). The Bureau alleges that NCSLT brought debt collection lawsuits for private student loan debt that the companies could not prove was owed or was too old to sue over; that they filed false and misleading affidavits or provided false and misleading testimony; and that they falsely claimed that

affidavits were sworn before a notary. The proposed consent judgment against the NCSLT would require an independent audit of all 800,000 student loans in the NCSLT portfolio. It would also prohibit the NCSLT, and any company it hires, from attempting to collect, reporting negative credit information, or filing lawsuits on any loan the audit shows is unverified or invalid. In addition, it would require the NCSLT to pay at least \$19.1 million, which would include redress to consumers, disgorgement, and a civil money penalty. Soon after the Bureau's filing, several entities moved to intervene to object to the proposed consent judgment. The judge granted the intervention motions and allowed the parties to engage in discovery. The parties are currently briefing threshold issues identified by the Court. The case remains pending.

*Consumer Financial Protection Bureau v. Ocwen Financial Corporation, Ocwen Mortgage Servicing, Inc., and Ocwen Loan Servicing, LLC* (S.D. Fla. No. 17-cv-90495). On April 20, 2017, the Bureau filed a complaint against mortgage loan servicer Ocwen Financial Corporation and its subsidiaries. The Bureau alleges that they used inaccurate and incomplete information to service loans, misrepresented to borrowers that their loans had certain amounts due, illegally foreclosed on homeowners that were performing on agreements on loss mitigation options, enrolled and charged consumers for add-on products without their consent, failed to adequately investigate and respond to borrower complaints, and engaged in other conduct in violation of the CFPA, TILA, FDCPA, RESPA, and Homeowners Protection Act (HPA). On June 23, 2017, Ocwen moved to dismiss. On September 5, 2019 the Court ruled on the motion to dismiss, rejecting the majority of Ocwen's arguments but requiring the Bureau to re-plead its allegations, which the Bureau did. The case was partially consolidated with a related case against Ocwen brought by the Office of the Attorney General and Office of Financial Regulation for the State of Florida. The case remains pending.

*Consumer Financial Protection Bureau v. RD Legal Funding, LLC, RD Legal Finance, LLC, and RD Legal Funding Partners, LP, and Roni Dersovitz* (S.D.N.Y. No. 1:17-cv-0890). On February 7, 2017, the Bureau and the New York Attorney General filed a complaint against RD Legal Funding, LLC, two related entities, and the companies' founder and owner, Roni Dersovitz. The Bureau alleges that they made misrepresentations to potential borrowers and engaged in abusive practices in connection with cash advances on settlement payouts from victim-compensation funds and lawsuit settlements. The lawsuit seeks monetary relief, disgorgement, and civil money penalties. On May 15, 2017, the defendants filed a motion to dismiss the Bureau's complaint, which the Bureau opposed. On June 21, 2018, the court issued an opinion concluding that the defendants are subject to the CFPA's prohibitions and that the complaint properly pleaded claims against all of them. The

court held, however that the for-cause removal provision that applies to the Bureau's Director violates the constitutional separation of powers and cannot be severed from the remainder of Title X of the Dodd-Frank Act. Based on that conclusion, the court ultimately dismissed the entire case. The parties' appeals are now pending before the United States Court of Appeals for the Second Circuit.

*Consumer Financial Protection Bureau v. Navient Corporation, Navient Solutions, Inc., and Pioneer Credit Recovery, Inc.* (M.D. Pa. No. 17-cv-0101). On January 18, 2017, the Bureau filed a complaint against Navient Corporation and its subsidiaries, Navient Solutions, Inc., and Pioneer Credit Recovery, Inc. The Bureau alleges that Navient Solutions and Navient Corporation steered borrowers toward repayment plans that resulted in borrowers paying more than other options; misrepresented to credit reporting agencies that severely and permanently disabled borrowers who had loans discharged under a federal program had defaulted on the loans when they had not; deceived private student loan borrowers about requirements to release their co-signer from the loan; and repeatedly incorrectly applied or misallocated borrower payments to their accounts. The Bureau also alleges that Pioneer and Navient Corporation misled borrowers about the effect of rehabilitation on their credit reports and the collection fees that would be forgiven in the federal loan rehabilitation program. The Bureau seeks consumer redress and injunctive relief. On March 24, 2017, Navient moved to dismiss the complaint. On August 4, 2017, the court denied Navient's motion. On May 19, 2020, the Bureau and all three defendants moved for summary judgment and these motions are pending.

*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. No. 1:16-cv-3759). On November 21, 2016, the Bureau filed a complaint against Access Funding, LLC, Access Holding, LLC, Reliance Funding, LLC, three of the companies' principals—Lee Jundanian, Raffi Boghosian, and Michael Borkowski—and a Maryland attorney, Charles Smith. The Bureau alleges that they deceptively induced individuals to enter into settlement funding agreements, in which the individuals agreed to receive an immediate lump sum payment in exchange for significantly higher future settlement payments. The Bureau also alleges that the companies and their principals steered consumers to receive "independent advice" from Smith, who was paid directly by Access Funding and indicated to consumers that the transactions required very little scrutiny. The Bureau further alleges that Access Funding advanced money to some consumers and represented to those consumers that the advances obligated them to go forward with transactions even if they realized that the transactions were not in their best interests.

On September 13, 2017, the court granted defendants' motions to dismiss counts I–IV, arising out of Smith's conduct, on the grounds that he had attorney-client relationships with the consumers in question. The court denied the defendants' motions to dismiss the Bureau's claim relating to the advances Access Funding offered consumers. The court granted the Bureau's motion to file an amended complaint alleging Smith did not have attorney-client relationships with the consumers in question. Defendants again filed motions to dismiss, which the court denied. The defendants filed a motion for partial summary judgment, which the court denied on January 18, 2019. On May 24, 2019, the Bureau moved to modify the scheduling order and for leave to file a second amended complaint, which the court denied on November 26, 2019. On December 26, 2019, the court stayed the case pending the Supreme Court's decision in *Seila Law LLC v. Consumer Financial Protection Bureau*, No. 19-7 (cert. granted Oct. 18, 2019). The case remains pending.

*Consumer Financial Protection Bureau v. Northern Resolution Group* (W.D.N.Y. No. 16-cv-0880). On November 2, 2016, the Bureau, in partnership with the New York Attorney General, filed a complaint against debt collectors Northern Resolution Group, LLC, Douglas MacKinnon, Mark Gray, Enhanced Acquisitions, LLC, and Delray Capital, LLC. The Bureau alleged that Douglas MacKinnon and Mark Gray operated a network of companies that harass, threaten, and deceive consumers across the nation into paying inflated debts or amounts they may not owe. The defendants asserted counterclaims against the Bureau and New York, which the court dismissed on January 8, 2018. On July 25, 2019, the Bureau and New York Attorney General filed proposed settlements, which the court approved on August 22, 2019. The final judgment and order against MacKinnon, Northern Resolution Group, and Enhanced Acquisitions bans them from the industry and requires that they pay \$40 million in redress to consumers and a \$10 million civil money penalty to each of the Bureau and New York. The final judgment and order against Delray Capital and Gray bans them from the industry and imposes a judgment for redress of \$4 million, a judgment for civil money penalties of \$1 million to the Bureau, and a judgment for civil money penalties of \$1 million to the New York Attorney General; full payment of those amounts are suspended subject to those defendants paying a \$1 civil money penalty to the Bureau and \$10,000 for consumer redress.

*Consumer Financial Protection Bureau v. All American Check Cashing, Inc., Mid-State Finance, Inc., and Michael E. Gray* (S.D. Miss. No. 16-cv-0356). On May 11, 2016, the Bureau filed a complaint against two companies, All American Check Cashing, Inc. and Mid-State Finance, Inc., which offer check-cashing services and payday loans, and their president and sole owner, Michael Gray. 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 injunctive relief, restitution, and the imposition of a civil money penalty. On July 15, 2016, the court denied defendants' motion for a more definite statement. The defendants moved for judgment on the pleadings on May 24, 2017, and the Bureau moved for summary judgment on August 4, 2017. The court has not yet ruled on the Bureau's summary judgment motion. On March 21, 2018, the court denied the defendants' motion for judgment on the pleadings, and on March 26, 2018, the defendants moved to certify that denial for interlocutory appeal. The next day, the court granted the defendants' motion in part, holding that interlocutory appeal was justified with respect to defendants' constitutional challenge to the Bureau's statutory structure. On April 24, 2018, the court of appeals granted the defendants' petition for permission to appeal the district court's interlocutory order. The district court action has been stayed pending the appeal. On March 20, 2020, the Fifth Circuit held in favor of the Bureau, rejecting AACC's constitutionality challenge and then, *sua sponte*, decided to rehear the matter *en banc*. The court has yet to schedule oral argument for the rehearing.

Consumer Financial Protection Bureau v. D and D Marketing, Inc., d/b/a T3Leads, Grigor Demirchyan, and Marina Demirchyan (C.D. Cal. No. 15-cv-9692); Consumer Financial Protection Bureau v. Dmitry Fomichev (C.D. Cal. No. 16-cv-2724); and Consumer Financial Protection Bureau v. Davit Gasparyan a/k/a David Gasparyan (C.D. Cal. No. 16-cv-2725). On December 17, 2015, the Bureau filed a complaint against T3Leads and its then-current executives, Grigor Demirchyan and Marina Demirchyan. The Bureau alleged that T3 engaged in unfair and abusive acts and practices in the sale of consumer-loan applications to small-dollar lenders and others acting unlawfully, and in operating a loan-application network that prevented consumers from understanding the material risks, costs, or conditions of their loans. On April 21, 2016, the Bureau filed two separate but related complaints against the company's past executives—Dmitry Fomichev and Davit Gasparyan—that alleged that they substantially assisted T3's violations. The complaints sought monetary relief, injunctive relief, and penalties. On November 17, 2016, the court denied the defendants' motions to dismiss but found the Bureau unconstitutionally structured. The Ninth Circuit granted interlocutory appeal on that issue. On September 8, 2017, the district court entered a stipulated final judgment and order against one of the defendants, Davit Gasparyan. The order imposes injunctive relief and requires Gasparyan to pay a \$250,000 penalty. On September 29, 2017, the Ninth Circuit dismissed Gasparyan's interlocutory appeal. On March 7, 2019, after stipulation of the parties, the district court dismissed with prejudice the action against Fomichev,

and on the same day, the Ninth Circuit dismissed Fomichev's pending interlocutory appeal. On March 28, 2019, the district court entered a stipulated final judgment and order against T3 and former T3 officers, Grigor and Marina Demirchyan, imposing injunctive relief, \$1 million in damages jointly and severally against the defendants, a \$3 million civil money penalty against T3, and a \$1 penalty against each of the Demirchyans. The Ninth Circuit dismissed T3's and the Demirchyans' pending interlocutory appeals on April 1, 2019.

In the Matter of Integrity Advance, LLC and James R. Carnes (File No. 2015-CFPB-0029) (not a credit union or depository institution). On November 18, 2015, the Bureau filed a notice of charges against an online lender, Integrity Advance, LLC, and its CEO, James R. Carnes. The Bureau alleges that they deceived consumers about the cost of short-term loans and 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 the consumers revoked authorization for automatic withdrawals. The Bureau is seeking injunctive relief, restitution, and the imposition of a civil money penalty. On September 27, 2016, the Administrative Law Judge issued a Recommended Decision finding liability and recommending injunctive and monetary relief. The Recommended Decision was appealed to the Director, but further activity on that appeal was held in abeyance pending a decision in *PHH Corp. v. CFPB*, No. 15-1177 (D.C. Cir.), and, subsequently, pending a decision in *Lucia v. SEC*, No. 17-0130 (S. Ct.). Subsequent to the Supreme Court's ruling in *Lucia* that suggested that the Administrative Law Judge that presided over the proceedings in this case may have been improperly appointed, the Director remanded the case for a new hearing and recommended decision by the Bureau's Administrative Law Judge. On March 26, 2020, Respondents moved to amend their answer, to reopen the record, and to dismiss the notice of charges. The case 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. (S.D. Cal. No. 15-cv-2440). On October 29, 2015, the Bureau filed a complaint against Global Financial Support, Inc., which operates under the names Student Financial Resource Center and College Financial Advisory, and Armond Aria. The Bureau alleges that Global Financial Support, Inc., 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 them with individualized financial aid opportunities. The Bureau also alleges that consumers who paid the fee 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 complaint seeks injunctive relief, restitution, and the imposition of a civil money penalty. A stay was entered by the court on May 17, 2016, pending an ongoing criminal proceeding involving one of the defendants. The court lifted the stay on May 27, 2019, and the case remains pending.

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-1329). On August 20, 2015, the Bureau and the New York Department of Financial Services (NYDFS) filed a complaint against two companies, Pension Funding, LLC and Pension Income, LLC, and three of the companies' individual managers. The Bureau and NYDFS allege that they deceived consumers about the costs and risks of their pension-advance loans. Specifically, the Bureau and NYDFS allege 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 to the companies for eight years. The Bureau and NYDFS also allege that the individual defendants, Steven Covey, Edwin Lichtig, and Rex Hofelter, designed and marketed these loans and were responsible for the companies' operations. The Bureau and NYDFS allege that all the defendants 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 stipulated final judgment and 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 court discharged the receiver and closed the receivership on December 17, 2019.

Consumer Financial Protection Bureau v. Nationwide Biweekly Administration, Inc., et al. (N.D. Cal. No. 3:15-cv-2106). On May 11, 2015, the Bureau filed a complaint against Nationwide Biweekly Administration, Inc., Loan Payment Administration LLC, and Daniel S. Lipsky. The Bureau alleged that they engaged in abusive and deceptive acts and practices in violation of the

CFPA and the TSR regarding a mortgage payment product known as the “Interest Minimizer Program,” or IM Program. The Bureau alleged that the defendants misrepresented their affiliation with consumers’ mortgage lenders; the amount of interest savings consumers would realize, and when consumers would achieve savings on the IM Program, consumers’ ability to attain the purported savings on their own or through a low- or no-cost option offered by the consumers’ servicer; and fees for the program. The Bureau sought a permanent injunction, consumer redress, and civil money penalties. A trial was held beginning on April 24, 2017, and on September 8, 2017, the court issued an opinion and order finding that the defendants had engaged in deceptive and abusive conduct in violation of the CFPA and TSR. The court imposed a \$7.93 million civil money penalty but denied the Bureau’s request for restitution and disgorgement. On November 9, 2017, the court reduced the previous order to a judgment that included a permanent injunction forbidding defendants from engaging in specified acts or practices. The court denied defendants’ post-trial motions on March 12, 2018, and both parties have filed a notice of appeal. On January 23, 2020, the United States Court of Appeals for the Ninth Circuit held the parties’ appeals in abeyance pending the Supreme Court’s decision in *Seila Law LLC v. Consumer Financial Protection Bureau*, No. 19-7 (cert. granted Oct. 18, 2019).

*Consumer Financial Protection Bureau v. Universal Debt & Payment Solutions, LLC, et al.* (N.D. Ga. No. 15-cv-0859). On March 26, 2015, the Bureau filed a complaint against a group of seven debt collection agencies, six individual debt collectors, four payment processors, and a telephone marketing service provider alleging unlawful conduct related to a phantom debt collection operation. Phantom debt is debt consumers do not actually owe or debt that is not payable to those attempting to collect it. The Bureau alleges that the individuals, acting through a network of corporate entities, used threats and harassment to collect “phantom” debt from consumers. The Bureau alleges the defendants violated the FDCPA and the CFPA’s prohibition on unfair and deceptive acts and practices and provided substantial assistance to unfair or deceptive conduct. The Bureau is seeking permanent injunctive relief, restitution, and the imposition of a civil money penalty. On April 7, 2015, the Bureau obtained a preliminary injunction against the debt collectors that froze their assets and enjoined their unlawful conduct. On September 1, 2015, the court denied the defendants’ motion to dismiss. On August 25, 2017, the court dismissed the Bureau’s claims against the payment processors as a discovery sanction against the Bureau. On November 15, 2017, the Bureau, and two remaining defendants moved for summary judgment. On March 21, 2019, the court granted the Bureau’s motion for summary judgment on all its claims against five of the debt collector defendants, and one of its claims against two other debt collector defendants. The court denied the Bureau’s motion for summary judgment on its other claims against the latter

two debt collector defendants and denied those two defendants' motion for summary judgment against the Bureau. The court has not ruled on the Bureau's requested relief. On August 21, 2019, the court entered a stipulated final judgment and order as to two debt collector defendants. Among other things, the August 21, 2019 stipulated judgment ordered the settling defendants to transfer all of the funds in their various bank accounts in partial satisfaction of a judgment of equitable monetary relief and damages in the amount of \$633,710, which was partially suspended based on inability to pay, permanently banned the settling them from engaging in debt collection activities, and prohibited them from making certain misrepresentations. On November 15, 2019, the court entered a stipulated final judgment and order as to another debt collector defendant. Among other things, the November 15, 2019 stipulated judgment imposed a suspended judgment of equitable monetary relief and damages in the amount of \$5,261,484, ordered the settling defendant to pay a \$1 civil penalty, permanently banned him from engaging in debt collection activities, and prohibited him from making certain misrepresentations. The suspension of the judgment and the \$1 civil penalty are based on the settling defendant's inability to pay. On February 19, 2020, the court granted the Bureau's motion for contempt against three debt collector defendants for violating the court's preliminary injunction, ordered one of the defendants to pay \$100,000 into the court's registry as a sanction, and appointed a receiver to take control of various companies owned by those defendants in order to preserve asserts for consumer redress. The receiver's work is ongoing, and the case remains pending.

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. Wis. No. 3:14-cv-0513). On July 22, 2014, the Bureau filed a complaint against The Mortgage Law Group, LLP (TMLG), the Consumer First Legal Group, LLC (CFLG), and attorneys Thomas Macey, Jeffrey Aleman, Jason Searns, and Harold Stafford. The Bureau brought suit alleging that the defendants violated Regulation O, formerly known as the Mortgage Assistance Relief Services 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 directing consumers not to contact lenders, and by making deceptive statements to consumers when providing mortgage assistance relief services. A trial was held in April 2017. On June 21, 2017, the district court entered a stipulated judgment against the bankruptcy estate of TMLG, which sought Chapter 7 bankruptcy. The court enjoined TMLG from operating and ordered TMLG to pay \$18,331,737 in redress and \$20,815,000 in civil money penalties. On May 29, 2018, the Bureau filed an unopposed motion to increase the redress amount ordered by the court to \$18,716,725.78, based on newly discovered information

about additional advance fees paid by consumers. On November 15, 2018, the court issued an opinion and order ruling that certain defendants violated Regulation O by taking upfront fees, by failing to make required disclosures, by directing consumers not to contact their lenders, and by making deceptive statements. The court directed that the parties submit briefs addressing what damages, injunctive relief, and civil money penalties, if any, should be awarded. On November 4, 2019, the court issued an opinion and order against the remaining defendants, imposing a total of \$21,709,022 in restitution (\$18.7 million of which TMLG is also jointly and severally liable for) and \$37,294,250 in civil money penalties. These defendants were also permanently enjoined from marketing or selling any mortgage assistance relief or debt relief products or services. Defendants filed an appeal with the Seventh Circuit on December 4, 2019, which remains pending.

*Consumer Financial Protection Bureau v. ITT Educational Services, Inc.* (S.D. Ind. No. 14-cv-0292). On January 6, 2014, the Bureau filed a complaint against for-profit college chain ITT Educational Services, Inc. The Bureau 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 Bureau 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, on which ITT knew students were likely to default. In September of 2016, ITT closed all its schools and filed for bankruptcy. On September 8, 2017, the court entered an order administratively closing the case without prejudice to the right of either party to move to reopen it within sixty days of the approval of a settlement by the bankruptcy court overseeing ITT’s Chapter 7 case. On August 12, 2019, the Bureau filed a stipulated final judgment and order, which the court entered on August 16, 2019, to resolve the matter. The judgment and order, among other things, includes a judgment against ITT for \$60 million and an injunction prohibiting ITT from offering or providing student loans in the future.

*Consumer Financial Protection Bureau v. CashCall, Inc., et al.* (C.D. Cal. No. 15-cv-7522). On December 16, 2013, the Bureau filed a complaint against online lender CashCall Inc., its owner, a subsidiary, and an affiliate. The Bureau alleged that they violated the CFPA’s prohibition against unfair, deceptive, and abusive acts and practices by 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. The Bureau alleges that CashCall

serviced loans it made in the name of an entity, Western Sky, which was located on the Cheyenne River Sioux Tribe's land. On August 31, 2016, the court granted the Bureau's motion for partial summary judgment, concluding that CashCall was the true lender on the Western Sky loans. Based in part on that finding, the court concluded that the choice-of-law provision in the loan agreements was not enforceable, found that the law of the borrowers' states applied, and that the loans were void. Because the loans were void, the court found that the defendants engaged in deceptive acts or practices by demanding and collecting payment on debts that consumers did not owe. A trial was held from October 17 to 18, 2017, on the issue of appropriate relief. On January 19, 2018, the court issued findings of fact and conclusions of law imposing a \$10.28 million civil money penalty but denying the Bureau's request for restitution and an injunction. The parties' appeals remain pending before the United States Court of Appeals for the Ninth Circuit; oral argument was heard on September 9, 2019.

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

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 three issues of *Supervisory Highlights* between April 1, 2019, through March 31, 2020.<sup>138</sup>

All public enforcement actions are listed in Section 5.2 of this Report. Those actions taken with respect to covered persons which are not credit unions or depository institutions are noted within the summary of the action.

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<sup>138</sup> Winter 2020, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-21\\_2020-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-21_2020-02.pdf); Consumer Reporting Special Edition, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-20\\_122019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-20_122019.pdf); Summer 2019, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-19\\_092019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-19_092019.pdf).

## 7. Assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law<sup>139</sup>

For purposes of the Section 1016(c)(7) reporting requirement, the Bureau 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 actions asserting Dodd-Frank Act claims that were initiated during the April 1, 2019, through March 31, 2020, reporting period.

*Commonwealth of Puerto Rico v. Equifax, Inc.*, No. 3:18-cv-01424 (D.P.R. Apr. 2, 2019). On April 2, 2019, the Attorney General of Puerto Rico filed an amended complaint against Equifax, Inc. The complaint alleged that Equifax, Inc. engaged in deceptive acts or practices in violation of the CFPA, 12 U.S.C. 5531(a). The complaint also asserted that Equifax, Inc. acted negligently, in violation of common law and state law, and violated Puerto Rico’s state consumer protection law. Puerto Rico voluntarily dismissed its complaint with prejudice on July 25, 2019.

*People of the State of New York v. Vision Property Management, LLC; KAJA Holdings 2, LLC; RVFM 11 Series, LLC; DSV SPV 1, LLC; DSV SPV 2, LLC; DSV SPV3, LLC; Alan Investments III, LLC; Alex Szkaradek; and John Dows 1-50*, No. 19-CV-7191 (S.D.N.Y. Aug. 1, 2019). On August 1, 2019, the New York Attorney General and New York Superintendent of Financial Services filed a complaint against Vision Property Management, LLC (Vision), various affiliated companies, and Alex Szkaradek, Vision’s Chief Executive Officer and Managing Member. The complaint alleges

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<sup>139</sup> State action summaries are current as of March 31, 2020, and do not include activities that occurred after the reporting period.

that the parties engaged in illegal practices in the course of entering into seller-financed purchase transactions with consumers in upstate New York. These practices allegedly violated the CFPA, 12 U.S.C. 5531(a); TILA, 12 U.S.C. 1638; TILA's implementing regulation, Regulation Z, 12 C.F.R. 1026 *et seq.*; and New York state law. On January 14, 2020, the court entered a consent order against defendants in the amount of \$3.76 million.

People of the State of New York v. Pennsylvania Higher Education Assistance Agency, d/b/a FedLoan Servicing and American Education Services, No. 19-CV-9155 (S.D.N.Y. Oct. 3, 2019). On October 3, 2019, the New York Attorney General filed a complaint against Pennsylvania Higher Education Assistance Agency, d/b/a FedLoan Servicing (PHEAA) and American Education Services. The complaint alleges that defendants engaged in illegal practices related to the Public Service Loan Forgiveness (PSLF) program and income-driven repayment (IDR) options offered in the course of servicing federal student loans. These practices allegedly violated the CFPA, 12 U.S.C. § 5531(a) and New York state law.

Dana Nessel, Attorney General of the State of Michigan v. Huggy Larmar Price, in his official capacity as President/CEO of Sierra Financial, LLC d/b/a Sierra Lending, LLC, and/or Sierra Financial, and/or Tall Grass Finance and Virgil Perez, in his official capacity as Tribal Chairman of the Iipay Nation of Santa Ysabel, No. 19-CV-13078 (E.D.Mich. Oct. 18, 2019). On October 19, 2019, the Michigan Attorney General filed a complaint against Sierra Financial L.L.C. (Sierra) and the Tribal Chairman of the Iipay Nation of Santa Ysabel. The complaint alleged that defendants violated the CFPA in the course of offering, approving, and deducting payments for Sierra's loan products. The complaint also alleged the defendants violated Michigan's usury laws and that their conduct constitutes a common-law nuisance. On March 6, 2020, the Attorney General dismissed the complaint after defendants agreed to an Assurance of Voluntary Compliance.

# 8. Analysis of the efforts of the Bureau to fulfill the fair lending mission of the Bureau

This Semi-Annual Report update is focused on highlights from the Bureau's fair lending enforcement<sup>140</sup> and rulemaking<sup>141</sup> activities from April 1, 2019, through March 31, 2020, and continued efforts to fulfill the fair lending mission of the Bureau through supervision, interagency coordination, and outreach, from October 1, 2019, through March 31, 2020.<sup>142</sup>

## 8.1 Fair lending supervision

The Bureau'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. As a result of the Bureau's efforts to fulfill its fair lending mission in this reporting period, the Bureau's Fair Lending Supervision program initiated 14 supervisory events at financial services institutions under the Bureau's jurisdiction to determine compliance with federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities, including the ECOA and HMDA.

For exam reports issued by Supervision during the reporting period, the most frequently cited violations were:

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<sup>140</sup> *Dodd-Frank Act § 1016(c)(5).*

<sup>141</sup> *Dodd-Frank Act § 1016(c)(3). The Bureau's fair lending rulemaking activity pertaining to HMDA and Regulation C is discussed above in Section 3.*

<sup>142</sup> *Dodd-Frank Act § 1016(c)(8).*

- Section 1002.12(b)(1)(i): Failure to create and preserve records and other documents required by the regulation.
- Section 1003.4(a): Failure by a financial institution to collect and accurately report data regarding applications for [covered loans](#) that it receives, originates, or purchases in a calendar year, or, failure to collect and accurately report data regarding certain requests under a preapproval program in a calendar year.

In the current reporting period, the Bureau initiated 14 supervisory events, which is two fewer than the 16 fair lending supervisory events initiated during the prior reporting period. In the current reporting period, the Bureau issued more matters requiring attention (MRAs) or memoranda of understanding (MOUs) than in the prior period. MRAs and MOUs direct entities to take corrective actions and are monitored by the Bureau through follow-up supervisory events.

Consistent with BCFP Bulletin 2018-01,<sup>143</sup> the Bureau issues Supervisory Recommendations (SRs) to address the Bureau's supervisory concerns related to financial institutions' compliance management systems. SRs do not include provisions for periodic reporting nor expected timelines for implementation. During the current reporting period, the Bureau provided SRs pertaining to supervisory concerns related to weak or nonexistent fair lending policies and procedures, risk assessments, fair lending training, service provider oversight and/or consumer complaint response.

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<sup>143</sup> [https://files.consumerfinance.gov/f/documents/bcfp\\_bulletin-2018-01\\_changes-to-supervisory-communications.pdf](https://files.consumerfinance.gov/f/documents/bcfp_bulletin-2018-01_changes-to-supervisory-communications.pdf).

## 8.2 Fair lending enforcement<sup>144</sup>

The Bureau has the statutory authority to bring actions to enforce the requirements of HMDA and ECOA. In this regard, the Bureau has the authority to engage in research, conduct investigations, file administrative complaints, hold hearings, and adjudicate claims through the Bureau's administrative enforcement process. The Bureau also has independent litigating authority and can file cases in federal or state court alleging violations of fair lending laws under the Bureau's jurisdiction. Like other federal bank regulators, the Bureau is required to refer matters to the U.S. Department of Justice (DOJ) when it has reason to believe that a creditor has engaged in a pattern or practice of lending discrimination.<sup>145</sup>

During the reporting period, the Bureau filed one fair lending public enforcement action: In the Matter of Freedom Mortgage Corporation (File No. 2019-BCFP-0007).<sup>146</sup> In addition, during this reporting period,<sup>147</sup> the Bureau referred four matters to the DOJ about discrimination pursuant to Section 706(g) of the ECOA. The referrals involved redlining in mortgage origination based on race and/or national origin, discrimination in mortgage origination based on receipt of public assistance income, and discrimination in auto origination based on race and national origin.

During the reporting period, the Bureau also continued to enforce federal fair lending laws, including ECOA and HMDA. The Bureau has a number of ongoing and newly opened fair lending investigations of institutions.

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<sup>144</sup> 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 October 1 2018, through September 30, 2019, for this report.

<sup>145</sup> See 15 U.S.C. § 1691e(h).

<sup>146</sup> See *supra* Section 5.2.

<sup>147</sup> October 1, 2018, through September 30, 2019.

## 8.3 Fair lending outreach

The Bureau is committed to hearing from and communicating directly with stakeholders in a variety of ways. The Bureau regularly engages in outreach through [consumerfinance.gov](https://www.consumerfinance.gov), internal stakeholders, private industry, fair lending, civil rights and consumer and community advocates, academia, and other government agencies and regulators to: (1) educate them about fair lending compliance and access to credit issues and (2) hear their views on the Bureau's work to inform policy decisions.

Outreach is accomplished through numerous channels, such as issuing compliance bulletins and statements targeted to industry; publishing press releases, blog posts,<sup>148</sup> brochures and reports regarding fair lending issues; delivering speeches, webinars, and presentations addressing fair lending and access to credit issues; and participating in smaller meetings and discussions with external stakeholders, including Federal and State regulators and agencies. During the reporting period, Bureau staff participated in 47 outreach events for fair lending and access to credit issues. In these events, staff worked directly with stakeholders and shared information on fair lending priorities and emerging issues. The Bureau also heard feedback on fair lending issues and how innovation can promote fair, equitable, and nondiscriminatory access to credit while considering potential fair lending risks. Some examples of the topics covered include: fair lending supervision and enforcement priorities, innovations in lending, HMDA and Regulation C, small business lending, the Bureau's RFI, access to credit for consumers with limited English proficiency,

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<sup>148</sup> Additional activity has occurred with this matter since the end of this reporting period. On April 27, 2020, the Bureau's Office of Fair Lending, in conjunction with the Office of Women and Minority Inclusion and Small Business Lending Markets published a blog post related to COVID-19 regarding to access to credit for minority and women owned businesses. Patrice Alexander Ficklin, Grady Hedgespeth, Lora McCray, Consumer Fin. Prot. Bureau, *The importance of fair and equitable access to credit for minority and women-owned businesses* (Apr. 27, 2020). More information can be found here: <https://www.consumerfinance.gov/about-us/blog/fair-equitable-access-credit-minority-women-owned-businesses>.

providing adverse action notices when using machine learning models, and the use of alternative data in credit underwriting.

### 8.3.1 Statement on alternative data in credit underwriting

In December 2019, the Bureau, the FRB, FDIC, OCC, and NCUA (collectively “the agencies”) issued a joint statement on the use of alternative data in underwriting by banks, credit unions, and non-bank financial firms.<sup>149</sup>

The purpose of the statement was to provide guidance on the use of alternative data in underwriting and, to the extent firms are using or contemplating using alternative data, to encourage responsible use of such data.

Alternative data includes information not typically found in consumers’ credit reports or customarily provided by consumers when applying for credit. Alternative data may include cashflow data derived from consumers’ bank account records.

The statement further explains that a well-designed compliance management program provides for a thorough analysis of relevant consumer protection laws and regulations to ensure firms understand the opportunities, risks, and compliance requirements before using alternative data. As reflected in the statement, the agencies recognize that use of alternative data in a manner consistent with applicable consumer protection laws may improve the speed and accuracy of credit decisions and may help firms evaluate the creditworthiness of consumers who currently may not obtain credit in the mainstream credit system. Additionally, the agencies acknowledge that using alternative data may enable consumers to obtain access to additional products and/or more favorable pricing/terms.

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<sup>149</sup> *Consumer Fin. Prot. Bureau, Federal Regulators Issue Joint Statement on the Use of Alternative Data in Credit Underwriting (Dec. 3, 2019)*, <https://www.consumerfinance.gov/about-us/newsroom/federal-regulators-issue-joint-statement-use-alternative-data-credit-underwriting/>.

### 8.3.2 Tech sprints request for information

In September 2019, the Bureau, through a collaboration between the Offices of Innovation, Technology and Innovation, and Fair Lending and Equal Opportunity, issued an RFI<sup>150</sup> seeking comments and information to identify opportunities to utilize Tech Sprints to encourage regulatory innovation.<sup>151</sup>

The comment period closed on November 8, 2019, and the Bureau received 19 comments in response to its RFI. The feedback identified an interest in organizing Tech Sprints in a variety of areas including HMDA, supervision data sharing and submission, automated compliance, third-party technology providers/bank-fintech partnerships, consumer disclosures, and regulations.

The information provided will help the Bureau identify how stakeholders can work together to create a regulatory environment (1) that allows flexible, efficient, and effective innovation to flourish; (2) where new and/or emerging risks can be identified and managed effectively; and (3) where consumers have the appropriate level of protection and suitable access to the benefits of technological advancement.

## 8.4 Fair lending coordination

The Bureau's fair lending activity involves regular coordination with other federal and state regulatory and enforcement partners. During the reporting period, the Bureau coordinated its fair lending regulatory, supervisory, and enforcement activities with those of other federal agencies and state regulators to promote consistent, efficient, and effective enforcement of federal fair lending laws. This interagency engagement seeks to address current and emerging fair lending risks.

The Bureau, along with the FTC, HUD, FDIC, FRB, NCUA, OCC, DOJ, and FHFA, comprise the Interagency Task Force on Fair Lending. Currently, the Bureau chairs the Task Force, which meets

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<sup>150</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_rfi\\_tech-sprints.pdf](https://files.consumerfinance.gov/f/documents/cfpb_rfi_tech-sprints.pdf).

regularly to discuss fair lending enforcement efforts, share current methods of conducting supervisory and enforcement fair lending activities, and coordinate fair lending policies.

The Bureau also participates in the Interagency Working Group on Fair Lending Enforcement, a standing working group of federal agencies—with the DOJ, HUD, and FTC—that meets regularly to discuss issues relating to fair lending enforcement. The agencies use these meetings to also discuss fair lending developments and trends, methodologies for evaluating fair lending risks and violations, and coordination of fair lending enforcement efforts. In addition to these interagency working groups, the Bureau meets periodically and on an ad hoc basis with DOJ, HUD, and prudential regulators to coordinate the Bureau’s fair lending work.

During the reporting period, the Bureau also chaired the FFIEC HMDA/Community Reinvestment Act Data Collection Subcommittee, a subcommittee of the FFIEC Task Force on Consumer Compliance (Task Force), that oversees FFIEC projects and programs involving HMDA data collection and dissemination, the preparation of the annual FFIEC budget for processing services, and the development and implementation of other related HMDA processing projects as directed by the Task Force.

## 9. Analysis of the efforts of the Bureau to increase workforce and contracting diversity consistent with the procedures established by the Office of Minority and Women Inclusion (OMWI).

During the reporting period, CFPB continued its work to advance diversity and inclusion under the mandates of Section 342 of the Dodd-Frank Act.

The Bureau published its 2019 Annual Report of OMWI activities to Congress on March 31, 2020.<sup>152</sup>

The Bureau continued to execute the objectives and strategies outlined in the Diversity and Inclusion Strategic Plan FY 2019–2022<sup>153</sup> which complements the Bureau’s overall Strategic Plan FY 2018–2022.<sup>154</sup>

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<sup>152</sup> <https://www.consumerfinance.gov/data-research/research-reports/fy-2019-office-minority-and-women-inclusion-annual-report-congress/>.

<sup>153</sup> <https://www.consumerfinance.gov/data-research/research-reports/cfpb-diversity-and-inclusion-strategic-plan-update-2019-2022/>.

<sup>154</sup> <https://www.consumerfinance.gov/about-us/budget-strategy/strategic-plan/>.

Specifically, Objective 3.2 of the Bureau’s Strategic Plan commits the Bureau to “maintain a talented, diverse, inclusive and engaged workforce.” The plan requires the Bureau to achieve this objective with specific strategies, which are:

- Establish and maintain human capital policies and programs to help the Agency effectively and efficiently manage a talented, diverse, and inclusive workforce.
- Offer learning and development opportunities that foster a climate of professional growth and continuous improvement.
- Develop human capital processes, tools, and technologies that continue to support the maturation of the Bureau and the effectiveness of human resource operations.
- Build a positive work environment that engages employees and enables them to continue doing their best work.
- Maintain comprehensive equal employment opportunity compliance and diversity and inclusion programs, including those focused on minority and women inclusion.

## 9.1 Increasing workforce diversity

As of March 2020, an analysis of the Bureau’s current workforce reveals the following key points:

- Women represent 50 percent of the Bureau’s workforce in 2020<sup>155</sup> with a one percent increase from FY 2019.<sup>156</sup>
- Minorities (Hispanic, Black, Asian, Native Hawaiian/Other Pacific Islander, American Indian/Alaska Native, and employees of two or more races) represent 40 percent of the Bureau workforce in 2020.

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<sup>155</sup> October 1, 2019–March 31, 2020.

<sup>156</sup> October 1, 2018–March 31, 2019.

- As of March 31, 2020, 13.2 percent of Bureau employees on permanent appointments identified as individuals with a disability. Of the permanent workforce, 3.3 percent of employees identified as individuals with a targeted disability. As a result, the Bureau continues to exceed the 12 percent workforce goals for employees with disabilities and two percent for employees with targeted disabilities in both salary categories as required in the Equal Employment Opportunity Commission’s (EEOC) Section 501 regulations.

The Bureau engages in the following activities to increase workforce diversity:

- Staffing:
  - The Bureau continues to enhance diversity by recruiting, hiring, and retaining highly qualified individuals from diverse backgrounds to fill positions at the Bureau.
  - The Bureau had 42 new hires which included 24 (57.1 percent) women and 12 (28.6 percent) minorities.
  - The Bureau collaborated with the OCC, NCUA, and the D.C. Department of Employment Services in planning the Bureau’s participation in the six-week High School Scholars Internship Program (HSSIP).<sup>157</sup>
  - The Bureau also utilized other professional development programs, and recruitment efforts directed to reach veterans and applicants with disabilities to assist in the Bureau’s workforce needs.
- Workforce engagement:
  - To promote an inclusive work environment, the Bureau focuses on strong engagement with employees and utilizes an integrated approach of education, training, and engagement programs that ensures diversity and inclusion and non-discrimination concepts are part of the learning curriculum and work

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<sup>157</sup> *The High School Scholars Internship Program (HSSIP) will be conducted virtually in June 2020.*

environment. Employee resource groups, cultural education programs, and diversity and inclusion training are key components of this effort.

## 9.2 Increasing contracting diversity

In addition to the mandates in Section 342(b)(2)(B) of the Dodd-Frank Act, Section 2.4 of the Bureau's Diversity and Inclusion Strategic Plan describes the efforts the Bureau takes to increase contracting opportunities for diverse businesses including Minority-owned and Women-owned Businesses (MWOB). The Bureau's OMWI and Procurement offices collectively work to increase procurement opportunities for participation by MWOBs.

### 9.2.1 Outreach to contractors

The Bureau promotes opportunities for the participation of small and large Minority-owned and Women-owned Businesses by:

- Actively engaging Bureau business units with MWOB contractors throughout the acquisition cycle.
- Annually offering MWOB vendors targeted technical assistance events on How to Do Business with the CFPB. The most recent took place in November 2019. These events include expert advice from CFPB procurement and program office professionals. The North American Industry Classification (NAICS) focused-events targeted vendors in technology and innovation and professional services and are designed to match vendor capabilities with program office requirements. Participants are informed of the Bureau's upcoming contract opportunities digitally on the Bureau's website.
- Regularly participating in national supplier diversity conferences, such as the National 8(a) Association Small Business Conference in February 2020, that help to foster business partnerships among the federal government, its U.S. prime contractors, and Minority- and Women-owned Businesses, and advocacy for women business owners and entrepreneurs.

As a result of these efforts, 21.6 percent of the \$75 million in contracts that the Bureau awarded or obligated during the reporting period went to MWOBs. The following table represents the total amount of dollars spent and disbursed to MWOBs as a result of contract billing.

**TABLE 3: DOLLARS SPENT TOWARD MINORITY-OWNED AND WOMEN-OWNED BUSINESSES**

<b>Dollars Spent</b>	<b>Percent of Total</b>	<b>MWOB Category</b>
\$9,525,163	13.8%	Women Owned
\$1,037,978	1.5%	Black/African American
\$1,911,622	2.8%	American Indian/Alaskan Native
\$11,619,308	16.9%	Asian/Pacific Islander American
\$1,350,992	2.0%	Hispanic American

## 9.3 Diversity within the Bureau contractors' workforces

In accordance with the mandates in Section 342(c) (2) of the Dodd-Frank Act, OMWI has developed Good Faith Effort (GFE) standards for the collection and assessment of documentation of its contractors' and subcontractors' workforce and diversity practices. The Bureau continues to include a GFE clause in all CFPB contracts that notifies contractors of their responsibilities under the Dodd-Frank Act.

During the review period, OMWI activated the GFE collection process. The Bureau sent requests for GFE data to a representative sample of Bureau vendors and to date has received responses from 75 percent of the vendors contacted. This increase in engagement with Bureau contractors subject to GFE, workforce diversity, and inclusion standards will help OMWI to better support contractor workforce diversity efforts. Assessing diversity of regulated entities

Per Section 342 (b) (2) (c) of the Dodd-Frank Act, the Bureau developed a process to assess the diversity policies and practices of the entities the Bureau regulates. During this reporting period, the Bureau continued its multipronged outreach strategy to financial institutions, including direct entity contact, meetings with trade organizations, and joint outreach with other federal regulators

to engage entities in the voluntary self-assessment process. The Bureau also launched an online data collection tool to collect and manage submitted self-assessment data in January 2020. The tool is accessible on the Bureau's website. The Bureau continues to encourage entities to assess their diversity and inclusion policies and practices and submit their self-assessment data to the Bureau.

## APPENDIX A: ADDENDUM

# 2019 Annual Report to Congress on the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) mandates a nationwide licensing system and registry for residential mortgage loan originators. It requires that State licensing and registration and federal registration of residential mortgage loan originators (MLOs) be accomplished through the same online system, known as the Nationwide Mortgage Licensing System and Registry (NMLS&R). The NMLS&R is owned and operated by the State Regulatory Registry LLC (SRR), a wholly owned subsidiary of the Conference of State Bank Supervisors (CSBS). The statutory purposes of the SAFE Act generally include increasing uniformity, reducing regulatory burden, enhancing consumer protection, and reducing fraud.

In July 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) transferred to the Bureau rulemaking authority, and other authorities, of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the National Credit Union Administration, the Federal Deposit Insurance Corporation, and the Secretary of the Department of Housing and Urban Development for the SAFE Act. With this transfer, the Bureau assumed the (1) responsibility for developing and maintaining the federal registration system; (2) supervisory and enforcement authority for SAFE Act compliance for applicable entities under the

Bureau's jurisdiction; (3) back-up and related authority relating to SAFE Act standards for MLO licensing systems at the state level; and (4) certain rulemaking authority. It also transferred to the Bureau the requirement to submit an annual report to Congress on the effectiveness of the SAFE Act's provisions. This section of the Bureau's Spring 2020 Semi-Annual Report constitutes the annual SAFE Act report for 2019.

While administering the SAFE Act during 2019, the Bureau worked closely with SRR/CSBS to facilitate sharing MLO information between state and federal regulators through the NMLS&R. Officials from the Bureau and SRR/CSBS met regularly to discuss issues related to the operation of the NMLS&R, resolve issues, and discuss requirements and policies related to the administration and functions of the NMLS&R. The Bureau reviewed, and approved as applicable, NMLS&R record adjustment requests to correct inaccurate information on federal registrant accounts. It also responded to Freedom of Information Act (FOIA) requests that pertained to federally registered MLOs. As of December 31, 2019, there were approximately 415,978 federally registered MLOs in the NMLS&R.

The Bureau also consulted with SRR/CSBS regarding implementation of amendments to the SAFE Act made by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA).<sup>158</sup> that took effect on November 24, 2019. The Bureau also published in the Federal Register an interpretative rule on November 19, 2019, that interprets requirements under the Bureau's Regulation Z in light of the EGRRCPA amendments to the SAFE Act.<sup>159</sup>

In February 2019, Bureau staff participated in the eleventh annual NMLS User Conference and Training that provided information and training on the NMLS&R's state licensing and federal registry system related processes. Bureau staff participated in sessions concerning the EGRRCPA amendments to the SAFE Act and the Bureau's supervisory priorities. The event was open to regulatory and industry system users, education providers, consultants, and others interested in

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<sup>158</sup> *Public Law 115-174, title I, sec. 106(a), 132 Stat. 1296, 1302 (2018), 1302 (2018) (codified at 12 U.S.C. 5117).*

<sup>159</sup> *Truth in Lending (Regulation Z); Screening and Training Requirements for Mortgage Loan Originators with Temporary Authority, 84 Fed Reg. 63791 (Nov. 19, 2019).*

attending, so it also provided an opportunity for Bureau staff to meet the other participants, build relationships, and share contact information.

The Bureau continues to answer SAFE Act-related questions through its regulations guidance function and provides different forms of guidance and compliance resources on its website. In 2019, the Bureau received approximately 40 inquiries concerning the SAFE Act through its “Submit a regulation inquiry” feature accessible on the Bureau’s website. Most of the inquiries sought information about MLO licensing and registration requirements. The Bureau also maintains a SAFE Act Inquiries e-mail box to manage operational questions about the SAFE Act. The Bureau received approximately 85 emails in 2019, many of which pertained to the registration of MLOs and the use of the NMLS&R. The Bureau also continues to work with SRR/CSBS officials with inquiries associated to the use of the system.

While the Bureau has not conducted a formal assessment of the SAFE Act, our interactions with SRR/CSBS and the public indicate that the system is meeting expectations and provides a comprehensive licensing and supervisory database. During 2019, all of the required states, territories, and D.C. regulators (state regulators) continued to use the NMLS&R for licensing their MLOs, as is mandated by the SAFE Act and Regulation H. The NMLS&R continues to collect and maintain the information required by the SAFE Act, Regulation H, and Regulation G. Additionally, an online consumer portal is available at no charge to consumers to provide employment and publicly adjudicated disciplinary and enforcement history for MLOs consistent with the statutory objectives of the SAFE Act.

All bank and non-bank mortgage origination exams conducted by the Bureau in 2019 included a review for compliance with the SAFE Act. Examiners tested for accurate licensing and registration as well as related policies and procedures. SAFE Act violations were discovered on more than one of the exams conducted.

During 2019, SRR/CSBS continued to engage the Bureau on issues regarding the NMLS&R and the modernization of the NMLS&R (NMLS 2.0). The modernization entails rebuilding the NMLS&R on a more modern platform in order to improve its operations, enhance the user experience, and strengthen supervision. The Bureau continues to provide its feedback and position on current and proposed functions relating to the federal registration process for MLOs in the NMLS&R to SRR/CSBS.