



The Consumer Financial Protection Bureau: Continuing to Build

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This presentation is not meant to serve as a substitute for reading any Act or case discussed, seeking administrative opinions, etc. The presentation merely serves as an introduction to, and overview of, the CFPB.

Roadmap

- SCDCCA Overview
- Introduction to the CFPB
- Initiatives Launched
- Rulemaking
- Resources



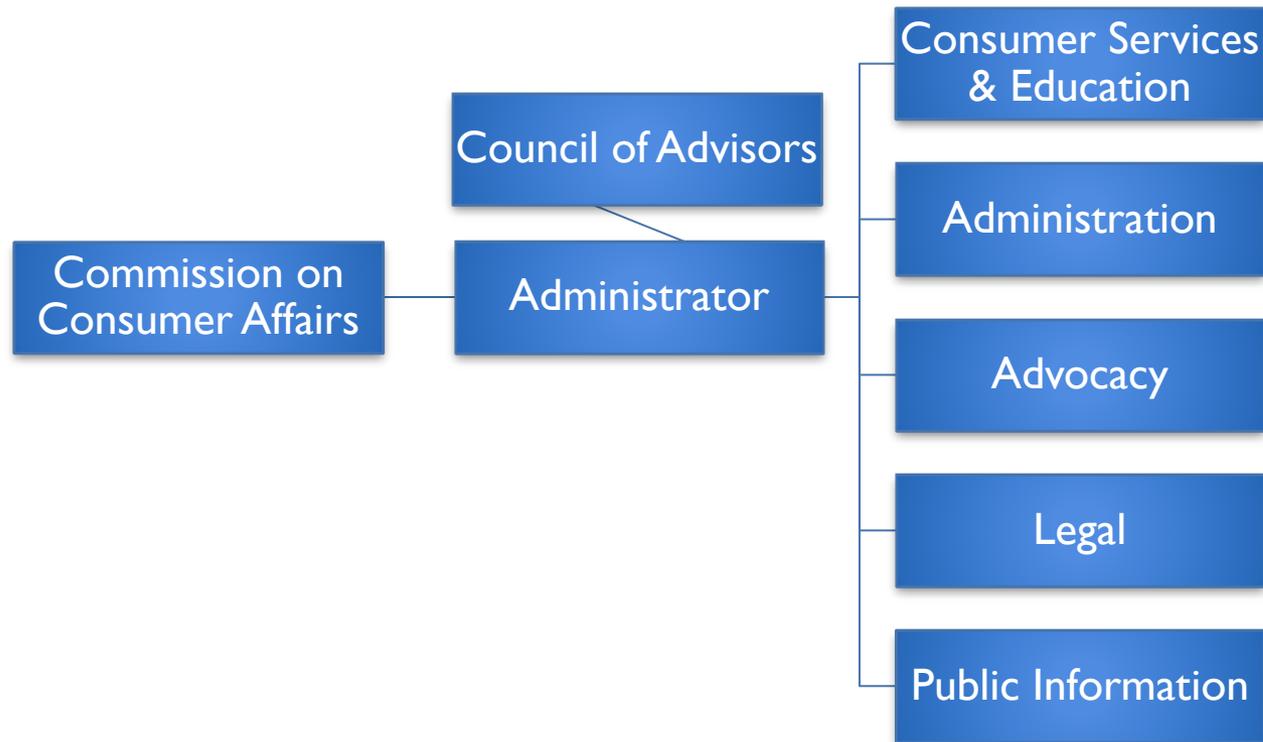
SCDCA Overview

- Organizational Structure
- Division Breakdowns
- Productivity (FY 09-12)



SCDCA Overview cont...

- Organizational Structure



SCDCA Overview cont...

- Created when the Consumer Protection Code was adopted in 1974, becoming effective January 1, 1975.
- The Department is headed by the Administrator:
 - The Administrator is hired/appointed by the Commission on Consumer Affairs. The Commission is made up of 9 members:
 - four appointed by the Governor,
 - four elected by the General Assembly, and
 - the Secretary of State
 - (Commission elects its own chair.)
 - The Administrator also has a Council of Advisors from most areas of the creditor community to advise him on credit issues.
 - The members of the Council are appointed by the Governor, and
 - the Governor appoints the chair of the Council

SCDCA Overview cont...

- Consumer Services Division
 - The Consumer Services Division takes and attempts to resolve consumer complaints against businesses, with due regard for the rights of the business.
 - The Services Division receives approximately 450 – 500 written complaints each month and approximately 8 times that many phone calls.
 - The Division has consistently resolved about 85% of the complaints in a satisfactory manner.

SCDCA Overview cont...

- Administration Division
 - provides support for the other Divisions including personnel, accounting, data processing and purchasing
 - Processes regulatory filings for:
 - Maximum Rate—creditors charging in excess of 18%
 - Credit Grantor Notification—creditors grossing over \$150,000 annual
 - Motor Vehicle Dealer Closing Costs— Dealers charging a doc fee

SCDCA Overview cont...

- Consumer Advocacy Division
 - Represents the public at large in intervening in insurance rate cases/ filings. Includes workers' compensation, auto, home, etc.
 - Administers & enforces the following regulatory programs:
 - Continuing Care Retirement Communities
 - Discount Medical Plan Organizations
 - Professional Employer Organizations

SCDCA Overview cont...

- Legal Division
 - The Legal Division helps the Administrator to administer and enforce the Consumer Protection Code and various other laws that have been assigned to the Department for Regulation.
 - Can investigate and bring enforcement actions, both administratively and in court, for violations of the Consumer Protection Code and various other laws.
 - 3 of Department's 4 investigators are commissioned law enforcement officers.

SCDCA Overview cont...

- Public Information Division
 - Serves as the main consumer education portal for consumers, business and media.
 - Launched SCDCA-TV on YouTube and uses Twitter
 - Staff also makes presentations and sponsors webinars on ID Theft, debt collection, foreclosures, credit and other popular topics
 - The Division also answers hundreds of calls per month pertaining to consumer scams and laws and disseminates press releases and consumer education brochures.

SCDCA Overview cont...

- **Over the last 3 fiscal years (09-12), SCDCA:**
 - SCDCA recovered approximately **\$7.1 million** for consumers in the form of refunds, credits and adjustments. (**\$4.2 million** in FY 09-10).
 - handled more than **16,000 complaints**
 - processed **over 71,000 licensing/ registration applications** and filings for regulated businesses.
 - Engaged in over **1,000** compliance reviews and inspections
 - **Over the last 5 years:** Saved businesses and consumers approximately **\$164 million** as a result of involvement in workers' compensation insurance filings.

UP NEXT: Intro to CFPB

Introduction to the CFPB

- Creation
- Statutory Purpose & Objectives
- Mission & Vision
- Regulatory Framework
- Structure



Intro to CFPB cont...

- **Creation**

- On the heels of the housing crisis/ Great Recession
- *Dodd-Frank Wall Street Reform & Consumer Protection Act* (“Dodd-Frank”)
 - Act passed July 21, 2010
 - CFPB to be up & running July 21, 2011
 - Combines the authorities of 7 federal agencies into one agency with primary focus of consumer financial protection

Intro to CFPB cont...

- **Statutory Purpose**

- To implement and enforce federal consumer financial law consistently for the purpose of ensuring that all consumers:
 - have access to markets for consumer financial products and services and
 - that markets for consumer financial products and services are
 - fair,
 - transparent, and
 - competitive.

Intro to CFPB cont...

- **Statutory Objectives**

1. To ensure that consumers have timely and understandable information to make responsible decisions about financial transactions;
2. To protect consumers from unfair, deceptive, or abusive acts or practices, and from discrimination;
3. To reduce outdated, unnecessary, or overly burdensome regulations;
4. To promote fair competition by enforcing the Federal consumer financial laws consistently; and
5. To advance markets for consumer financial products and services that operate transparently and efficiently to facilitate access and innovation.

Intro to CFPB cont...

- **Mission**

- The Consumer Financial Protection Bureau (CFPB) is a **21st century agency** that helps consumer financial markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.
- The CFPB will achieve its mission through:
 - data-driven analysis
 - innovative use of technology
 - valuing the best people and great teamwork

Intro to CFPB cont...

- **Vision**

- A consumer finance market place:
 - ...where customers can see prices and risks up front and where they can easily make product comparisons;
 - ...in which no one can build a business model around unfair, deceptive, or abusive practices;
 - ...that works for American consumers, responsible providers, and the economy as a whole.

Intro to CFPB cont...

- **Regulatory Framework**

- 7 agencies in 1

- the Board of Governors of the Federal Reserve System (“Federal Reserve”),
 - Department of Housing and Urban Development (“HUD”),
 - Federal Deposit Insurance Corporation (“FDIC”), Federal Trade Commission (“FTC”),
 - National Credit Union Administration (“NCUA”),
 - Office of Comptroller of the Currency (“OCC”),
 - and Office of Thrift Supervision (“OTS”).

Intro to CFPB cont...

- **Regulatory Framework cont...**

- Transferred statutes include, among others:
 - Alternative Mortgage Transaction Parity Act of 1982 (12 U.S.C. 3801 et seq.);
 - Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.);
 - portions of the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.);
 - Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2801 et seq.);
 - Home Ownership and Equity Protection Act of 1994 (15 U.S.C. 1601);
 - Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.);
 - Secure and Fair Enforcement for Mortgage Licensing Act (12 U.S.C. 5101 et seq.); and
 - Truth in Lending Act (15 U.S.C. 1601 et seq.)

Intro to CFPB cont...

- **Regulatory Framework cont...**
 - Has supervision over:
 - Banks, thrifts, credit unions and other depository institutions with \$10 billion and up in assets;
 - Mortgage lenders & brokers, servicers, mortgage loan modification or foreclosure relief service providers, payday lenders, private student loan companies;
 - Other Nonbanks that constitute “larger participants” in the consumer financial marketplace (*currently includes debt collection industry & credit reporting agencies*);
 - Nonbanks engaging in conduct that could pose risks to consumers (financial products & services related).

Intro to CFPB cont...

- **Structure**

- More than 750 employees (230 came from other federal agencies)
- Director- Richard Cordray
- Locations:
 - *Regional:* New York, Chicago, San Francisco,
 - *Headquarters:* Washington, DC.



Intro to CFPB cont...

- **Structure cont...**

- 6 Divisions

- 1. Consumer Engagement & Education**

- Offices

- Community Affairs
 - Consumer Engagement
 - Financial Education
 - Older Americans (62+)
 - Servicemember Affairs
 - Students

- 2. Supervision, Fair Lending & Enforcement**

- Offices

- Bank Supervision
 - Enforcement
 - Fair Lending and Equal Opportunity
 - Nonbank Supervision

- 3. Research, Markets & Regulations**

- Offices

- Market teams
 - Regulations
 - Research

- 4. General Counsel**

- 5. External Affairs**

- 6. Chief Operating Officer**

Initiatives Launched

- Know Before You Owe
- Consumer Complaint Intake
- Supervision
- Reports

Initiatives Launched

- **Know Before You Owe**
 - Mortgages
 - Process began Feb. 2011 (Drafts made open to public)
 - Received more than 27,000 comments on website
 - Began rulemaking process in July 2012 → closed Nov. 2012
 - *final not yet issued*
 - Purpose:
 - Warning consumers about features they may want to avoid,
 - Combining paperwork to reduce duplication and consumer confusion
 - Clear language & design to help consumers understand the complicated process
 - Highlighting info that's most important : ie. monthly payment
 - 1st Form = TIL & Good Faith Estimate combined
 - 2nd Form= TIL Disclosures combined with HUD-1 Settlement Statement
 - <http://www.consumerfinance.gov/KnowBeforeYouOwe/>

TIL & GOOD FAITH COMBO SAMPLE: Fixed Rate

FICUS BANK

4321 Random Boulevard • Somers, CT 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 7/23/2012
APPLICANTS John A. and Mary B.
 123 Anywhere Street
 Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
SALE PRICE \$180,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT Fixed Rate
LOAN TYPE Conventional FHA VA
LOAN ID # 123456789
RATE LOCK NO YES, until 9/21/12 at 5:00 p.m. EDT
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 8/6/12 at 5:00 p.m. EDT

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments Below for Your Total Monthly Payment</i>	\$761.78	NO
Does the loan have these features?		
Prepayment Penalty	NO	
Balloon Payment	NO	

Projected Payments			
Payment Calculation	Years 1-7		Years 8-30
Principal & Interest	\$761.78		\$761.78
Mortgage Insurance	+ 82		+ —
Estimated Escrow <i>Amount Can Increase Over Time</i>	+ 206		+ 206
Estimated Total Monthly Payment	\$1,050		\$968
Estimated Taxes, Insurance & Assessments <i>Amount Can Increase Over Time</i>	\$206 a month		In escrow? YES YES

This estimate includes
 Property Taxes
 Homeowner's Insurance
 Other;
See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

Cash to Close	
Estimated Cash to Close	\$16,054 Includes \$8,054 in Closing Costs (\$5,672 in Loan Costs + \$2,382 in Other Costs - \$0 in Lender Credits). See details on page 2.

Closing Cost Details

Loan Costs	
A. Origination Charges	\$1,802
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097
B. Services You Cannot Shop For	\$672
Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110
C. Services You Can Shop For	\$3,198
Pest Inspection Fee	\$135
Survey Fee	\$65
Title - Insurance Binder	\$700
Title - Lender's Title Policy	\$535
Title - Title Search	\$1,261
Title - Settlement Agent Fee	\$502
D. TOTAL LOAN COSTS (A + B + C)	\$5,672
Other Costs	
E. Taxes and Other Government Fees	\$85
Recording Fees and Other Taxes	\$85
Transfer Taxes	\$0
F. Prepaids	\$867
Homeowner's Insurance Premium (_ 6_ months)	\$605
Mortgage Insurance Premium (_ 0_ months)	\$0
Prepaid Interest (\$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes (_ 0_ months)	\$0
G. Initial Escrow Payment at Closing	\$413
Homeowner's Insurance \$100.83 per month for 2 mo.	\$202
Mortgage Insurance per month for mo.	
Property Taxes \$105.30 per month for 2 mo.	\$211
H. Other	\$1,017
Title - Owner's Title Policy (optional)	\$1,017
I. TOTAL OTHER COSTS (E + F + G + H)	\$2,382
J. TOTAL CLOSING COSTS	\$8,054
D + I	\$8,054
Lender Credits	\$0
Calculating Cash to Close	
Total Closing Costs (J)	\$8,054
Closing Costs Financed (Included in Loan Amount)	\$0
Down Payment/Funds from Borrower	\$18,000
Deposit	-\$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
Estimated Cash to Close	\$16,054

Visit www.consumerfinance.gov/learnmore for general information and tools.

TIL & GOOD FAITH COMBO SAMPLE: Fixed Rate

- Was 2 pages during comment round

Additional Information About This Loan

LENDER	Ficus Bank	MORTGAGE BROKER
NMLS/LICENSE ID		NMLS/LICENSE ID
LOAN OFFICER	Joe Smith	LOAN OFFICER
NMLS ID	12345	NMLS ID
EMAIL	joesmith@ficusbank.com	EMAIL
PHONE	123-456-7890	PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	\$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs. \$15,773 Principal you will have paid off.
Annual Percentage Rate (APR)	4.494% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.447% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

Appraisal We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

Assumption If you sell or transfer this property to another person, we
 will allow, under certain conditions, this person to assume this loan on the original terms.
 will not allow this person to assume this loan on the original terms.

Homeowner's Insurance This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.

Late Payment If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.

Refinance Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Servicing We intend
 to service your loan. If so, you will make your payments to us.
 to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

SETTLEMENT STATEMENT SAMPLE: Fixed Rate

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information

Data Issued 9/10/2012
Closing Date 9/14/2012
Disbursement Date 9/14/2012
Agent Epsilon Title Co.
File # 12-3456
Property 456 Somewhere Ave
 Anytown, ST 12345
Sale Price \$180,000

Transaction Information

Borrower John A. and Mary B.
 123 Anywhere Street
 Anytown, ST 12345
Seller Steve C. and Amy D.
 321 Somewhere Drive
 Anytown, ST 12345
Lender Ficus Bank

Loan Information

Loan Term 30 years
Purpose Purchase
Product Fixed Rate
Loan Type Conventional FHA
 VA
Loan ID # 123456789
MIC # 000654321

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments Below for Your Total Monthly Payment</i>	\$761.78	NO
Does the loan have these features?		
Prepayment Penalty	NO	
Balloon Payment	NO	

Projected Payments

Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow Amount Can Increase Over Time	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <i>Amount Can Increase Over Time See Details on Page 4</i>	\$356.13 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association <i>See page 4 for escrowed property costs. You must pay for other property costs separately.</i>
		In escrow? YES YES NO

Cash to Close

Cash to Close	\$14,272.35	Includes \$9,729.54 in Closing Costs (\$4,694.05 in Loan Costs + \$5,035.49 in Other Costs - \$0 in Lender Credits). See details on page 2.
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Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,802.00				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$236.55				
01 Appraisal Fee to John Smith Appraisers Inc.					\$405.00
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$2,655.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title - Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title - Lender's Title Insurance to Epsilon Title Co.	\$500.00				
05 Title - Title Search to Epsilon Title Co.	\$800.00				
06 Title - Settlement Agent Fee to Epsilon Title Co.	\$500.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$4,694.05				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
Other Costs					
E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 State Transfer Tax		\$950.00			
F. Prepaids	\$2,138.24				
01 Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest \$17.64 per day from 9/14/12 to 10/1/12	\$296.48				
04 Property Taxes (6 mo.) to Any County USA	\$631.80				
05					
G. Initial Escrow Payment at Closing	\$412.25				
01 Homeowner's Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	-0.01				
H. Other Costs	\$2,400.00				
01 Real Estate Commission to Alpha Real Estate Broker			\$700.00		
02 Real Estate Commission to Omega Real Estate Broker			\$700.00		
03 Title - Owner's Title Insurance to Epsilon Title Co.	\$1,000.00				
04 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
05 HOA Dues Oct. 2012 to HOA Acre Inc.	\$150.00				
06 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
07 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,035.49				
Other Costs Subtotal (E + F + G + H)	\$5,035.49				
J. TOTAL CLOSING COSTS (Borrower-Paid)					
\$9,729.54					
Closing Costs Subtotals (D + I)	\$9,699.74	\$29.80	\$2,800.00	\$750.00	\$405.00
Lender Credits					

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,729.54	YES - See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES - You paid these Closing Costs before closing
Closing Costs Financed (Included in Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower			NO
Seller Credits	\$0	-\$2,500.00	YES - See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$927.39	YES - See details in Sections K and L
Cash to Close	\$16,054.00	\$14,272.35	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION	
K. Due from Borrower at Closing	\$189,784.74
01 Sale Price of Property	\$180,000.00
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$9,699.74
04	
Adjustments	
05	
06	
07	
Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to	
09 County Taxes to	
10 Assessments to	
11 HOA Dues 9/14/12 to 9/30/12	\$85.00
12	
13	
14	
15	
L. Paid Already by or on Behalf of Borrower at Closing	\$175,512.39
01 Deposit	\$10,000.00
02 Borrower's Loan Amount	\$162,000.00
03 Existing Loan(s) Assumed or Taken Subject to	
04	
05 Seller Credit	\$2,500.00
Other Credits	
06 Rebate from Epsilon Title Co.	\$750.00
07	
Adjustments	
08	
09	
10	
11	
Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 7/1/12 to 9/14/12	\$262.39
13 County Taxes to	
14 Assessments to	
15	
16	
17	
CALCULATION	
Total Due from Borrower at Closing (K)	\$189,784.74
Total Paid Already by or on Behalf of Borrower at Closing (L)	\$175,512.39
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$14,272.35

SELLER'S TRANSACTION	
M. Due to Seller at Closing	\$180,085.00
01 Sale Price of Property	\$180,000.00
02 Sale Price of Any Personal Property Included in Sale	
03	
04	
05	
06	
07	
08	
Adjustments for Items Paid by Seller in Advance	
09 City/Town Taxes to	
10 County Taxes to	
11 Assessments to	
12 HOA Dues 9/14/12 to 9/30/12	\$85.00
13	
14	
15	
16	
N. Due from Seller at Closing	\$115,562.39
01 Excess Deposit	\$10,000.00
02 Closing Costs Paid at Closing (J)	\$2,800.00
03 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	\$100,000.00
05 Payoff of Second Mortgage Loan	
06	
07	
08 Seller Credit	\$2,500.00
09	
10	
11	
12	
13	
Adjustments for Items Unpaid by Seller	
14 City/Town Taxes 7/1/12 to 9/14/12	\$262.39
15 County Taxes to	
16 Assessments to	
17	
18	
19	
CALCULATION	
Total Due to Seller at Closing (M)	\$180,085.00
Total Due from Seller at Closing (N)	\$115,562.39
Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$64,522.61

Additional Information About This Loan

Loan Disclosures

Assumption

If you sell or transfer this property to another person, your lender will allow, under certain conditions, this person to assume this loan on the original terms.

will not allow assumption of this loan.

Demand Feature

Your loan

has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.

does not have a demand feature.

Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will likely increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.

may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.

do not have a negative amortization feature.

Partial Payment

Your lender will

accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

not accept partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in _____

456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: Homeowner's Association Dues You may have other property costs.
Initial Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Payment	\$206.13	The amount included in your total monthly payment.

will not have an escrow account because you declined it your lender does not require or offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$292,420.88
Finance Charge. The dollar amount the loan will cost you.	\$123,997.58
Amount Financed. The loan amount available after paying your upfront finance charge.	\$156,964.47
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.441%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.468%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%



Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/learnmore.

Other Disclosures**Appraisal**

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and be liable for debt remaining after the foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS/ License ID			Z765416	Z61456	Z61616
Contact	Joe S.		Samuel G.	Joseph C.	Sarah A.
Contact NMLS/ License ID	12345		P16415	P51461	PT1234
Email	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

Initiatives Launched cont...

- **Student Loans**

- Financial Aid “Shopping Sheet”
 - <http://www.consumerfinance.gov/students/knowbeforeyouowe/>
- Launched 7/23/12- collaboration with Dept. of Ed
- More than \$8.1 billion in defaulted private loans, and even more in delinquency

- *Purpose*

- easy to compare different financial aid awards side-by-side

- *Who’s Using It?*

- Executive Order requiring colleges that accept Tuition Assistance and G.I. Bill money to provide military students
- Others= Voluntary>> June, universities representing more than a million students

- *Other Interesting Tidbits*

- Student loan ombudsman report- issued 10/16/12 (private student loans)
 - http://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf
- Student Debt Repayment Assistant
 - <http://www.consumerfinance.gov/students/repay/>



Know
Before You Owe
student loans

Draft

Final

 **University of the United States (UUS)**
Private 4-year

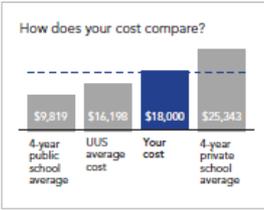
Example only, fictional data

How to pay for college

Prepared for Abigail Adams, first year student

How much will it cost each year?

TOTAL COST FOR FULL TIME ATTENDANCE	\$ 29,000 /yr
Tuition and Fees	\$ 21,000
Housing and Meals	\$ 5,000
Books and Supplies	\$ 2,000
Transportation and other personal expenses	\$ 1,000
TOTAL GRANTS AND SCHOLARSHIPS	\$ 11,000 /yr
Grants from your school	\$ 5,000
Federal Pell Grant	\$ 4,500
Grants from your state	\$ 500
Other scholarships you can use	\$ 1,000
What you will pay for one year	\$ 18,000 /yr



UUS student loan default rate

The percentage of students from this school who defaulted on their Federal Stafford loans within the first 3 years of repayment.

6.2%

LOW MEDIUM HIGH

UUS graduation rates

The percentage of students who graduate within 6 years

71%

UUS retention rates

The percentage of non-graduating students who re-enroll the following year

72%

What are your loan and work study options?

FEDERAL LOANS THAT YOU ARE ELIGIBLE FOR	\$ 8,000 /yr
Perkins Loan	\$ 2,500
Subsidized Stafford Loan	\$ 3,000
Unsubsidized Stafford Loan	\$ 2,500
FEDERAL WORK STUDY	\$ 4,000 /yr
PRIVATE STUDENT LOANS	\$ 6,000 /yr

After graduation, how much will you owe?

ESTIMATED MONTHLY PAYMENT FOR FEDERAL LOANS	\$ 411 / mth
Estimated total federal loan debt	\$ 37,000
ESTIMATED MONTHLY PAYMENT FOR PRIVATE LOANS	\$ 297 / mth
Estimated total private loan debt	\$ 26,000
YOUR TOTAL ESTIMATED DEBT	\$ 63,000
Your estimated monthly payment for all loans	\$ 708 / mth

University of the United States (UUS)

Financial Aid Office
123 Main Street
Anytown, ST 12345
(123) 456-7890
financialaid@uus.edu

 **University of the United States (UUS)**
Student Name, Identifier

MM / DD / YYYY

Costs In the 2013-14 year

Estimated Cost of Attendance	\$ X,XXX /yr
Tuition and fees	\$ X,XXX
Housing and meals	X,XXX
Books and supplies	X,XXX
Transportation	X,XXX
Other educational costs	X,XXX

Graduation Rate

Percentage of full-time students who graduate within 6 years

71%

LOW MEDIUM HIGH

Grants and scholarships to pay for college

Total Grants and Scholarships (not Aid; no repayment needed)	\$ X,XXX /yr
Grants from your school	\$ X,XXX
Federal Pell Grant	X,XXX
Grants from your state	X,XXX
Other scholarships you can use	X,XXX

Loan Default Rate

Percentage of borrowers entering repayment and defaulting on their loan

6%

This Institution National

What will you pay for college

Net Costs (Cost of attendance minus total grants and scholarships)

\$ X,XXX /yr

Median Borrowing

Students at UUS typically borrow \$X,XXX in Federal loans for their undergraduate study. The Federal loan payment over 10 years for this amount is approximately \$X,XXX per month. Your borrowing may be different.

\$

Options to pay net costs

Work options

Work-Study (Federal, state, or institutional) \$ X,XXX

Loan options*

Federal Perkins Loans	\$ X,XXX
Federal Direct Subsidized Loan	X,XXX
Federal Direct Unsubsidized Loan	X,XXX

*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.

Repaying your loans

To learn about loan repayment choices and work out your Federal Loan monthly payment, go to: <http://studentaid.ed.gov>
www.loans/understandingloans

Other options

Family Contribution (As calculated by the institution using information reported on the FAFSA or to your institution.) **\$ X,XXX /yr**

- Payment plan offered by the institution
- Military and/or National Service benefits
- Parent PLUS Loan
- Non-Federal private education loan

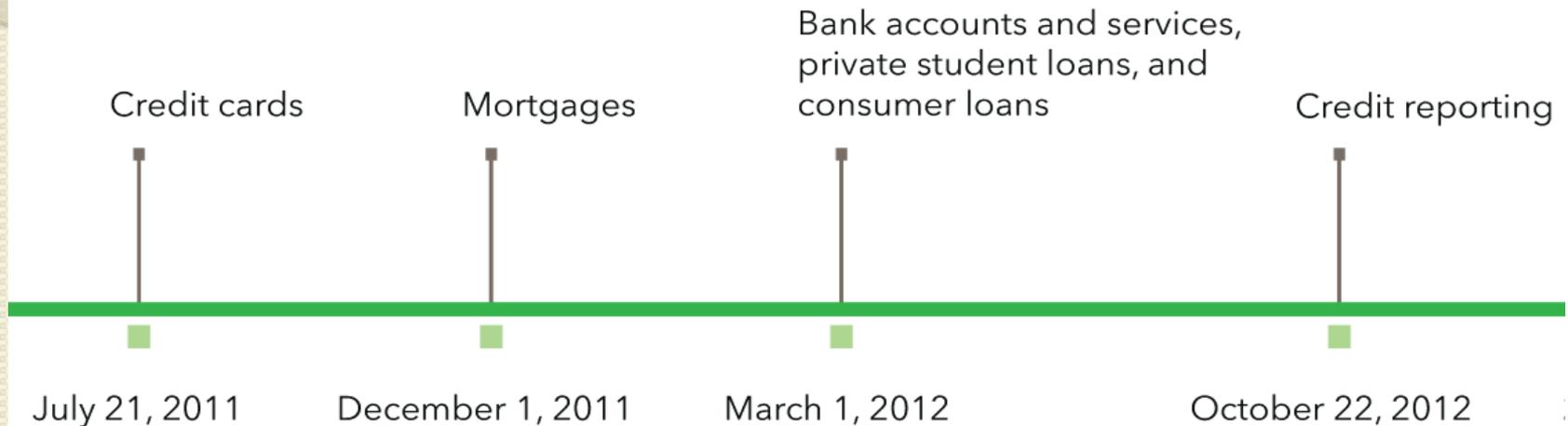
For more information and next steps:

University of the United States (UUS)
Financial Aid Office
123 Main Street
Anytown, ST 12345
Telephone: (123) 456-7890
E-mail: financialaid@uus.edu

Customized information from UUS

UP NEXT: CONSUMER COMPLAINTS

Initiatives: Consumer Complaint Intake



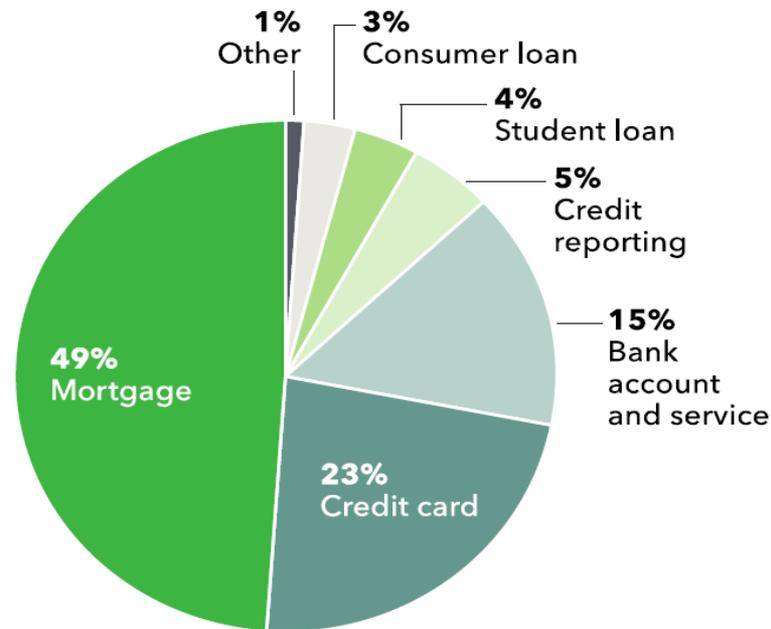
- **SUBMIT VIA:**

- <http://www.consumerfinance.gov/complaint/>
- (855) 411-CFPB (2372) / Español (855) 411-CFPB (2372)
(8 a.m.–8 p.m. Eastern, Monday–Friday)

* *Began accepting money transfer complaints 4/4/13*

Consumer Complaint Intake cont...

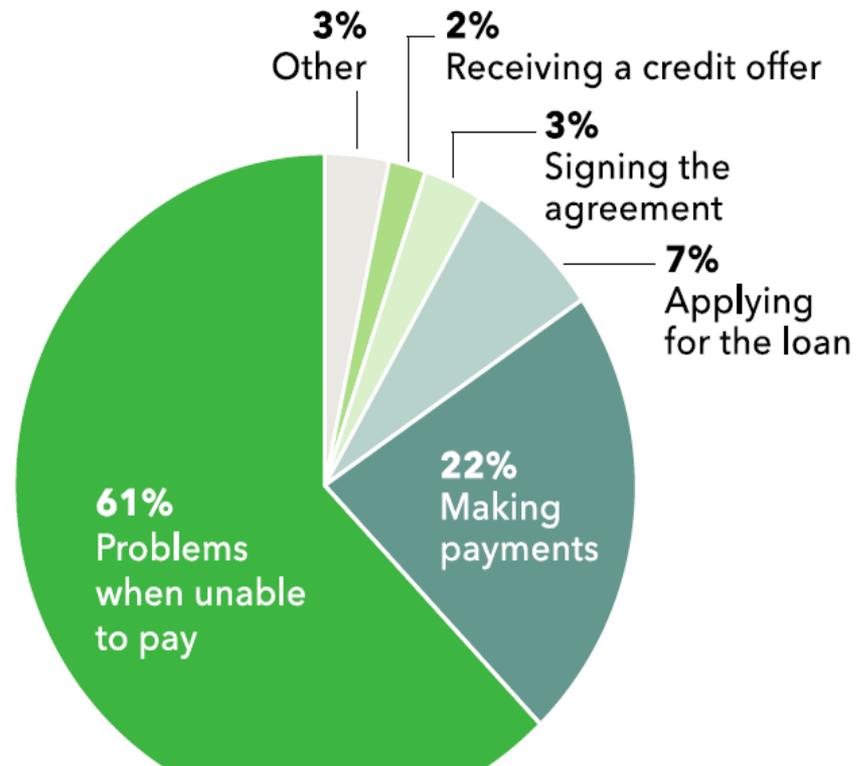
- From **July 21, 2011 through February 28, 2013**, the CFPB received approximately **131,300** consumer complaints



Consumer Complaint Intake cont...

- **Mortgage Complaints= 49%**

FIGURE 2: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS



Consumer Complaint Intake cont...

- **Credit Card Complaints= 23%**

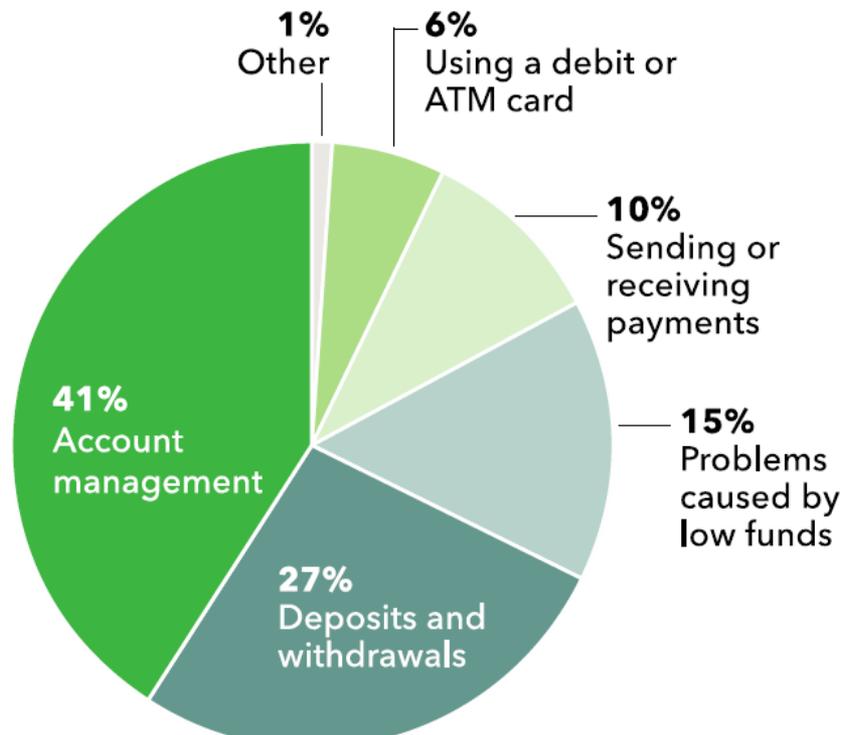
TABLE 1: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY CONSUMERS

Complaint	%
Billing disputes	15%
Annual Percentage Rate (APR) or interest rate	10%
Identity theft/Fraud/Embezzlement	8%
Credit reporting	7%
Closing/Cancelling account	6%
Other	6%
Collection practices	5%
Late fee	4%

Consumer Complaint Intake cont...

- **Bank Account & Service= 15%**

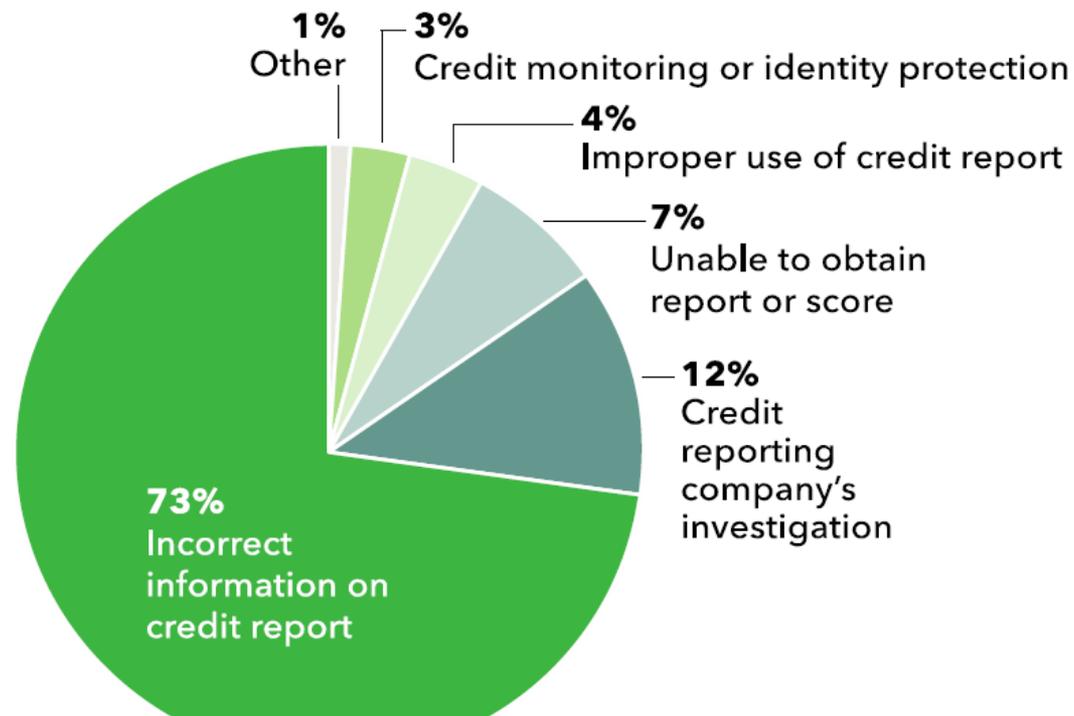
FIGURE 3: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY CONSUMERS



Consumer Complaint Intake cont...

- **Credit Reporting = 5%**

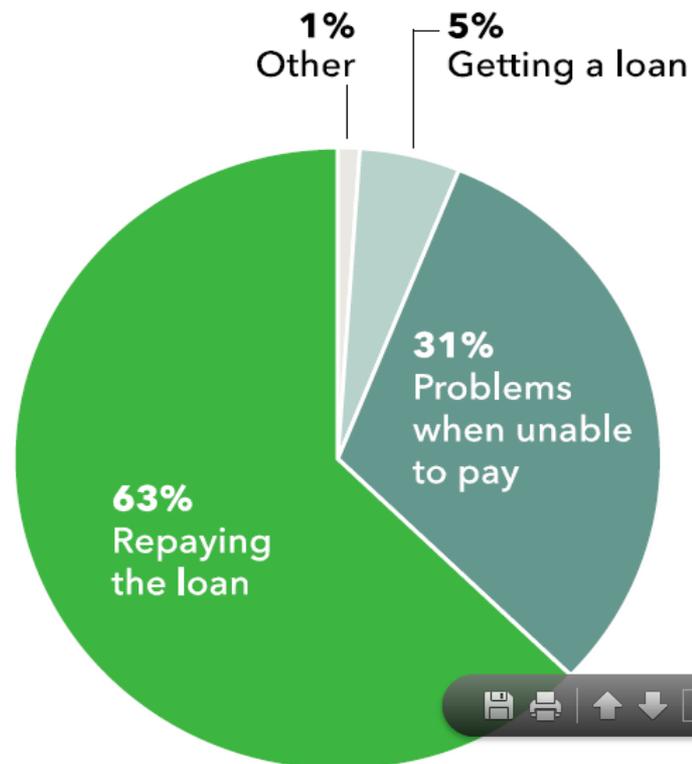
FIGURE 6: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY CONSUMERS



Consumer Complaint Intake cont...

- **Student Loans= 4%**

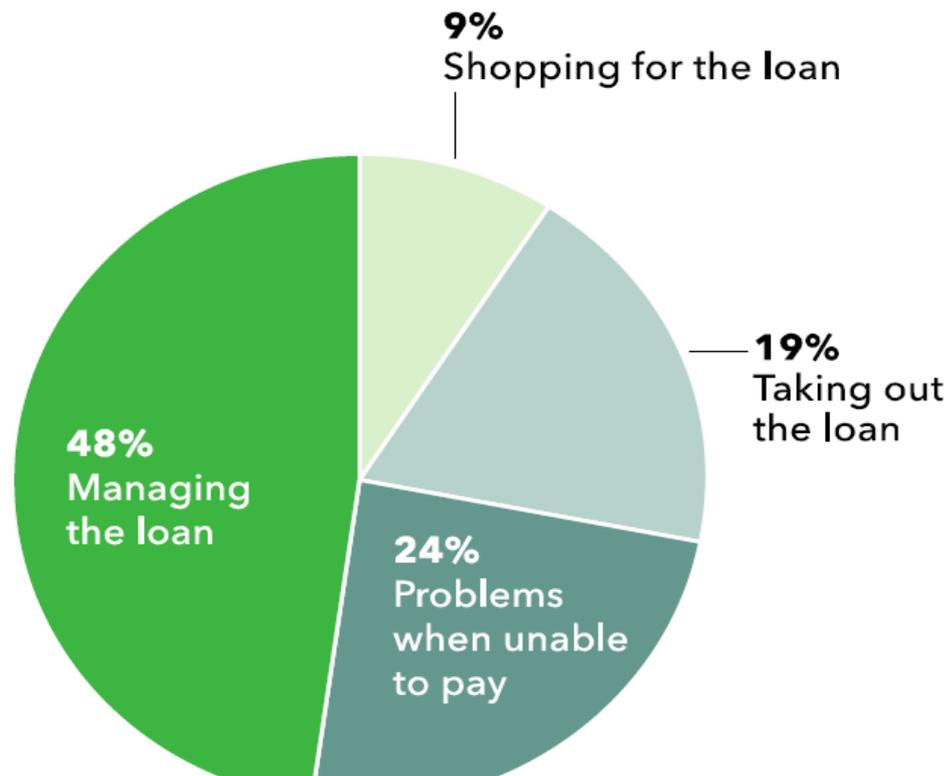
FIGURE 4: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS



Consumer Complaint Intake cont...

- **Consumer Loans= 3%**

FIGURE 5: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS



**UP NEXT:
SUPERVISION**

Initiatives: Supervision

- **Examination Manuals**

- Overall exam manual
- http://files.consumerfinance.gov/f/201210_cfpb_supervision-and-examination-manual-v2.pdf
- Specialty Manuals

- **Business Guidance Documents**

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

- **Supervisory Highlights**

Supervision cont...

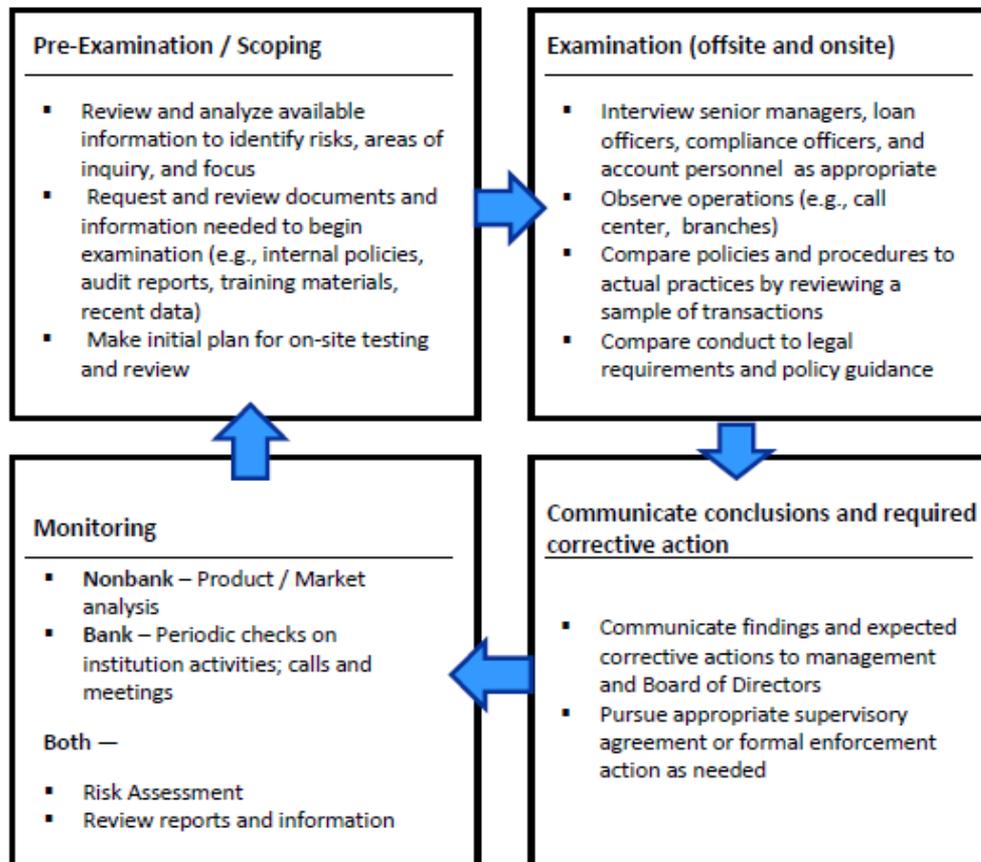
- Overall exam manual released 10/31/12
 - *This examination manual provides internal guidance to supervisory staff of the CFPB. It does not bind the CFPB and does not create any rights, benefits, or defenses, substantive or procedural, that are enforceable by any party in any manner. While every effort has been made to ensure accuracy, examination procedures should not be relied on as a legal reference.*
- Guide examiners use in overseeing companies that provide consumer financial products and services

Supervision cont...

CFPB Supervision and Examination Process

Overview

The Supervision and Examination Cycle



Supervision cont...

- **Broken down by:**

- ***Regulated industry***

- Consumer Reporting Larger Participants
- Examination Procedures Mortgage Origination
- Examination Procedures Mortgage Servicing
- Examination Procedures Short-Term, Small-Dollar Lending

- ***Statutes administered & enforced***

- Unfair, Deceptive or Abusive Acts or Practices
- Equal Credit Opportunity Act
- Home Mortgage Disclosure Act
- Truth in Lending Act
- Real Estate Settlement Procedures Act

Supervision cont...

Statutes administered & enforced cont...

- Homeowners Protection Act
- Consumer Leasing Act
- Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act
- Fair Credit Reporting Act
- Fair Debt Collection Practices Act
- Electronic Fund Transfer Act
- Truth in Savings Act
- Privacy of Consumer Financial Information (Gramm-Leach-Bliley Act)

Supervision cont...

- Education Loan Exam Procedures- 12/17/12
 - http://files.consumerfinance.gov/f/201212_cfpb_educationloanexamprocedures.pdf
- Debt Collection Exam Procedures – 10/24/12
 - http://files.consumerfinance.gov/f/201210_cfpb_debt-collection-examination-procedures.pdf

Supervision cont...

- **Guidance Documents**

- [March 21, 2013](#) - *Bulletin about indirect auto lending and compliance with the Equal Credit Opportunity Act*
- [February 11, 2013](#) – *Bulletin about mortgage servicing transfers*
 - **Purpose-**
 - make sure consumer not harmed during/by transfer process
 - le: service interruptions; failure to honor trial loan modification; servicer fails to id loan ripe for loan mod.
 - **CFPB Looking for:**
 - ***How a transferor servicer has prepared for the transfer of servicing rights and/or responsibilities, including:***
 - a. What steps it takes before the transfer to ensure that information is transferred in a manner that is compatible with the transferee's servicing system;
 - b. What procedures it had in place, before the transfer, to ensure that it would provide adequate information to the transferee servicer to facilitate that servicer's complying with its obligations without unnecessary interruption in servicing; and
 - c. In what manner and how timely, after the transfer, the transferor intends to respond to inquiries from the transferee or the consumer about transferred loans.

Supervision cont...

- 2. **How a transferee servicer handles the files transferred to it, including:**
 - a. What due diligence the transferee performs to ensure that it conveys accurate information to consumers, including, for example, information regarding amounts they owe and their delinquency status, if applicable;
 - b. What procedures the transferee had in place to identify loss mitigation in process (e.g., trial or permanent modifications, forbearance plans, or short sale/deed-in-lieu agreements) at the time of transfer;
 - c. What due diligence the transferee performs to ensure that the servicing platform or other systems it employs accurately reflect all account-level information including, for example, fees assessed to a borrower's mortgage loan account;
 - d. What training the transferee conducts to ensure that all staff who will have operational access to the servicing platform are able to interpret, operate, manage, access, and utilize the transferred loan information; and
 - e. What post-transfer audits the transferee servicer conducts to confirm that all data were properly transferred, and whether the transferee servicer corrects any identified errors.

Supervision cont...

- 3. *For loans with loss mitigation in process, what policies the transferor and transferee implemented, including what procedures they adopted to ensure that:*
 - a. The transferee receives information regarding which loans are in any state of loss mitigation prior to the effective date of the transfer;
 - b. The transferor sends, and the transferee receives, loss mitigation applications, financial documents, previous loss mitigation history (e.g., borrower failed a loan modification previously) and executed copies of prior servicers' loss mitigation agreements and documents;
 - c. The transferee is properly applying, after transfer, payments due under an applicable loan modification agreement or other applicable payment modification agreement;
 - d. The transferee properly considers applicable loan modification or forbearance agreements before demanding or collecting amounts due;
 - e. The transferee has documented circumstances in which it will require new supporting documentation from the borrower to be considered for a trial modification or converted to a permanent modification; and
 - f. The transferor or transferee accurately informs the borrow

Supervision cont...

- [December 6, 2012](#) – Statement of Intent for sharing information with State banking and financial services regulators
- [November 29, 2012](#) – Bulletin regarding FCRA's streamlined process requirement for consumers to obtain free annual reports
- [November 27, 2012](#) – Bulletin regarding implementation of the remittance rule (Regulation E, Subpart B)
- [October 31, 2012](#) – Bulletin regarding appeals of supervisory matters
- [July 18, 2012](#) – Bulletin regarding marketing of credit card add-on products
- [June 27, 2012](#) – Final policy statement on the publication of credit card complaint data, as published in the Federal Register
- [June 21, 2012](#) – Interagency guidance on mortgage servicing practices concerning military homeowners with Permanent Change of Station orders
- [May 16, 2012](#) – Memorandum of Understanding on supervisory coordination among the CFPB, Federal Reserve Board, FDIC, NCUA, and OCC.
- [April 19, 2012](#) – Bulletin regarding transitional licensing of mortgage loan originators under the SAFE Act

Supervision cont...

- [April 18, 2012](#) – **Bulletin regarding lending discrimination**
 - The **ECOA** makes it illegal for a creditor to discriminate in any credit transaction against any applicant because of race, color, religion, national origin, sex, marital status, age (if the applicant is old enough to enter into a contract), receipt of income from any public assistance program;
 - Concurring in Dept. of Justice & other agency prior policy decision- “disparate impact” as method of proving lending discrimination
 - CFPB will consider evidence of the **disparate impact doctrine** as one method of proving lending discrimination under the ECOA and Regulation B
 - The act and regulation may prohibit a creditor practice that is discriminatory in effect because it has a disproportionately negative impact on a prohibited basis, **even though the creditor has no intent to discriminate and the practice appears neutral on its face**, unless the creditor practice meets a legitimate business need that cannot reasonably be achieved as well by means that are less disparate in their impact.



Supervision cont...

- [April 12, 2012](#) – *Bulletin regarding service providers*
 - Making sure regulated financial institutions, banks & non-banks, have appropriate procedures in place when utilizing third party service providers so as to not cause harm to consumers/ violate consumer protection laws

Supervision cont...

- [April 2, 2012](#) – *Bulletin regarding the payment of compensation to loan originators*
 - Subject to certain narrow exceptions, the **Compensation Rules** provide that no loan originator may receive (and no person may pay to a loan originator), directly or indirectly, compensation that is based on any terms or conditions of a mortgage transaction.
 - Compensation includes salaries, commissions, and annual or periodic bonuses.
 - CFPB says Rules permit employers to contribute to Qualified Plans out of a profit pool derived from loan originations. Financial institutions may make contributions to Qualified Plans for loan originators out of a pool of profits derived from loans originated by employees under the Compensation Rules.

Supervision cont...

- [January 4, 2012](#) – Bulletin regarding the Bureau’s supervision authority and treatment of confidential supervisory information
- [December 15, 2011](#) – Bulletin regarding whistleblower information, and law enforcement tips, and anti-retaliation protections
- [November 17, 2011](#) – Interagency statement for determining asset size of institutions for federal consumer financial law supervisory and enforcement purposes.
- [November 7, 2011](#) – Bulletin regarding notice and opportunity to respond and advise prior to enforcement proceedings
- [August 16, 2011](#) – Bulletin regarding *Ex Parte* Presentations in Rulemaking Proceedings
- [July 21, 2011](#) – Bulletin regarding the Interstate Land Sales Full Disclosure Act – communications with CFPB (updated December 19)
- [June 27, 2011](#) – Bulletin regarding Amendments to the Alternative Mortgage Transaction Parity Act (AMTPA)
- [April 11, 2011](#) – General Counsel Leonard J. Kennedy letter to financial institutions regarding section 1071 of the Dodd-Frank Act

Supervision cont...

- **Supervisory Highlights**

- http://files.consumerfinance.gov/f/201210_cfpb_supervisory-highlights-fall-2012.pdf

- Results of Admin. Action thus far:

- **\$435 million** in restitution for approximately 5.75 million consumers.
- **\$101.5 million** in civil money penalties.

- CFPB's Supervisory Program

- Issue the highlights to show most recent issues seen. Currently, they include deficient compliance management systems, and regulatory violations related to credit cards, credit reporting, and mortgage lending.

Supervision cont...

- **Compliance Management Systems**
 - CFPB examiners consider whether financial institutions have effectively addressed:
 - internal controls and oversight,
 - training,
 - internal monitoring,
 - consumer complaint response,
 - independent testing and audit,
 - third-party service provider oversight,
 - recordkeeping,
 - product development and business acquisition, and
 - marketing practices.

Supervision cont...

- **Violations by Credit Card Issuers**

- Include deceptive marketing of credit card add-on products,
- misleading consumers about fees or the benefits associated with such products,
- retaining customers who attempted to cancel such products,
- enrolling customers in products without their knowledge or consent,
- unlawful age discrimination against certain credit card applicants,
- deceptive debt collection practices

Took public action against:

- Capital One Bank (U.S.A.) N.A.
- Discover Bank
- American Express Companies

Supervision cont...

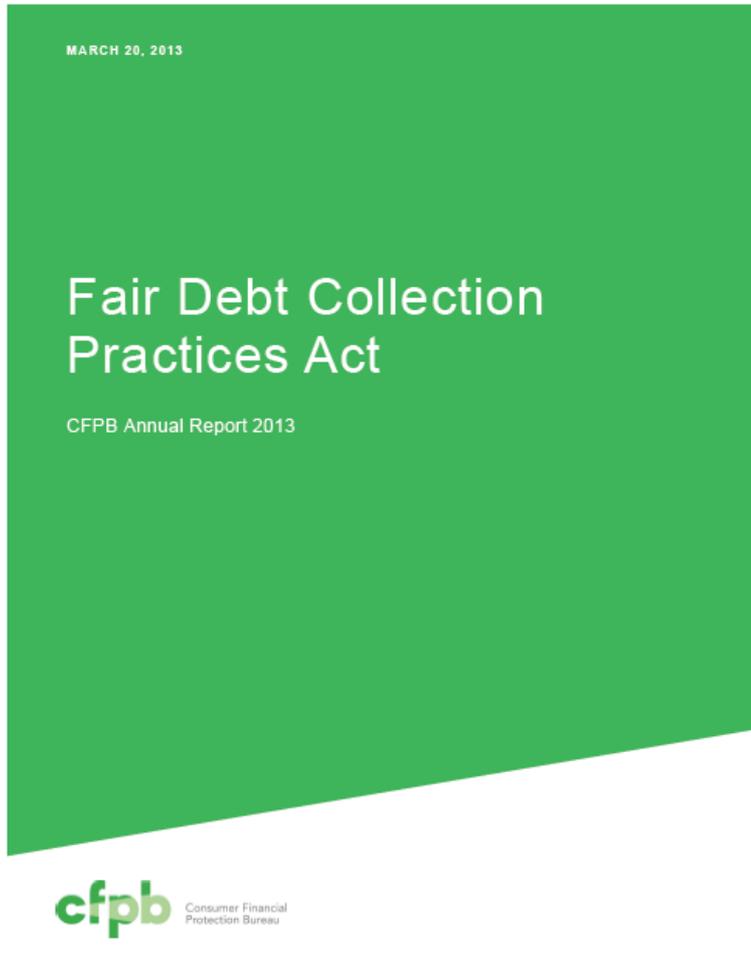
- **Violations That Relate to Credit Reporting**
 - financial institution's employees did not have sufficient training or familiarity with the requirements of the FCRA to implement it properly:
 - Resulted in failure to communicate appropriate and accurate account information to the credit bureaus,
 - failure to indicate when account information had been disputed by consumers, and
 - inability to determine whether disputes had been fully investigated.
- **Violations under TILA**
 - have included failures to provide accurate interest rate
- **Violations under RESPA**
 - failures to make proper and complete disclosures to consumers of costs and other terms of a transaction due to inadequate or improper completion of the Good Faith Estimate and the HUD-1 settlement statement.

**UP NEXT:
REPORTS**

Initiatives: Reports

- *Fair Debt Collection*
- *Credit Reporting System*
- *Fair Lending Report*
- *Analysis of Difference in Consumer- and Creditor-purchased Credit Scores*
 - <http://www.consumerfinance.gov/reports/>

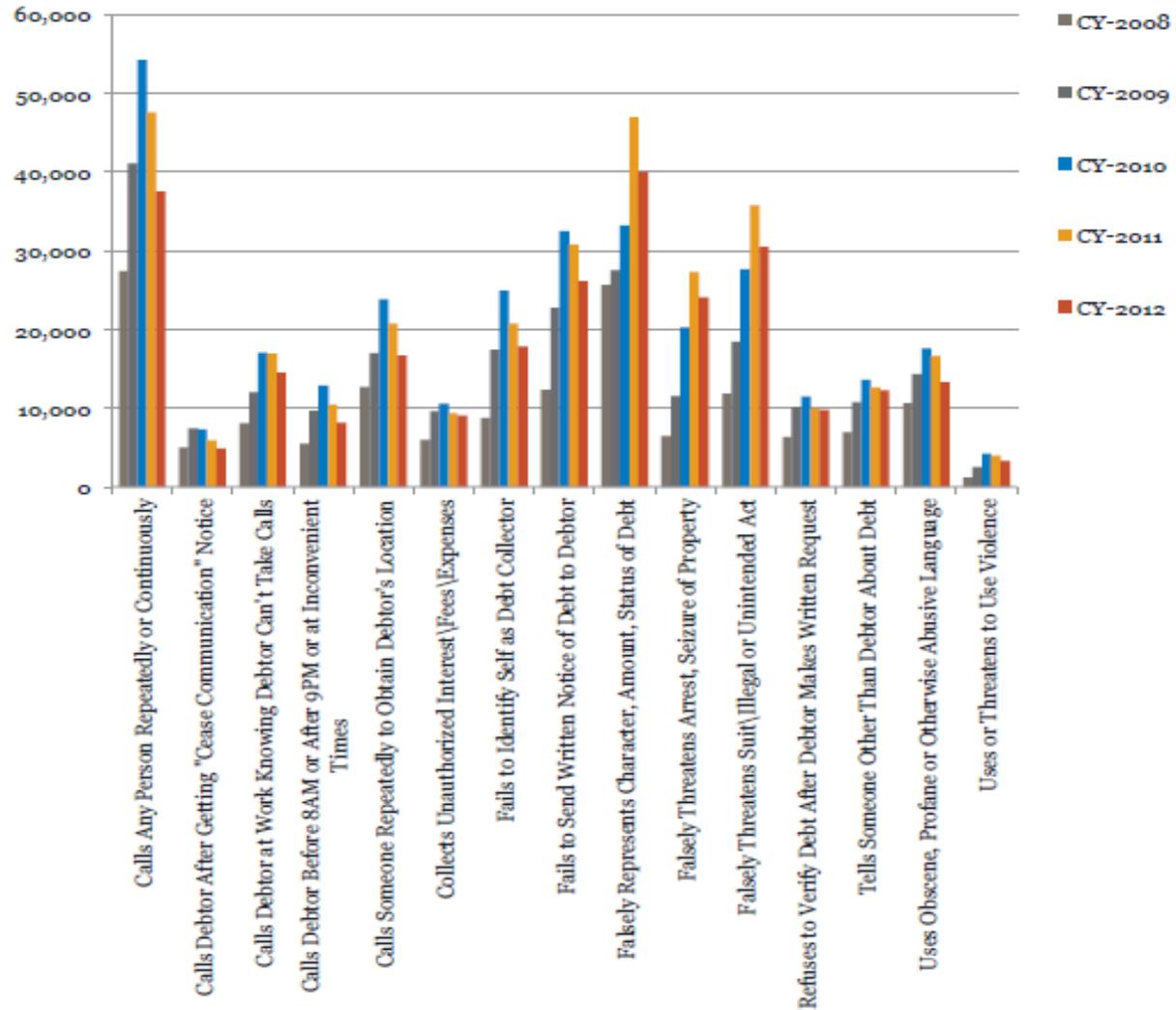
Reports cont...



- Released 3/20/13
- In 2012, approximately **30 million individuals** (=14% of American adults,) had debt that was or had been subject to the collections process (averaging approximately **\$1,500.40**)
- Any DC firm with more than \$10 million in annual receipts from consumer debt collection activities
 - *This authority extends to about **175 debt collectors** (= 4% of firms) which accounts for over 60% of the industry's annual receipts in the consumer debt collection market.*
 - The DBA International, an industry association for debt buyers, reports approximately 600 association members.

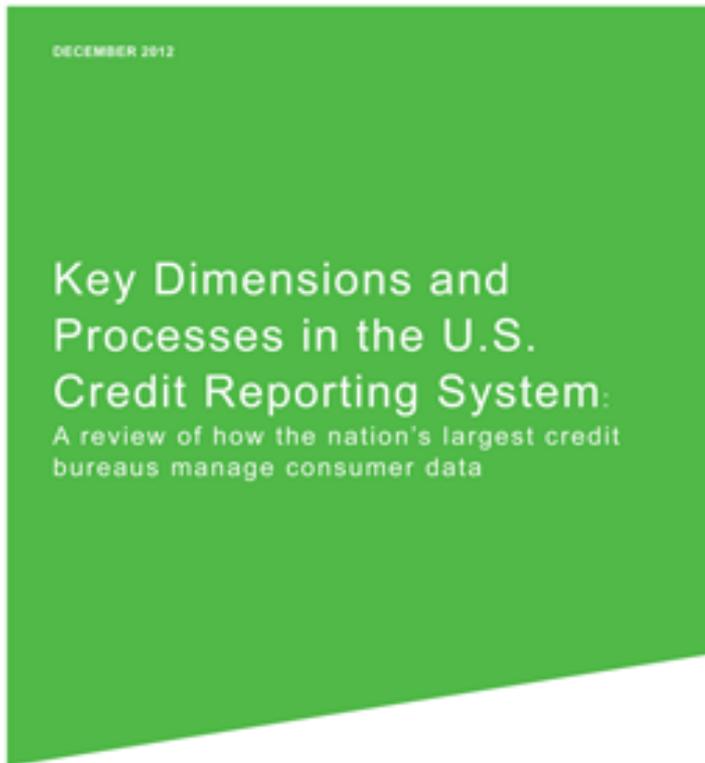
Reports cont...

The following graph compares the number of complaints received in each debt collection practice category from 2008 through 2012.



Reports cont...

- Released 12/13/12
- By Rule, CFPB supervises companies with annual receipts from “consumer reporting,” of over \$7 million.
- Key Findings:
 - The NCRAs each maintain credit files on over **200,000,000 adults** and receive information from approximately **10,000 furnishers of data**.
 - The 10 largest institutions furnishing credit information to each of the NCRAs account for more than half of all accounts reflected in consumers’ credit files. Retail and network-branded revolving credit cards account for nearly 60% of all trade lines
 - The CFPB estimates that at least **40,000,000 consumers** obtain a copy of their credit file from one or more of the NCRAs annually.
 - NCRAs received approximately **8 million** contacts from consumers in 2011 to initiate disputes about the accuracy of one or more items on their credit files = **32 – 38 million disputed items** on consumers’ credit files.
 - Collections items are a major source of disputes.



Reports cont...

<http://www.ftc.gov/os/2013/02/130211factareport.pdf>



Report to Congress
Under Section 319 of the
Fair and Accurate Credit
Transactions Act of 2003

December 2012

Federal Trade Commission

Jon Leibowitz, Chairman
J. Thomas Rosch, Commissioner
Edith Ramirez, Commissioner
Julie Brill, Commissioner
Maureen Ohlhausen, Commissioner

- **26%** of the 1,001 participants in the study identified at least one potentially **material error** on at least one of their three credit reports.
 - *defined as a disputed error that is modified by the CRA*
- **21% of the participants** had a modification to a least one of their credit reports after the dispute process, only 129 consumers (13% of participants) experienced a change in their credit score as a result of these modifications.
 - Of the 129 consumers with any score change, the maximum changes in score for over half of the consumers **were less than 20 points**.
 - For 5.2% of the consumers, the resulting increase in score was such that their credit risk tier decreased and thus the consumer may be more likely to be offered a lower auto loan interest rate.

Reports cont...

Released 12/6/12

DECEMBER 2012

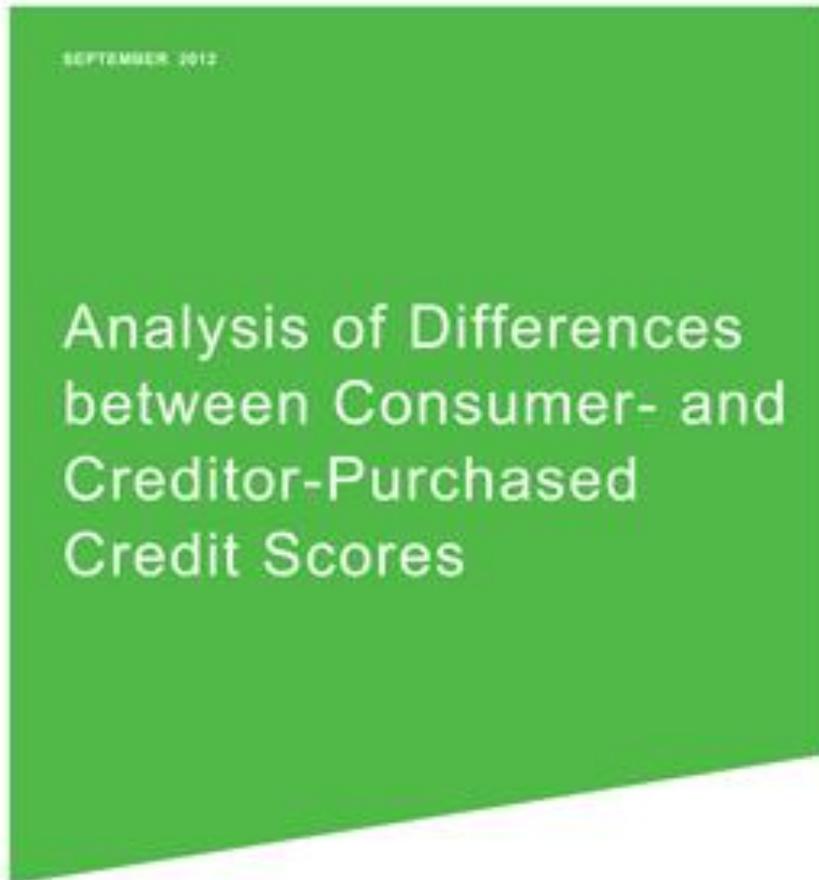
Fair Lending Report of the Consumer Financial Protection Bureau

cfpb Consumer Financial
Protection Bureau

First-year accomplishments include:

- Establishment of the Office of Fair Lending and Equal Opportunity;
- Commencement of the CFPB's fair lending supervision program, and completion of various levels of fair lending reviews at dozens of bank and nonbank institutions offering a variety of lending products;
- Commencement of the CFPB's fair lending enforcement program, and initiation of fair lending investigations;
- Ongoing work on amendments to the regulation that implements HMDA, and planning for the amendments to regulations that implement ECOA and TILA;
- Completion of an empirical study and report to Congress on the use of cohort default rates in private education lending;
- Ongoing collaboration and coordination with federal and state partners; and
- Outreach to private industry as well as fair lending, civil rights, and consumer and community advocates through dozens of meetings and events in Washington, DC and across the country.

Reports cont...



- Released 10/9/12
- Compare credit scores sold to creditors and those sold to consumers by nationwide CRAs
 - GOAL: determine whether differences between those scores disadvantage consumers.
 - CFPB analyzed credit scores from 200,000 credit files from each of the three major nationwide CRAs:
 - TransUnion,
 - Equifax, and
 - Experian.

Reports cont...

- **The study yielded the following results:**
 - For a majority of consumers the scores produced by different scoring models provided similar information about the relative creditworthiness of the consumers.
 - Correlations across the results of scoring models were high, generally over .90 (out of a possible one).
 - *Correlations were stronger among the models for consumers with scores below the median than for consumers with scores above the median.*
 - **Scoring Models:**
 - Found that different scoring models would place consumers in the same credit-quality category **73-80%** of the time.
 - Different scoring models would place consumers in credit-quality categories that are off by one category **19-24%** of the time.
 - **1% to 3%** of consumers would be placed in categories that were two or more categories apart.

**UP NEXT:
RULEMAKING**

Rulemaking

- **Final**
 - **Highlights**
- **Notice/ Comment Period**

<http://www.consumerfinance.gov/regulations/>

Rulemaking cont...

- **Final Rules**

- **2013**

- **March 22**

- [Truth in Lending \(Regulation Z\)](#)

- **March 21**

- [Amendments to Disclosures at Automated Teller Machines \(Regulation E\)](#)

- **February 15**

- [Disclosure of Records and Information](#)

- **January 20**

- [Loan Originator Compensation Requirements under the Truth in Lending Act \(Regulation Z\)](#)

- **January 18**

- [Disclosure and Delivery Requirements for Copies of Appraisals and Other Written Valuations Under the Equal Credit Opportunity Act \(Regulation B\)](#)
[Appraisals for Higher-Priced Mortgage Loans](#)

Rulemaking cont...

- **January 17**
[2013 Real Estate Settlement Procedures Act \(Regulation X\) and Truth in Lending Act \(Regulation Z\) Mortgage Servicing Final Rules](#)
- **January 10**
[Escrow Requirements under the Truth in Lending Act \(Regulation Z\)](#)
[High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act \(Regulation Z\) and Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act \(Regulation X\)](#)
[Ability to Repay and Qualified Mortgage Standards Under the Truth in Lending Act \(Regulation Z\)](#)
- **2012**
 - January 27**
[Electronic Fund Transfers \(Regulation E\)](#)
[Final Remittance Rule \(Amendment to Regulation E\)](#)
[Procedure Relating to Rulemaking](#)
[Home Mortgage Disclosure \(Regulation C\) Adjustment to Asset-Size Exemption Threshold](#)
[Regulation M Exemption Threshold Adjustment](#)
[Regulation Z Exemption Threshold Adjustment](#)
[Regulation Z HOEPA Threshold Adjustment](#)
[Defining Larger Participants of the Consumer Reporting Market](#)
[Defining Larger Participants of the Consumer Debt Collection Market](#)
[Defining Larger Participants of the Consumer Debt Collection Market; Correction](#)

Rulemaking cont...

- **January 27, 2012 cont....**
 - Confidential Treatment of Privileged Information
 - Rules Relating to Investigations
 - Rules of Practice for Adjudication Proceedings
 - State Official Notification Rule
 - Equal Access to Justice Act Implementation Rule
 - Disclosure of Records and Information
 - Home Mortgage Disclosure (Regulation C) asset threshold for 2012
 - Fair Credit Reporting Act Disclosures ceiling for allowable charges
 - Correcting amendments to Regulation V (fair credit reporting)
 - Delayed Implementation of Certain New Mortgage Disclosures
required under Title XIV of the Dodd-Frank Act
 - Supplemental Standards of Ethical Conduct for Employees of the Bureau of Consumer Financial Protection
 - Enforcement of Nondiscrimination on the Basis of Disability in Programs and Activities Conducted by the Bureau of Consumer Financial Protection

Rulemaking cont...

- **January 20, 2013**

- [Loan Originator Compensation Requirements under the Truth in Lending Act \(Regulation Z\)](#)

- The final rule implements requirements and restrictions imposed by the Dodd-Frank Act concerning loan originator compensation; qualifications of, and registration or licensing of loan originators; compliance procedures for depository institutions; mandatory arbitration; and the financing of single-premium credit insurance.

Rulemaking cont...

- **January 18, 2013**

- [Disclosure and Delivery Requirements for Copies of Appraisals and Other Written Valuations Under the Equal Credit Opportunity Act \(Regulation B\)](#)

- The new rule makes it easier for a borrower to review a valuation – an estimate of the home's value – before getting a loan. Specifically, the new rule requires that a lender:
 - Has to tell consumer within 3 days of receiving mortgage loan application will promptly get a copy of any appraisal
 - Has to provide a free copy of any valuation, which may include many commonly used reports, for example, an appraisal report, an automated valuation model report, or a broker price opinion
 - Has to provide these copies promptly after the reports are completed, or three days before loan closes, whichever is earlier

Rulemaking cont...

- **January 18, 2013**

- Appraisals for Higher-Priced Mortgage Loans

- The rule is designed to:
 - help prevent consumer from borrowing more than home is worth and
 - that a lender is using an accurate value when determining whether to lend money and at what rate.
 - *A “higher-priced mortgage loan” means that the interest rate is higher than certain average rates in the market.*
- **Protections:**
 - lender has to use a certified or licensed appraiser to value the home.
 - The appraiser has to see the inside of the home.
 - 3 days before loan closing, lender must give consumer a free copy of all appraisals it obtained.

Rulemaking cont...

- **January 17, 2013**
[2013 Real Estate Settlement Procedures Act \(Regulation X\) and Truth in Lending Act \(Regulation Z\) Mortgage Servicing Final Rules](#)
 - Regulation X final rule implements Dodd-Frank Act sections addressing:
 - servicers' obligations to correct errors asserted by mortgage loan borrowers;
 - to provide certain information requested by such borrowers; and
 - to provide protections to such borrowers in connection with force-placed insurance.
 - Addresses servicers' obligations to provide information about mortgage loss mitigation options to delinquent borrowers;
 - to establish policies and procedures for providing delinquent borrowers with continuity of contact with servicer personnel capable of performing certain functions; and
 - to evaluate borrowers' applications for available loss mitigation options. initial rate adjustment notices for adjustable-rate mortgages, periodic statements for residential mortgage loans, prompt crediting of mortgage payments, and responses to requests for payoff amounts. This final rule also amends current rules governing the scope, timing, content, and format of disclosures to consumers regarding the interest rate adjustments of their variable-rate transactions....
 - AND MORE!

Rulemaking cont...

- **January 10, 2013**

- Ability to Repay and Qualified Mortgage Standards Under the Truth in Lending Act (Regulation Z)

- Generally require creditors to make a reasonable, good faith determination of a consumer's ability to repay any consumer credit transaction secured by a dwelling
 - *excluding an open-end credit plan, timeshare plan, reverse mortgage, or temporary loan*
 - Also:
 - Establishes certain protections from liability under this requirement for “qualified mortgages.”
 - limits prepayment penalties and
 - requires creditors to retain evidence of compliance with the rule for three years after a covered loan is consummated

Rulemaking cont...

- FALL 2012 Regulatory Agenda**

Agency	Agenda Stage of Rulemaking	Title	RIN
CFPB	Prerule Stage	Registration of Certain Nonbank Covered Persons	3170-AA07
CFPB	Prerule Stage	Supervision of Larger Depository Institutions and Affiliates	3170-AA08
CFPB	Prerule Stage	Home Mortgage Disclosure Act (Regulation C)	3170-AA10
CFPB	Proposed Rule Stage	Requirements for Prepaid Cards (Regulation E)	3170-AA22
CFPB	Proposed Rule Stage	Supervision of Certain Nonbank Covered Persons--Defining Larger Participants in Certain Consumer Financial Product and Service Markets	3170-AA25
CFPB	Proposed Rule Stage	Credit Card Accountability Responsibility and Disclosure Act of 2009/Ability to Pay (Regulation Z)	3170-AA28
CFPB	Proposed Rule Stage	Temporary Cease and Desist Orders (TCDO)	3170-AA29
CFPB	Proposed Rule Stage	Disclosures For Remittance Transactions (Regulation E)	3170-AA33
CFPB	Final Rule Stage	Disclosure of Records and Information	3170-AA01
CFPB	Final Rule Stage	Restatement of Federal Consumer Financial Law Regulations	3170-AA06
CFPB	Final Rule Stage	Amendments to TILA and FIRREA Concerning Appraisals	3170-AA11
CFPB	Final Rule Stage	High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act & Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act	3170-AA12
CFPB	Final Rule Stage	Loan Originator Compensation (Regulation Z)	3170-AA13
CFPB	Final Rule Stage	Mortgage Servicing (Regulation X; Regulation Z)	3170-AA14
CFPB	Final Rule Stage	Requirements for Escrow Accounts (Regulation Z)	3170-AA16
CFPB	Final Rule Stage	TILA Ability to Repay (Regulation Z)	3170-AA17
CFPB	Final Rule Stage	TILA/RESPA Mortgage Disclosure Integration (Regulation X; Regulation Z)	3170-AA19
CFPB	Final Rule Stage	Credit Card Pre-Opening Account Fees (Regulation Z)	3170-AA21
CFPB	Final Rule Stage	Procedural Rule To Establish Supervisory Authority Over Certain Nonbank Covered Persons Based on Risk Determination	3170-AA24
CFPB	Final Rule Stage	Copies of Appraisals or Other Valuations To Be Furnished by Creditor (Regulation B)	3170-AA26
CFPB	Final Rule Stage	Equal Access to Justice Act Implementation Rule	3170-AA27
CFPB	Final Rule Stage	The Expedited Funds Availability Act (Regulation CC)	3170-AA31

Rulemaking cont...

- ***Open for Comment***
 - **Defining Larger Participants of the Student Loan Servicing Market**
Proposed rule with request for public comment
Closes May 28, 2013 | [Submit a comment](#)

Resources

Consumer Financial Protection Bureau

- www.consumerfinance.gov

The screenshot shows the homepage of the Consumer Financial Protection Bureau. At the top left is the CFPB logo. To the right, it says "An official website of the United States Government" with a phone number (855) 411-2372 and a search bar. The navigation menu includes: HOME, INSIDE THE CFPB, GET ASSISTANCE, PARTICIPATE, LAW & REGULATION, and SUBMIT A COMPLAINT. The "LAW & REGULATION" dropdown menu is open, listing: Examination manual, Guidance, Notice and comment, Regulations, Administrative adjudication, and Amicus program. A main banner features the text "Compare financial aid and college cost" with a sub-headline "We've built a tool to help students compare financial aid packages..." and a link "Check it out." Below this, there is a section titled "Now accepting money transfer complaints" with a paragraph about sending money abroad and a link "Final Rule".

cfpb Consumer Financial Protection Bureau

An official website of the United States Government (855) 411-2372

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We've built a tool to help students compare financial aid packages. If you've received financial aid offers, use this tool to understand how all those numbers impact your payments down the road. [Check it out.](#)

Now accepting money transfer complaints

It's pretty incredible that you can quickly send money to almost anywhere in the country or abroad. Many people do so on a daily basis and starting today you can submit a money transfer complaint if you have an issue such as: Money was not available when promised Wrong amount charged or received (Transfer amounts, [...])

close menu of the 2013 Escrows

[Final Rule](#)

APR 11

[You just got your college acceptance letter. Now what?](#)

APR 10

<http://www.consumerfinance.gov/#regulation>

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It's pretty incredible that you can quickly send money to almost anywhere in the world. Many people do so on a daily basis and starting today you can file a money transfer complaint if you have an issue such as: Money was not sent, Wrong amount charged or received (Transfer amounts, [...])

APR 12

[Proposed clarification of the 2013 Escrows Final Rule](#)

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APR 11

[New entity compliance guide for the Ability-to-Repay and Qualified Mortgage rule](#)



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We've built a tool to help students compare financial aid offers, use this tool to help you make payments down the road. Check it out

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APR 10

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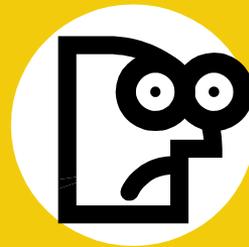
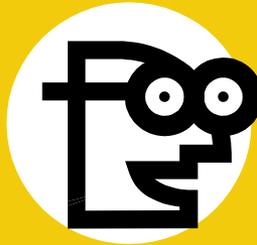
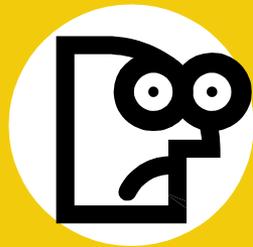


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