

Is the CFPB Targeting You?

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2015 CFPB ACTIVITIES

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CONSENT ORDERS: TARGET MARKETS

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DEBT COLLECTION/DEBT SELLING & PURCHASING

- Oversight of third party vendors, including attorneys
- Improper debt sales
- Credit reporting

LENDING

- Springstone Financial
- Deceptive and misleading, especially by service providers
- Claims of no interest vs. “deferred” interest – incorrectly described by service providers
- Alternative finance vehicles (i.e. medical)

BANK PRACTICES

- Stepping in areas where prudential regulators have occupied
- Improper reconciliation of deposits
- Deceptive overdraft practices
- UDAAP – target low credit scores for pressured sales of products
- Disparate impact basis for redlining enforcement action

MORTGAGE SERVICING /MORTGAGE BROKERS PAYMENT PROCESSORS

- Failure to abide by prior loan modifications
- Improper incentives and compensation for referral of mortgage applications
- Marketing of equity accelerator programs — processor shared consumer fees with servicer

STUDENT LOAN SERVICING

- Debt collection practices
- Improper billing practices
- Misleading information about charges incurred
- Misapplication of payments to interest and not principal

NEW MARKETS

- Telephone – Sprint & Verizon – billing practices

SMALL BUSINESS STUDY

- Reporting requirements for small business as well as minority and women owned businesses – low priority in past for CFPB
- Congressional push – letter from 84 Congressmen
- Personal guaranties

AUTO LENDING

- Under Dodd-Frank, auto dealers are specifically excluded from coverage – indirect coverage through lenders
- Disparate impact – will affect other markets
- Improper dealer incentives
- Standardize dealer compensation

PENDING LITIGATION

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CFPB V. HANNA

- Regulation of attorney conduct
 - Also in PRA/Encore orders
 - Chase orders

CFPB V. UNIVERSAL DEBT ET AL

- Debt collection
- First action against service provider/payment processors
- “Substantial assistance”

CFPB V. SECURITY NATIONAL

- Debt collection
- Auto loans to military

REGULATORY PROPOSALS AND INITIATIVES

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DEBT COLLECTION

- ANPR
- Covers many markets
- SBREFA panel coming – 4Q 2015/ 1Q 2016
- Proposed Rule (NPR) – 2016???
- Banks and original creditors will be included

ARBITRATION

- Two Studies
- SBREFA – October 28, 2015
- October 7th – field hearing – Denver
 - Typical kick-off for outline of proposed rule and SBREFA panel

PAYDAY

- SBREFA panel
 - March – May 2015
 - Report – June 25, 2015
 - FOIA version – September 2015 (redacted)
- Regulated parties raising issues
 - Letter from SERS to Sen. Vitter
 - GAO review of SBREFA process
 - Objections that SER comments ignored
- NPR expected late 2015
- Operation Chokepoint – litigation moving forward

STUDENT LOAN SERVICING

- Administration task force – best practices for performance based contracting
- GAO Report – input on federal loan repayment
- Private Student Loan Ombudsman
- September 29, 2015 – CFPB Report
- CFPB – exploring rulemaking

MORTGAGE RULES

- TRID (“Know Before You Owe”) – eff. date October 3, 2015
 - Good faith effort OK for now?
- HMDA – Final Rule expected Fall 2015
- Changes to mortgage restrictions
 - Ease requirements for small/rural banks
 - Expand definition of “creditor” and includes affiliates
 - Adds grace periods to provide additional time for compliance

OVERDRAFT

- Federal Register – request for comment on potential national study

QUESTIONS?

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THANK YOU



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