

BUREAU OF CONSUMER FINANCIAL PROTECTION | FALL 2020

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



# Message from the Director

2020 has been a year of witness and experience, of profound loss and hopeful expectation, and of pain and resilience. For many of us, the pandemic came as both an economic and emotional shock. However, Americans have experienced unexpected events before, and they have once again determined to overcome the challenges laid out before them. The employees who comprise the Consumer Financial Protection Bureau are similarly determined to continue to fulfill our mission of supporting and educating the American consumer in all financial marketplaces. This report provides me the opportunity to highlight the efforts and work of our incredibly talented, dedicated, and resolute staff.



We continue operating under the banner of “Safety First, Mission Always” as we tirelessly work to protect, promote, and preserve the financial well-being of the American consumer. In maintaining this posture, we have not sacrificed any of our services or tools. We continue to educate consumers, supervise financial markets, develop policy and regulatory frameworks, and identify and pursue bad actors through enforcement investigations and actions.

We believe one of the best ways to help consumers navigate the current uncertainty is to keep them informed and engaged. We have produced educational blogs and videos, related to COVID-19 resources, which are available on our website, and translated them into seven languages. We are providing the most up-to-date information on what scams consumers should be aware of, and how consumers can best protect their credit. We have provided guidance on the economic impact payments as well as guidance for small business owners seeking assistance from the Paycheck Protection Program.

We also continue to educate homeowners and renters on relief options offered through the CARES Act and related pandemic relief laws. Our efforts have included reaching out to our colleagues in the federal government and harnessing our respective resources to be as efficient and effective as possible. We developed an interagency housing website—a one-stop-shop consumers can turn to for the latest, most accurate information on housing options and protections offered by the CARES Act. The website can be found at: [cfpb.gov/housing](http://cfpb.gov/housing). While we are working hard to spread the word about these resources through publications, press releases, interviews, and townhalls, we encourage you to inform your constituencies and communities of these resources.

Unfortunately, we know that challenging and uncertain times do not dissuade bad actors. Accordingly, our enforcement activities have not let up. In fact, they have increased significantly. Based on the number of current investigations, we expect this trend to continue into the foreseeable future. In calendar year 2020, the Bureau filed the second-highest number of actions in the Bureau's history, secured approximately \$875 million dollars in customer relief and penalties, and opened investigations of banks and nonbanks in all of the Bureau's markets. To ensure the public can stay informed of our enforcement activities and actions, we began work on a refreshed enforcement action database, which went live in November of last year. We developed the interactive enforcement action database to increase transparency and make it easier for consumers and stakeholders to gain more insight into the Bureau's enforcement actions. Specifically, the design of the refreshed enforcement action database allows users to view interactive graphs tracking cumulative consumer relief, cumulative enforcement actions, and total enforcement actions per year.

With the recent COVID-19 vaccine approvals, we appear to have reached the beginning of the pandemic's end. However, the ending of the pandemic does not mean families' housing and financial struggles will immediately cease. I am committed to ensuring the Bureau is prepared to support consumers as they transition into a post-pandemic world.

I know we will be successful in our current and future efforts because the people that make up the Bureau have proven, over the past year, their strength, resourcefulness, and resiliency. Their dedication and commitment to the Bureau's mission will continue unabated. I am proud to share with you our semiannual report and welcome your questions and thoughts about our efforts outlined here and our mission overall.

Sincerely,



Kathleen L. Kraninger

# Table of contents

<b>Message from the Director .....</b>	<b>1</b>
<b>Table of contents .....</b>	<b>3</b>
<b>1. Significant problems faced by consumers in shopping for or obtaining consumer financial products or services .....</b>	<b>6</b>
1.1 The effects of the COVID-19 pandemic on consumer credit.....	6
1.2 Insights from the Making Ends Meet Survey.....	8
1.3 Combatting scams targeted towards older Americans .....	10
<b>2. Justification of the budget request of the previous year .....</b>	<b>13</b>
2.1 Fiscal year (FY) 2020 spending through the end of the fiscal year	13
<b>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.....</b>	<b>16</b>
3.1 Significant rules .....	16
3.2 Less significant rules .....	19
3.3 Significant initiatives .....	20
3.4 Plan for upcoming initiatives.....	44
3.5 Plan for upcoming rules .....	49
<b>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 .....</b>	<b>55</b>
<b>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 .....</b>	<b>58</b>

5.1 Supervisory activities.....	58
5.2 Enforcement activities .....	58
<b>6. Actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions.....</b>	<b>84</b>
<b>7. Assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law .....</b>	<b>85</b>
<b>8. Analysis of the efforts of the Bureau to fulfill the fair lending mission of the Bureau.....</b>	<b>87</b>
8.1 Fair lending supervision .....	87
8.2 Fair lending enforcement.....	89
8.3 Fair lending outreach.....	89
8.4 Fair lending coordination .....	92
<b>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). .....</b>	<b>94</b>
9.1 Increasing workforce diversity .....	95
9.2 Increasing contracting diversity.....	97
9.3 Diversity within the Bureau contractors' workforces .....	98
9.4 Assessing diversity of regulated entities .....	99
<b>Appendix A: Addendum .....</b>	<b>100</b>
Annual Report on the Truth in Lending Act, the Electronic Fund Transfer Act, and the Credit Card Accountability Responsibility and Disclosure Act .....	100
<b>1. Public enforcement actions and reimbursements – TILA, EFTA, CARD Act.....</b>	<b>102</b>
1.1 TILA: Public enforcement actions and reimbursements .....	102

1.2	EFTA: Public enforcement actions and reimbursements .....	104
1.3	CARD Act: Public enforcement actions and reimbursements ...	109
<b>2.</b>	<b>Assessment of compliance and common violations – TILA and EFTA .....</b>	<b>110</b>
<b>3.</b>	<b>Outreach related to TILA and EFTA .....</b>	<b>112</b>

# 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 Consumer Financial Protection Bureau (CFPB or Bureau) released reports that discuss the various challenges consumers face in shopping for or obtaining consumer financial products or services, including two reports on the early effects of the COVID-19 pandemic on consumer credit and a report containing insights from a survey of U.S. consumers regarding difficulties in making ends meet. Access to credit and the ability to cope with financial difficulty and to save for emergencies impact consumers' ability to obtain financial products and services.

## 1.1 The effects of the COVID-19 pandemic on consumer credit

The Bureau published two reports on the effects of the COVID-19 pandemic on consumer credit. The reports are based on the Bureau's Consumer Credit Panel (CCP), a longitudinal sample of approximately five million de-identified credit records from one of the three nationwide consumer reporting agencies. After the end of each month, the Bureau receives updated credit records for all sampled credit records, if available.

In April 2020, the Bureau published a report<sup>1</sup> focusing on credit inquiries because they are among the first credit market measures to change in credit record data in response to changes in economic activity. When a consumer applies for new credit to purchase a car or a home or applies for a new credit card account, most lenders will seek information about the consumer from a nationwide consumer reporting agency. This is often referred to as a "hard inquiry." Inquiries typically appear almost immediately in credit record data when a consumer's credit report is pulled. Other credit market measures, such as delinquencies or forbearances on existing accounts, are generally less quickly observed since information on existing accounts is reported with some lag. The report

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<sup>1</sup> <https://www.consumerfinance.gov/data-research/research-reports/covid-19-early-effects-credit-applications/>.

found that consumer credit applications declined substantially in March. Applications are measured by the number of credit pulls or “hard inquiries” that lenders perform when a consumer applies for new credit.

The report found that between the first and last week of March, auto loan inquiries dropped by 52 percent, new mortgage inquiries dropped by 27 percent, and revolving credit card inquiries declined by 40 percent compared to usual patterns seen in the data in earlier years. Additionally, the drops were significantly more pronounced for consumers with higher credit scores, consistent with the possibility that higher credit score consumers have more flexibility in either their credit needs or the timing of their credit needs.

The report also found significant geographic variation in the decline in inquiries, with states in the South and Mountain regions experiencing smaller drops and states in the Northeast and California regions experiencing the largest drops. The report relates the drop in inquiries to two variables measuring the effects of the pandemic at the state level: the COVID-19 case rate and the share of workers filing for unemployment insurance benefits in the last weeks of March. The report found a strong correlation between the decline in inquiries and the COVID-19 case rate, as well as the decline in inquiries and the unemployment insurance claims share, for some categories of credit.

In August 2020, the Bureau published a report<sup>2</sup> focusing on consumer credit outcomes stemming from the immediate and dramatic shocks to consumer and household income in the first months of the COVID-19 pandemic, beginning in March 2020. Within three months, the unemployment rate was 11.1 percent, and significant cuts in retail spending occurred among households. At the same time, a significant number of workers received income replacement from unemployment insurance (UI) programs. Over 33 million U.S. workers claimed UI benefits at the end of June 2020, many of whom received expanded benefits under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.<sup>3</sup> Stimulus payments under the CARES Act also provided added income for both unemployed and employed workers that met certain criteria.

The report found that, as of June 2020, consumers had not experienced significant increases in delinquency or other negative credit outcomes, as reported in credit record data following the onset of the COVID-19 pandemic in the United States. This is in spite of the sharp increases in unemployment resulting from the pandemic through June 2020. The report focused on mortgage, student, and auto loans and credit card accounts from March 2020 to June 2020, noting that

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<sup>2</sup> <https://www.consumerfinance.gov/data-research/research-reports/special-issue-brief-early-effects-covid-19-pandemic-on-consumer-credit/>.

<sup>3</sup> This number includes workers claiming Pandemic Unemployment Assistance. Bureau of Labor Statistics (July 16, 2020), “Unemployment Insurance Weekly Claims.” <https://oui.dolleta.gov/press/2020/071620.pdf>.

outcomes may reflect payment assistance provided to American consumers through the CARES Act.

The report showed that new delinquencies fell between March and June of 2020. The report also found increases in payment assistance from creditors and lenders to borrowers. Student loan and first-lien mortgage accounts had the largest increase in assistance in terms of magnitude, but increases in assistance on auto loan and credit card accounts were substantial given that there was effectively zero assistance reported for consumers prior to the COVID-19 pandemic. Assistance appeared to be concentrated among borrowers residing in areas that were more severely affected by the COVID-19 pandemic and the associated shocks to employment.

The report also found that financial institutions reduced access to credit card debt both by closing existing lines of credit and by halting credit limit increases on open accounts. However, these effects were small in magnitude. Both account closings and credit line reductions primarily affected borrowers with high credit scores, and many of the account closings were on cards that were closed for inactivity.

Credit card balances also fell substantially at the start of the COVID-19 pandemic, then continued a steady decline through to June 2020. The decreases in credit card balances were consistent across groups when broken down by credit score and various demographic factors.

## 1.2 Insights from the Making Ends Meet Survey

The Bureau's Making Ends Meet Survey<sup>4</sup> is a nationally representative survey of adults with a credit record. The survey results provide a deeper understanding of how often U.S. consumers have difficulty making ends meet, how they cope with these shortfalls, and their subsequent financial difficulties. The survey is part of the Bureau's statutory mission to conduct research on markets for consumer financial products and services, the experiences and access to credit for traditionally underserved communities, and consumer understanding and choice of products, among other things.

The Bureau conducted the survey in May 2019, before COVID-19, and responses to the survey reflect people's financial situations prior to the COVID-19 pandemic. Although the survey predates COVID-19, understanding how well-prepared households are for negative shocks, such as job loss,

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<sup>4</sup> <https://www.consumerfinance.gov/data-research/research-reports/insights-making-ends-meet-survey/>.

and consequences of those adverse events helps shed light on how consumers deal with financial problems in general.

The sample for the survey was selected from the Bureau's CCP, a 1-in-48 random and deidentified sample of credit records maintained by one of the top three nationwide credit reporting agencies. The link to the CCP is a key advantage of the survey compared to other surveys. The link provides a deeper understanding of the circumstances—both positive and negative—that lead U.S. consumers to make the choices about debt observed in the credit bureau data. Using the CCP also strengthens the survey by ensuring the sample contains sufficient representation of particular groups by oversampling consumers with lower credit scores, with recent credit delinquencies, and those living in rural areas. Ultimately, 2990 consumers responded to the survey either on paper or online. The survey is weighted to be nationally representative of consumers with a credit record.

Key results from the survey:

- In May 2019, 40.4 percent of U.S. consumers reported that they had difficulty paying a bill or expense in the previous year. People with lower incomes and lower credit scores were much more likely to report having difficulties, but 18 percent of respondents with incomes over \$100,000 reported having difficulty paying a bill or expense in the previous year.
- Households that suffered a period of unemployment, reduced work hours, or an inability to work because of illness were nearly twice as likely to report having difficulty paying a bill or expense than households that had not experienced these events. If respondents could point to an event that caused them difficulty, 48 percent listed medical expenses and 33 percent listed job loss or other loss of income. Auto repair, helping friends and family, and home repair were also important reasons for difficulty.
- Half of respondents said they borrowed, either formally or informally, when they had difficulty paying a bill or expense. Half reported cutting back on other expenses (the options are not exclusive). Thirty-four percent skipped a payment or paid another bill late.
- Seventy-two percent of respondents could point to a specific event that caused them to have difficulty. For 77 percent of these respondents, the event was unexpected.
- If a respondent had difficulty paying for one bill or expense, the respondent was often also unable to pay for other necessities such as food, utilities, rent, or the mortgage.
- Many households are ill-prepared to weather even a short-term loss of their main source of income. Among survey respondents, 52 percent reported they could cover expenses for two months or less if they lost their main source of income using all available sources including

borrowing, using savings, selling assets, and seeking help from family or friends. Twenty percent could cover expenses for two weeks or less.

The Bureau conducted a follow-up survey in May and June 2020 with the respondents from the first survey. The results from this follow-up survey will provide more information on how COVID-19 and responses to it have affected people's financial lives. The results of the survey are expected to be published in early calendar year 2021.

## 1.3 Combatting scams targeted towards older Americans

During the coronavirus pandemic, many older adults have faced a variety of new financial challenges, including COVID-related scams, managing finances online, and dealing with social isolation in a world of remote financial caregiving. To address these challenges, the Bureau created tailored COVID-related financial protection information while also continuing to highlight the Bureau's relevant flagship resources for older adults.

The Bureau initiated an effort to learn what issues older adults were facing and developed outreach efforts around those topics. First, the CFPB coordinated with stakeholders to learn the challenges confronting older adults, caregivers, and service providers due to the COVID-19 pandemic. Then, the Bureau conducted outreach efforts through email communications, social media, blogs, virtual conferences, presentations, webinars, and videos. During this time frame, the CFPB reached over 10,000 stakeholders, who in turn touch thousands more older adults with financial information and assistance.

Highlights of accomplishments relating to financial protection of older Americans during the period of April 1, 2020, through September 30, 2020, include the development of COVID-related resources such as blogs, webinars and videos. The CFPB issued joint blogs with the Federal Trade Commission (FTC) on errand helper scams<sup>5</sup> and government imposter scams.<sup>6</sup> In addition, the Bureau's blogs provided guidance to older adults and caregivers about mobile banking,<sup>7</sup> as well as about planning their finances for an uncertain future.<sup>8</sup> Additional blogs covered CARES Act

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<sup>5</sup> <https://www.consumerfinance.gov/about-us/blog/avoid-scams-find-help-during-quarantine/>.

<sup>6</sup> <https://www.consumerfinance.gov/about-us/blog/avoid-covid-19-government-impostor-scams/>.

<sup>7</sup> <https://www.consumerfinance.gov/about-us/blog/online-mobile-banking-tips-beginners/>.

<sup>8</sup> <https://www.consumerfinance.gov/about-us/blog/planning-finances-uncertain-future/>.

provisions related to early retirement withdrawals<sup>9</sup> and renter protections.<sup>10</sup> The blog about avoiding COVID scams became the CFPB’s “Resources to help you avoid scams” page.<sup>11</sup>

In addition, the Bureau spoke on numerous webinars on coronavirus scams for a variety of audiences, from financial institutions to aging service providers, and even consumers. A webinar with the National Center for Law and Elder Rights (NCLR)<sup>12</sup> reached more than 3,000 registrants. The Bureau also created four new videos for older American audiences, including a video focused on protecting older adults from coronavirus scams.<sup>13</sup>

Alongside these new COVID resources, the Bureau promoted our flagship resources for older Americans. For example, the CFPB continued to push out Managing Someone Else’s Money (MSEM),<sup>14</sup> which underwent user-testing and was made available for co-branding. The Bureau also continued to offer webinars on MSEM and presentations to groups such as the Advisory Council on Employee Welfare and Pension Benefit Plans (ERISA Advisory Council).

Finally, the CFPB released new materials to meet the needs of older adults regardless of the pandemic. On May 14, 2020, the Bureau’s Office for Older Americans issued the Retirement Decisions Report,<sup>15</sup> which summarizes the findings of a Bureau study into whether retired people had the income, savings, and/or non-housing assets to maintain the same level of spending for at least five consecutive years after retiring. The study helps identify ways to protect retirees from overspending their savings in early retirement.

In May 2020, the Bureau added to existing anti-fraud handouts<sup>16</sup> and existing free fraud prevention resources that can help older adults and their families avoid common scams. In August 2020, the Bureau offered disaster-themed anti-fraud handouts,<sup>17</sup> with tips to avoid scams during disasters like health emergencies.

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<sup>9</sup> <https://www.consumerfinance.gov/about-us/blog/cares-act-early-retirement-withdrawal/>.

<sup>10</sup> <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/rent-protections-covid-19/>.

<sup>11</sup> <https://www.consumerfinance.gov/coronavirus/avoiding-scams/>.

<sup>12</sup> <https://vimeo.com/440773695>.

<sup>13</sup> <https://www.consumerfinance.gov/coronavirus/avoiding-scams/>.

<sup>14</sup> <https://www.consumerfinance.gov/consumer-tools/managing-someone-elses-money/>.

<sup>15</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_retirement-security-financial-decision-making\\_research-brief.pdf](https://files.consumerfinance.gov/f/documents/cfpb_retirement-security-financial-decision-making_research-brief.pdf).

<sup>16</sup> <https://www.consumerfinance.gov/consumer-tools/educator-tools/resources-for-older-adults/financial-education-placemats/>.

<sup>17</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_placemat\\_falling-for-scams.pdf](https://files.consumerfinance.gov/f/documents/cfpb_placemat_falling-for-scams.pdf).

On June 15, 2020, in connection with World Elder Abuse Awareness Day, the CFPB released the Elder Fraud Prevention & Response Networks (EFPRN) Development Guide.<sup>18</sup> This guide provides step-by-step materials to help communities form networks to increase their capacity to prevent and respond to elder financial fraud.

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<sup>18</sup> <https://www.consumerfinance.gov/consumer-tools/educator-tools/resources-for-older-adults/elder-protection-networks/>.

# 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 fiscal year

### 2.1.1 Bureau fund

As of September 30, 2020, the end of the fourth quarter of FY 2020, the Bureau had spent approximately \$558.5 million<sup>19</sup> in FY 2020 funds to carry out the authorities of the Bureau under Federal consumer financial law, including approximately \$323.0 million for employee compensation and benefits. There were 1,504 Bureau employees on board at the end of the FY.<sup>20</sup>

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

Expense Category	Fiscal Year 2020
Personnel Compensation	\$231,033,219
Benefit Compensation	\$91,265,515
Benefit Compensation – Former Employees	\$698,806
Travel	\$5,769,501
Transportation of Things	\$131,984

<sup>19</sup> This amount includes new obligations and upward adjustments to the previous year obligations. 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.

<sup>20</sup> This figure reflects the employees on board during pay-period 19, calendar year 2020.

Rents, Communications, Utilities & Misc.	\$16,126,559
Printing and Reproduction	\$4,448,431
Other Contractual Services	\$160,888,305
Supplies & Materials	\$5,267,360
Equipment	\$27,361,016
Land and Structures	\$15,492,341
<b>Total (as of September 30, 2020)</b>	<b>\$558,483,037</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 September 30, 2020, the Bureau had received the following transfers for FY 2020. The amounts and dates of the transfers are shown below.<sup>21</sup>

**TABLE 2: FUND TRANSFERS**

Funds Transferred	Date
\$223.3M	October 01, 2019
\$97.8M	January 02, 2020
137.0M	April 01, 2020
79.1M	July 01, 2020
<b>\$537.2M</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

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<sup>21</sup> Current year spending in excess of funds received is funded from the prior year's unobligated balance.

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>22</sup>

#### 3.1 Significant rules<sup>23</sup>

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

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<sup>22</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.

<sup>23</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.

- Proposed Rule: Remittance Transfers under the Electronic Fund Transfer Act (Regulation E)<sup>24</sup>
- Supplemental Proposed Rule: Debt Collection Practices (Regulation F)<sup>25</sup>
- Proposed Rule: Amendments to Facilitate the LIBOR Transition (Regulation Z)<sup>26</sup>
- Proposed Rule: Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z), Extension of the Sunset Date<sup>27</sup>
- Proposed Rule: Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z), General QM Loan Definition<sup>28</sup>
- Proposed Rule: Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z), Seasoned QM Loan Definition<sup>29</sup>

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<sup>24</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/final-rules/remittance-transfers-under-electronic-fund-transfer-act-regulation-e/>.

<sup>25</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/debt-collection-practices-regulation-f-supplemental-proposal-time-barred-debt/>. Additional activity has occurred with this matter since the end of this reporting period. In December 2020, the Bureau finalized this rule. More information can be found here: <https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f-2020-12/>. In October 2020, the Bureau finalized another debt collection rule. More information can be found here: <https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f/>.

<sup>26</sup> <https://www.consumerfinance.gov/rules-policy/rules-under-development/amendments-facilitate-libor-transition-regulation-z/>.

<sup>27</sup> <https://www.consumerfinance.gov/rules-policy/rules-under-development/qualified-mortgage-definition-under-truth-lending-act-regulation-z-extension-sunset-date/>. Additional activity has occurred with this matter since the end of this reporting period. In October 2020, the Bureau finalized this rule. More information can be found here: <https://www.consumerfinance.gov/rules-policy/final-rules/qualified-mortgage-definition-under-truth-lending-act-regulation-z-extension-sunset-date/>.

<sup>28</sup> <https://www.consumerfinance.gov/rules-policy/rules-under-development/qualified-mortgage-definition-under-truth-lending-act-general-qm-loan-definition/>. Additional activity has occurred with this matter since the end of this reporting period. In December 2020, the Bureau finalized this rule. More information can be found here: <https://www.consumerfinance.gov/rules-policy/final-rules/qualified-mortgage-definition-under-truth-lending-act-regulation-z-general-qm-loan-definition/>.

<sup>29</sup> <https://www.consumerfinance.gov/rules-policy/rules-under-development/qualified-mortgage-definition-under-truth-lending-act-regulation-z-seasoned-qm-loan-definition/>. Additional activity has occurred with this matter since the end of this reporting period. In December 2020, the Bureau finalized this rule. More information can be found here: <https://www.consumerfinance.gov/rules-policy/final-rules/qualified-mortgage-definition-under-truth-lending-act-regulation-z-seasoned-qm-loan-definition/>.

The Bureau issued four significant final rules:

- Final Rule: Home Mortgage Disclosure (Regulation C)–2019 Final Rule.<sup>30</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 (EGRCPA).
- Final Rule: Home Mortgage Disclosure (Regulation C)–2020 Final Rule.<sup>31</sup> The Bureau further amended Regulation C to increase the threshold for reporting data about closed-end mortgage loans, so that institutions originating fewer than 100 closed-end mortgage loans in either of the two preceding calendar years will not have to report such data effective July 1, 2020. The Bureau also set the threshold for reporting data about open-end lines of credit at 200 open-end lines of credit effective January 1, 2022, upon the expiration of the current temporary threshold of 500 open-end lines of credit.
- Final Rule: Remittance Transfers under the Electronic Fund Transfer Act (Regulation E).<sup>32</sup> The Bureau amended Regulation E and the official interpretations of Regulation E to provide tailored exceptions to address compliance challenges that insured institutions may face in certain circumstances upon the expiration of a statutory exception that allows insured institutions to disclose estimates instead of exact amounts to consumers. That exception expired on July 21, 2020. The Bureau also increased a safe harbor threshold related to whether a person makes remittance transfers in the normal course of its business.
- Final Rule: Payday, Vehicle Title, and Certain High-Cost Installment Loans–Revocation Rule.<sup>33</sup> The Bureau revoked regulations providing it is an unfair and abusive practice to make certain payday and vehicle title loans without reasonably determining ability to repay.

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<sup>30</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/home-mortgage-disclosure-regulation-c-2019-final-rule/>.

<sup>31</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/home-mortgage-disclosure-regulation-c/>.

<sup>32</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/electronic-fund-transfers-regulation-e/>.

<sup>33</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/payday-vehicle-title-and-certain-high-cost-installment-loans-revocation-rule/>.

## 3.2 Less significant rules<sup>34</sup>

- Interpretive and Interim Final Rules intended to facilitate compliance in light of the COVID-19 pandemic:
  - Final Rule: Treatment of Pandemic Relief Payments Under Regulation E and Application of the Compulsory Use Prohibition<sup>35</sup>
  - Final 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>36</sup>
  - Interim Final Rule: Treatment of Certain COVID-19 Related Loss Mitigation Options Under the Real Estate Settlement Procedures Act, Regulation X; Interim Final Rule<sup>37</sup>Final Rule: Truth in Lending (Regulation Z) Threshold Adjustments<sup>38</sup>
- Final Rule: Appraisals for Higher-Priced Mortgage Loans Exemption Threshold Adjustments<sup>39</sup>
- Final Rule: Consumer Leasing (Regulation M) Annual Threshold Adjustments<sup>40</sup>

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<sup>34</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>35</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/regulation-e-pandemic-relief-payments-compulsory-use-prohibition/>.

<sup>36</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/tila-respa-integrated-disclosure-rule-regulation-z-right-rescission-rules-covid-19/>.

<sup>37</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/certain-covid-19-related-loss-mitigation-options-under-respa-regulation-x/>.

<sup>38</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-regulation-z-threshold-adjustments/>. Additional activity has occurred with this matter since the end of this reporting period. In November 2020, the Bureau adjusted this threshold again. More information can be found at the same link.

<sup>39</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/appraisals-higher-priced-mortgage-loans-exemption-threshold-adjustments/>. Additional activity has occurred with this matter since the end of this reporting period. In November 2020, the Bureau adjusted this threshold again. More information can be found at the same link.

<sup>40</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/consumer-leasing-regulation-m-adjustments/>. Additional activity has occurred with this matter since the end of this reporting period. In November 2020, the Bureau adjusted this threshold again. More information can be found at the same link.

- Final Rule: Regulation Z (Truth in Lending); Screening and Training Requirements for Loan Originators<sup>41</sup>
- Final Rule: Fair Credit Reporting Act Disclosures<sup>42</sup>
- Final Rule: Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold<sup>43</sup>
- Final Rule: Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold<sup>44</sup>
- Final Rule: Truth in Lending (Regulation Z); Determining “Underserved” Areas Using Home Mortgage Disclosure Act Data<sup>45</sup>

### 3.3 Significant initiatives

- *Data Point Research Reports.* During the reporting period, the Bureau has released the following research reports:
  - *Servicer size in the mortgage market.*<sup>46</sup> 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.
  - *Borrower experiences on income-driven repayment.*<sup>47</sup> This Data Point documents which student loan borrowers use income-driven repayment (IDR) and how their delinquencies on student loans and other credit products evolve as they transition

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<sup>41</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/regulation-z-truth-lending-screening-and-training-requirements-loan-originators/>.

<sup>42</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/fair-credit-reporting-act-disclosures/>. Additional activity has occurred with this matter since the end of this reporting period. More information can be found at the same link.

<sup>43</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/home-mortgage-disclosure-regulation-c-adjustment-asset-size-exemption-threshold/>.

<sup>44</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-act-regulation-z-adjustment-asset-size-exemption-threshold/>.

<sup>45</sup> <https://www.consumerfinance.gov/rules-policy/final-rules/truth-lending-regulation-z-underserved-areas-home-mortgage-disclosure-act-data/>.

<sup>46</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-servicer-size-mortgage-market/>.

<sup>47</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-borrower-experiences-income-driven-repayment/>.

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.

- *2019 mortgage market activity and trends*<sup>48</sup>. This is the third in an annual series of Bureau Data Point articles describing mortgage market activity over time based on data reported under the Home Mortgage Disclosure Act (HMDA). It summarizes the historical data points in the 2019 HMDA data, as well as recent trends in mortgage and housing markets.
- The Bureau continued a periodic series of Quarterly Consumer Credit Trends (qCCT) reports identifying trends in the consumer credit markets, using the data in the Bureau’s CCP. The following are the publications during the reporting period:
  - *qCCT: Public records, credit scores, and credit performance*.<sup>49</sup> This report looks at the National Consumer Assistance Plan (NCAP) public records provision’s effects on the relationship between credit scores and consumers’ credit performance for consumers that had a civil judgment or tax lien removed from their credit report and those that did not.
  - *qCCT: Recent trends in debt settlement and credit counseling*.<sup>50</sup> This report describes trends in debt settlement and credit counseling during the Great Recession and in recent years. This report shows that nearly one in thirteen consumers with a credit record had at least one account settled through a creditor or had account payments managed by a credit counseling agency from 2007 through 2019. Since 2016, the number of debt settlements has increased steadily, while credit counseling numbers are relatively unchanged.
- The Bureau published two Market Snapshot reports:
  - *Background Screening Reports*.<sup>51</sup> This report describes the background screening industry; how background screening reports, including criminal history information, are generated; how screening reports are used by employers;

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<sup>48</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-2019-mortgage-market-activity-and-trends/>.

<sup>49</sup> <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-public-records-credit-scores-and-credit-performance/>.

<sup>50</sup> <https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-debt-settlement-credit-counseling/>.

<sup>51</sup> <https://www.consumerfinance.gov/data-research/research-reports/market-snapshot-background-screening-reports/>.

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.

- *First-time Homebuyers*.<sup>52</sup> This report explores the prevalence and ease of first-time homeownership over time. It looks at trends regarding 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 uses data from the National Mortgage Database (NMDB), a nationally representative, five percent sample of all outstanding, closed-end, first-lien, one-to-four family residential mortgages.
- The Bureau published two statutorily required reports to Congress:
  - *2019 College credit card agreements*.<sup>53</sup> The Credit Card Accountability Responsibility and Disclosure Act (CARD 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.
  - *Fair Debt Collection Practices Act Annual Report 2020*.<sup>54</sup> The Bureau submitted to Congress its annual report summarizing the Bureau’s activities along with those of the FTC to administer the Fair Debt Collection Practices Act (FDCPA). This year’s report described 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.
- The Bureau published the following additional notable reports:

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<sup>52</sup> <https://www.consumerfinance.gov/data-research/research-reports/market-snapshot-first-time-homebuyers/>.

<sup>53</sup> <https://www.consumerfinance.gov/data-research/research-reports/2019-college-credit-card-agreements/>.

<sup>54</sup> <https://www.consumerfinance.gov/data-research/research-reports/fair-debt-collection-practices-act-annual-report-2020/>.

- *Disclosure of Time-Barred Debt and Revival: Findings from the CFPB’s Quantitative Disclosure Testing.*<sup>55</sup> This report presents the results of a large-scale online survey experiment designed to test several versions of disclosures to support understanding of time-barred debt and revival. This survey experiment was conducted by ICF International, Inc., on behalf of the CFPB between May 2019 and September 2019. The survey experiment tested disclosures in the context of a debt collection validation notice. Respondents were randomly assigned to different versions of a notice and asked to answer a series of questions principally designed to test their understanding of the notice and the time-barred debt and revival disclosures. Respondents were also asked about their attitudes towards paying debts and debt collectors, and their own experiences with debt collection.
- *Insights from the Making Ends Meet Survey.*<sup>56</sup> This research brief presents results from the Bureau’s Making Ends Meet Survey, a nationally representative survey of adults with a credit record developed by the CFPB’s Office of Research. The survey results 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. The Bureau conducted the survey in May 2019, before the efforts to halt the spread of COVID-19 altered many people’s lives. Yet the economic effects of COVID-19 add new urgency to the survey’s goal of understanding how prepared households are for economic hardships such as job loss or medical expenses. U.S. consumers are frequently exposed to financial shocks which can lead to difficulty paying for bills and expenses. Consumers who experience difficulty often adjust by borrowing, cutting back on other expenses, not paying bills or expenses, or seeking additional income. Many consumers report that they are not well prepared to weather even a brief period of loss of their main income source without altering their lifestyle.
- *Evidence-based strategies to build emergency savings.*<sup>57</sup> Savings as a path to improved financial well-being is at the core of the Bureau’s Start Small, Save Up initiative. This report synthesizes the rigorous research of programs and strategies aiming to help consumers achieve greater savings. The goal of this review is to provide researchers, policymakers, and practitioners with a broad view of the savings-related research landscape and to help identify promising practices, as well

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<sup>55</sup> <https://www.consumerfinance.gov/data-research/research-reports/disclosure-time-barred-debt-and-revival-findings-cfpbs-quantitative-disclosure-testing/>.

<sup>56</sup> <https://www.consumerfinance.gov/data-research/research-reports/insights-making-ends-meet-survey/>.

<sup>57</sup> <https://www.consumerfinance.gov/data-research/research-reports/evidence-based-strategies-build-emergency-savings/>.

as gaps where additional future research might be most useful. The research is organized into three broad categories, each identifying an avenue through which to increase consumers' savings: savings products (providing a ready place to save), financial incentives (providing motivation to save), and behavioral and psychological approaches (providing a choice environment that facilitates saving).

- *An updated review of the new and revised data points in HMDA: Further observations using the 2019 HMDA data.*<sup>58</sup> The goal of this article is to help the public become more familiar with the new and revised data points that first appeared in the 2018 HMDA data. This article looks at those data points in the 2019 HMDA data and to provide some initial observations about the nation's mortgage market in 2019 using those new and revised data points. As in last year's article, the focus of this article is on cross-sectional analyses, i.e., using the data contained in one year's loan application registrar (LAR) to explore various patterns and relationships between different data fields to provide some initial observations. To the extent some of those patterns or relationships might have changed significantly over the last year, this article will highlight such changes in comparison to the observations from last year's article. Otherwise, the majority of the analyses in this article are limited to the data collected in 2019 and reported in 2020.
- *Bureau Symposia Series.*<sup>59</sup> 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. There have been a total of five symposia, three of which were held during the reporting period:
  - 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.
  - 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,

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<sup>58</sup> <https://www.consumerfinance.gov/data-research/research-reports/revised-data-points-hmda/>.

<sup>59</sup> <https://www.consumerfinance.gov/about-us/newsroom/bureau-announces-symposia-series/>.

as well as considerations for policymakers. The Bureau published a [summary of the proceedings](#) in July 2020.

- The [fifth symposium](#) in the series, held on July 20, 2020, focused on cost-benefit analysis in consumer financial protection regulation.
- *Consumer Complaint Database.* In September 2019, the CFPB announced enhancements to the Bureau’s Consumer Complaint Database, which were then implemented during the reporting period. The Bureau:
  - Built and launched dynamic visualization tools including geospatial (April 2020) and trend (July 2020) views based on recent complaint data to help users of the database understand current and recent marketplace conditions;
  - Added an optional public company response category (June 2020), expanding a company’s ability to respond publicly to individual complaints; and
  - Emphasized features for aggregation and analysis while continuing to make the deidentified date available.<sup>60</sup>
- *Measuring Youth Capability.*<sup>61</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.
- *Tax Time: An opportunity to Start Small and Save Up.*<sup>62</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.

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<sup>60</sup> More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/director-kraningers-speech-national-consumer-empowerment-conference/>.

<sup>61</sup> <https://www.consumerfinance.gov/data-research/research-reports/measuring-youth-financial-capability/>.

<sup>62</sup> <https://www.consumerfinance.gov/data-research/research-reports/tax-time-opportunity-start-small-save-up/>.

- *Financial well-being by state.*<sup>63</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.
- *Consolidation of Bureau Headquarters.* The Bureau finalized the consolidation of all Washington, D.C.-based staff from two office buildings into one to increase effectiveness of the organization and to significantly improve collaboration across all teams and divisions. Approximately 900 Bureau personnel moved within and to the Headquarters building between November 13, 2019, and January 17, 2020.
- *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 addresses 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 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>64</sup>
- *Statement on Alternative Data in Underwriting.*<sup>65</sup> In December 2019, the Bureau, the Federal Reserve Board (FRB or Board), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the National Credit Union

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<sup>63</sup> <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-state/>.

<sup>64</sup> <https://www.consumerfinance.gov/about-us/newsroom/bureau-to-assess-integrated-mortgage-disclosure-rule/>. Additional activity has occurred with this matter since the end of this reporting period. The Bureau published the findings of its assessment on October 1, 2020. <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-releases-assessment-trid-mortgage-loan-disclosure-rule/>.

<sup>65</sup> <https://www.consumerfinance.gov/about-us/newsroom/federal-regulators-issue-joint-statement-use-alternative-data-credit-underwriting>.

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.*<sup>66</sup> On December 10, 2019, the Bureau cohosted with the FTC, a workshop to examine issues affecting the accuracy of traditional credit reports as well as employment and tenant background screening reports.
- *CFPB Research Conference.*<sup>67</sup> 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.
- *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. Additionally, the Taskforce will identify 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. To accomplish these goals, the Taskforce has engaged in 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 Request for Information (RFI) that was issued by the Bureau in March 2020 so that it would assist the Taskforce. The comment period for the RFI closed on June 1, 2020. The Taskforce also engaged in a public hearing with consumer financial protection experts in July 2020 as well as with the Bureau’s four advisory

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<sup>66</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>67</sup> The agenda for the conference is available at <https://www.consumerfinance.gov/data-research/cfpb-research-conference/2019-cfpb-research-conference/agenda/>.

committees in September 2020. Finally, the group conducted over 12 meetings with the Bureau’s state and federal regulatory partners.<sup>68</sup>

- *Memorandum of Understanding (MOU) with the Department of Education (Department).* The CFPB and the Department reestablished the MOU regarding complaints on January 31, 2020. The new complaints MOU provides a framework for the Bureau and the Department 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 regarding complaints. With the new complaints MOU, the Department 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 with respect to federal and private student complaints.
- *Abusiveness Policy Statement.*<sup>69</sup> 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.
- *Office of the Chief Experience Officer.* The Bureau established the Office of the Chief Experience Officer, which focuses 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. Examples of recent initiatives include improving the procurement process, addressing the burden of Bureau-wide training, and increasing transparency for all stakeholders and efficiency in complicated personnel matters. This office also is responsible for all internal Bureau communications and management of the Workforce Effectiveness Committee.
- *Responsible Business Conduct Bulletin.*<sup>70</sup> On March 6, 2020, the Bureau amended and reissued its responsible business conduct bulletin to clarify its approach to responsible

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<sup>68</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/newsroom/consumer-financial-protection-bureau-taskforce-on-federal-consumer-financial-law-releases-its-report/>.

<sup>69</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).

<sup>70</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).

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.

- *Evolutions in Consumer Debt Relief Convening.*<sup>71</sup> 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.
- *Office of Servicemember Affairs Annual Report.*<sup>72</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, complaint monitoring, cross-agency coordination, and research done by the OSA and the Bureau in FY 2019.
- *Fair Lending Annual Report.*<sup>73</sup> In April 2020, the Bureau published the Fair Lending Annual Report describing the Bureau's fair lending activities in innovation, outreach, prioritization, guidance and rulemaking, supervision, and enforcement for calendar year 2019.
- *Retirement Security and Financial Decision-making: Research Brief.*<sup>74</sup> A growing number of retirees are not experiencing the expected gradual reduction in spending after they retire. This report summarizes the findings of a Bureau study into whether people who retired between 1992 and 2014 had the income, savings, and/or non-housing assets to maintain the same level of spending for at least five consecutive years after retiring. The study found that about half of people who retired between 1992 and 2014 had income, savings, and/or non-housing assets to maintain the same spending level for five consecutive years after retiring. In addition, the Bureau found that the ability to maintain the same spending level in the first five years in retirement was associated with large spending cuts in later years. The study helps identify ways to protect retirees from overspending their savings in early retirement.

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<sup>71</sup> <https://www.consumerfinance.gov/about-us/events/archive-past-events/evolutions-in-consumer-debt-relief-event/>.

<sup>72</sup> <https://www.consumerfinance.gov/data-research/research-reports/office-servicemember-affairs-annual-report-fy-2019/>.

<sup>73</sup> <https://www.consumerfinance.gov/data-research/research-reports/fair-lending-report-2019/>.

<sup>74</sup> <https://www.consumerfinance.gov/data-research/research-reports/retirement-security-financial-decision-making-research-brief/>.

- *Elder Fraud Prevention and Response Networks (EFPRN) Development Guide.*<sup>75</sup> The Bureau released the EFPRN Development Guide that provides step-by-step materials to help communities form or enhance networks to increase their capacity to prevent and respond to elder fraud.
- *Advisory Opinions.*<sup>76</sup> In June 2020, the Bureau launched a pilot advisory opinion (AO) program to publicly address regulatory uncertainty in the Bureau's existing regulations. The pilot AO program will allow entities seeking to comply with regulatory requirements to submit a request where uncertainty exists. The Bureau will then select topics based on the program's priorities and make those responses available to the public as interpretive rules.
- *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 1 of each year. Modified loan-level data are released by March 31, and other data products including a national dataset and Aggregate and Disclosure Reports are released in the summer of each year.<sup>77</sup> In June 2020, the Bureau also 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>78</sup> The second Data Point article is a 2019 update to analysis of new and revised 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>79</sup> Public access to HMDA data is also made available through the HMDA Data Browser,<sup>80</sup> allowing custom selections of the data to be summarized and downloaded.

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<sup>75</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-tool-helps-communities-prevent-and-respond-to-elder-fraud/>.

<sup>76</sup> <https://www.consumerfinance.gov/compliance/advisory-opinion-program/>. Additional activity has occurred since the end of the reporting period. More information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-finalizes-advisory-opinions-policy-and-announces-two-new-advisory-opinions/>.

<sup>77</sup> <https://ffiec.cfpb.gov/data-publication/>.

<sup>78</sup> <https://www.consumerfinance.gov/data-research/research-reports/data-point-2019-mortgage-market-activity-and-trends/>.

<sup>79</sup> <https://www.consumerfinance.gov/data-research/research-reports/revised-data-points-hmda/>.

<sup>80</sup> <https://ffiec.cfpb.gov/data-browser/data/2019?category=states>.

- *Tech Sprints.*<sup>81</sup> In June 2020, following an RFI seeking comments and information about Tech Sprints, the Bureau announced two Tech Sprints planned for October 2020 and March 2021.<sup>82</sup> Tech Sprints are hackathon-style events designed to encourage innovation around a particular area of consumer financial services. The Bureau announced that the first Tech Sprint would focus on ways to improve Adverse Action Notices to make them *inter alia* more informative. The March 2021 Tech Sprint will solicit improvements to the Bureau’s HMDA database and data intake process.
- *Financially Fit? Comparing the credit records of young servicemembers and civilians.*<sup>83</sup> Financial well-being, including credit history, is an important consideration in an individual’s ability to join the military as well as his or her ability to maintain a security clearance and continue in military service. This report uses a representative sample of young servicemembers’ credit reports to show how their credit histories evolve from the time they turn 18 until their mid-twenties. It also compares servicemembers to a cohort of same-age civilians.
- *Paying for College.*<sup>84</sup> The Bureau released Paying for College: Your Financial Path to Graduation, a web tool that seeks to help prospective students make informed decisions about financing their college education. The tool helps prospective borrowers navigate financial aid offers by exploring some important concepts and questions about the short and long-term financial consequences of their aid choices. The Bureau has worked with institutions of higher education, college access advisors, and high school counselors, and other K-12 professionals to pilot the tool with their students.
- *Targeting credit builder loans.*<sup>85</sup> This report presents the results of a Bureau funded evaluation of a Credit Builder Loan (CBL) product. CBLs are designed for consumers looking to establish a credit score or improve an existing one, while at the same time giving them a chance to build their savings. The report presents the full results and synthesizes their implications for lenders, financial capability practitioners, and consumers. Alongside the report, the Bureau released a practitioner’s guide to broaden insight for community-

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<sup>81</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.

<sup>82</sup> <https://www.consumerfinance.gov/about-us/newsroom/tech-sprints/>.

<sup>83</sup> <https://www.consumerfinance.gov/data-research/research-reports/financially-fit-comparing-credit-records-young-servicemembers-civilians/>.

<sup>84</sup> <https://www.consumerfinance.gov/paying-for-college/>.

<sup>85</sup> <https://www.consumerfinance.gov/data-research/research-reports/targeting-credit-builder-loans/>.

based organizations and financial institutions working toward expanding financial inclusion.

- *Equal Credit Opportunity Act (ECOA) and Regulation B RFI.*<sup>86</sup> The Bureau published this RFI to seek public input on how best to create a regulatory environment that expands access to credit and ensures that all consumers and communities are protected from discrimination in all aspects of a credit transaction. ECOA and Regulation B make it unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction, on the basis of race, color, religion, national origin, sex, marital status, or age; because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The information provided will help the Bureau continue to explore ways to address regulatory compliance challenges while fulfilling the Bureau's core mission to prevent unlawful discrimination and foster innovation.
- *Compliance Assistance Sandbox.*<sup>87</sup> In September 2019, the Bureau issued its Policy on the Compliance Assistance Sandbox (CAS Policy). 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. In July 2020, the Bureau granted its first application for a Compliance Assistance Statement of Terms Template (CAST) under the CAS Policy to Commonwealth, a nonprofit organization focused on promoting personal financial security.<sup>88</sup> A CAST granted under the template can be used by employers to apply for individualized approvals of automatic savings programs created as a way for employees to build emergency savings and increase their financial resiliency. The Bureau is currently processing several other applications under the CAS Policy.
- *Management Agenda.* The Bureau established a management agenda to further strengthen and mature the operations of the Bureau. The plan includes a framework that identifies the factors that drive changes to how the Bureau operates and a list of priority projects to further advance the organization. The plan focuses on five areas: (1) Driving efficiencies and continuous improvement; (2) Enhancing the customer experience of support functions; (3) Increasing transparency and information sharing; (4) Ensuring a safety first, mission

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<sup>86</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-rfi-prevent-credit-discrimination-build-more-inclusive-financial-system/>.

<sup>87</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>88</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-help-employers-develop-emergency-savings-programs/>.

always approach for our workforce; and (5) Modernizing and integrating data and systems across the Bureau.

- *No-Action Letters.* In September 2019, the Bureau issued its revised Policy on No-Action Letters (NAL Policy).<sup>89</sup> At the end of the reporting period, the Bureau had granted three No-Action Letters (NALs) and three NAL Templates under the revised NAL Policy. In May 2020, the Bureau issued a NAL Template that can be used by mortgage servicers seeking to assist struggling borrowers to avoid foreclosure and engage in loss mitigation efforts.<sup>90</sup> At the same time, the Bureau issued a NAL Template covering small-dollar loan products to further competition in the small-dollar lending space and facilitate robust competition that fosters access to credit.<sup>91</sup> In September 2020, the Bureau issued a NAL to JP Morgan Chase Bank, N.A., regarding its housing counseling funding agreements, pursuant to the U.S. Department of Housing and Urban Development (HUD) NAL Template issued in September 2019.<sup>92</sup> The Bureau is currently processing several applications under the NAL Policy.
- *Trial Disclosure Programs.* In Sept. 2019, the Bureau issued its revised Policy to Encourage Trial Disclosure Programs (TDP Policy).<sup>93</sup> While the Bureau has not yet granted an application under the TDP Policy, the Bureau is currently processing several applications.
- *The American Consumer Financial Innovation Network (ACFIN).*<sup>94</sup> ACFIN is a network of 21 federal and state officials and regulators seeking to facilitate consumer-beneficial innovation. 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. In the reporting period, the Bureau hosted joint innovation office hours with the Attorney General of Utah and the OCC to speak with firms, advocates, and other parties about innovation-related matters.

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<sup>89</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).

<sup>90</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-helps-struggling-homeowners-seeking-mitigation-efforts-consumers-seeking-small-dollar-loans/>.

<sup>91</sup> *Ibid.*

<sup>92</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_jp-morgan-chase\\_no-action-letter.pdf](https://files.consumerfinance.gov/f/documents/cfpb_jp-morgan-chase_no-action-letter.pdf).

<sup>93</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>94</sup> <https://www.consumerfinance.gov/policy-compliance/innovation/american-consumer-financial-innovation-network/>.

- *Global Financial Innovation Network (GFIN)*.<sup>95</sup> The Bureau is also a coordinating member of GFIN, an organization of over 50 regulatory agencies worldwide working together to support financial innovation in the interest of consumers. 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>96</sup> During the reporting period, the Bureau continued to disseminate and provide training on its fully interactive, digital, Your Money, Your Goals (YMYG) toolkit and related print materials. Due to the COVID-19 pandemic, training and technical assistance focused on digital tools that can be used when serving clients in a virtual context. The YMYG materials include action booklets to use with individuals, and companion guides specifically developed to address unique needs of People with Disabilities, People with Criminal Records, and Native Communities. Over the life of the program, it has facilitated the training of over 33,000 frontline staff and volunteers nationwide in social service organizations, faith-based organizations, and other types of local service organizations. In FY 20, training was also provided to staff and grantees of Federal partners including the U.S. Department of Agriculture (USDA), Cooperative Extension Service, and HUD.
- *Start Small, Save Up Initiative*.<sup>97</sup> The Bureau launched the Smart Small, Save Up (SSSU) initiative in February 2019 to increase people's opportunities to save and empower them to realize their personal savings goals as a step toward improved financial well-being. During the reporting period, the SSSU initiative worked toward that vision through direct to consumer tools and strategic engagement with a variety of external entities that focused on promoting solutions that make savings easier and more accessible. The Bureau reached more than 1.3 million consumers with targeted messages encouraging saving for emergencies. The Bureau also added to its suite of online tools including the Guide to Building an Emergency Fund and the Guide to Saving at Tax Time. In addition, the Bureau updated its savings tools and resources available to consumers on the Bureau's website, ensuring that Bureau tools reflected the new economic realities faced by many people in the wake of the coronavirus pandemic.

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<sup>95</sup> <https://www.consumerfinance.gov/policy-compliance/innovation/global-financial-innovation-network/>.

<sup>96</sup> <https://www.consumerfinance.gov/practitioner-resources/your-money-your-goals/>.

<sup>97</sup> <https://www.consumerfinance.gov/start-small-save-up/>.

- *Managing Someone Else’s Money (MSEM) guides.*<sup>98</sup> The Bureau made its MSEM guides available for co-branding so that banks, credit unions, legal services 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>99</sup> The Bureau launched a set of activities for elementary and middle school teachers to incorporate lessons into the classroom that support the development of financial skills. The middle school activities, added in 2019, and the elementary school activities, added in 2020, 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 251 specific classroom activities for teachers to use with their students.
- *Office of the Chief Data Officer (OCDO).* The Bureau established the OCDO. 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 (OMB), 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.
- *Outreach.* From October 1, 2019, to September 30, 2020, the Director engaged with a broad range of the Bureau’s stakeholders.
  - In the fall of 2019, she delivered remarks at the Money 20/20 USA Conference in Las Vegas, NV and The Clearing House and Bank Policy Institute’s Annual Conference in New York, NY. In Washington, D.C., the Director addressed the Consumer Federation of America’s America Saves Summit, the National Association

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<sup>98</sup> <https://www.consumerfinance.gov/cobrandMSEM>.

<sup>99</sup> <https://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/>.

of Attorneys General’s Capital Forum, and the Employee Benefit Research Institute’s Policy Forum. In January 2020, the Director delivered remarks at the University of Utah’s S.J. Quinney College of Law and participated in a fireside chat at the Silicon Slopes Tech Summit in Salt Lake City, UT. In the spring of 2020, she delivered remarks at the Credit Union National Association’s Government Affairs Conference; the National Diversity Coalition’s “One Voice Across America” Town Hall, the U.S. Department of the Treasury’s Freedman’s Bank Forum, and the National Association of Realtors’ Regulatory Issues Forum. In the summer of 2020, she participated in a town hall with the Milken Institute as part of Consumer Financial Protection Week, a webinar hosted by the National Diversity Coalition, and the Women in Housing and Finance’s Annual Symposium. In September 2020, she addressed the National Association of Federal Credit Union’s Congressional Caucus.

- In October 2019, the Bureau held in-person meetings of the Consumer Advisory Board (CAB), Community Bank Advisory Council (CBAC), Credit Union Advisory Council (CUAC), and the Academic Research Council (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 FTC. 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 participated in a Financial Readiness Network event with the Department of Defense. Throughout the spring and summer of 2020, the Bureau engaged in outreach with its external stakeholders, including financial institutions, trade associations, consumer advocate organizations, and intergovernmental agencies, about the impact of the COVID-19 pandemic and what actions the Bureau could take in response to it.
- *COVID-19 Pandemic Response.*
  - *Continuing to Help Consumers.* Throughout the pandemic, the Bureau has worked efficiently and effectively to answer consumers’ questions and take consumers’ complaints. Despite the changes in operations brought by the pandemic and stay-at-home orders, the CFPB fielded more than 42,000 complaints per month in 2020 through the end of the reporting period. As always, the Bureau continues to route consumers’ complaints about financial products and services—and any documents they provide—directly to financial companies and works to get consumers a timely response.

- *COVID-19 Consumer Information.*<sup>100</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. Additionally, the Bureau has also produced 20 COVID-19 related videos, more than 1,200 social media messages, and over 100 translations of blogs and web content into other languages. During the reporting period, more than four million users have accessed the Bureau’s educational web content in response to COVID-19.
- *Unified Housing Website.*<sup>101</sup> The Bureau launched a federal interagency housing website with HUD, the Federal Housing Finance Agency (FHFA), the Department of Veteran Affairs (VA), and the USDA. The website is a one-stop-shop for consumers who are concerned about how they will pay their mortgage or rent because of the coronavirus. It includes accurate information about relief options available to consumers—especially those under the CARES Act. The website also provides lookup tools for homeowners to determine if their mortgage is federally backed, and for renters to find out if their rental unit is financed by the Federal Housing Administration (FHA), Fannie Mae, or Freddie Mac.
- *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:
  - Directing that all examination activity of Bureau-supervised institutions be virtually conducted offsite, from examiners’ home duty stations, indefinitely until further notice starting March 16, 2020.
  - Managing the agency’s operating status and posture starting with mandatory telework through the current maximum telework position, which includes providing appropriate safety conditions to support voluntary return to the office for those who seek that option. This included a phased return to work at its Washington, D.C. headquarters location on July 8, 2020, allowing staff who want to work from the building the opportunity to do so in a safe and secure manner. This operating status is in place through February 28, 2021, and will be

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<sup>100</sup> <https://www.consumerfinance.gov/coronavirus/>.

<sup>101</sup> <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/>.

reassessed on a regular basis to determine whether additional extensions are appropriate.

- Instituting additional workplace flexibilities allowing employees to utilize administrative leave.<sup>102</sup> 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 up to two weeks (80 hours) of emergency paid sick leave through December 31, 2020, in accordance with the Emergency Paid Sick Leave Act.
  - 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.
  - Hiring a medical advisor to provide medical advice and consultation related to COVID-19.
  - Creating several ways to hear from Bureau employees through National Treasury Employees Union engagements, a COVID-19 Bureau advisory group, a Pandemic Inquiries Inbox, leadership involvement, and through Bureau Employee Resources Groups. Additionally, the Bureau maintained a frequent cadence of communicating with Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and other federal agencies for situational awareness and alignment, where possible.
  - Improving technology infrastructure to support the Bureau's telework operating posture. The Bureau expanded the Always on Virtual Private Network (AOVPN) capacity to allow for the increased number of users logging in remotely, as well as accelerated the WebEx deployment to meet the immediate need for a Bureau-wide external partner remote collaboration tool. In addition, the Bureau was able to quickly stand up additional O365 capabilities, such as Microsoft Teams, which allowed for high-quality videoconferencing, enhanced collaboration capabilities, and improved internal user experience.
- *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

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<sup>102</sup> Administrative leave is provided through the Bureau's compensation authority.

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.*<sup>103</sup> 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.
- *Prioritized Assessments.* The Bureau’s supervision program developed Prioritized Assessments as a new, targeted supervisory approach in response to the COVID-19 pandemic’s impact on consumers and the consumer financial marketplace. Prioritized Assessments are higher-level inquiries than traditional examinations that were designed to obtain real-time information from entities that operate in markets that pose elevated risks of consumer harm due to pandemic-related issues. Through Prioritized Assessments, the Bureau expanded its supervisory approach to cover a greater number of institutions than its typical examination schedule allows, gained a greater understanding of industry responses to pandemic-related challenges, and helped to ensure that entities are attentive to practices that may result in consumer harm.
- The Bureau published research briefs related to the economic impact of the COVID-19 pandemic:
  - *The early effects of the COVID-19 pandemic on credit applications.*<sup>104</sup> This report documents the early effects of the COVID-19 pandemic on credit applications, which are among the very first credit market measures to change in credit report data in response to changes in economic activity. Using the Bureau’s CCP, the Bureau studied how applications for auto loans, mortgages, credit cards, and other loans changed week-by-week during the month of March, compared to the same time in previous years. The Bureau found that by the end

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<sup>103</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-helps-struggling-homeowners-seeking-mitigation-efforts-consumers-seeking-small-dollar-loans/>.

<sup>104</sup> <https://www.consumerfinance.gov/data-research/research-reports/covid-19-early-effects-credit-applications/>.

of March, applications for most categories fell between 30 and 50 percent, with relatively larger decreases among consumers with higher credit scores. The Bureau also found that the South and Midwest experienced relatively smaller drops, while the Northeast and California experienced relatively larger drops. These state-level drops are correlated with the number of COVID-19 cases per 100,000 residents and the share of workers entering unemployment in the state.

- *Special issue brief: The early effects of the COVID-19 pandemic on consumer credit.*<sup>105</sup> This second COVID-19 Special Issue Brief describes trends in delinquency rates, payment assistance, credit access, and account balance measures with a focus on the period since the start of the COVID-19 pandemic (March 2020). Based on the credit outcomes analyzed, this report shows that through June 2020, consumers did not experience many of the negative credit consequences that might be expected during periods of high unemployment and large income shocks. The analysis shows that between March and June of 2020 delinquencies declined on auto loan, mortgage, student loan, and credit card accounts, while the number of accounts with zero payment due (assistance) increased. Financial institutions also appear to have responded by increasing closures of credit card accounts and halting limit increases, but these actions have not significantly limited overall access to credit. As of June 2020, consumers also do not appear to have responded to adverse financial conditions by increasing balances, consistent with reports showing significant decreases in consumer spending since the start of the COVID-19 pandemic.
- The Bureau took action to protect consumers and provide industry with needed flexibility:<sup>106</sup>
  - Interagency Statement on Pandemic Planning<sup>107</sup>
  - Joint Statement Encouraging Responsible Small-Dollar Lending in Response to COVID-19<sup>108</sup>

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<sup>105</sup> <https://www.consumerfinance.gov/data-research/research-reports/special-issue-brief-early-effects-covid-19-pandemic-on-consumer-credit/>.

<sup>106</sup> See Section 3.4 for the items released in response to COVID-19 after the reporting period ending on September 30, 2020.

<sup>107</sup> <https://www.ffiec.gov/press/PDF/FFIEC%20Statement%20on%20Pandemic%20Planning.pdf>.

<sup>108</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).

- Statement on Supervisory and Enforcement Practices Regarding Quarterly Reporting Under the Home Mortgage Disclosure Act<sup>109</sup>
- Statement on Supervisory and Enforcement Practices Regarding Bureau Information Collections for Credit Card and Prepaid Account Issuers<sup>110</sup>
- Statement on Bureau Supervisory and Enforcement Response to COVID-19 Pandemic<sup>111</sup>
- Statement on Supervisory and Enforcement Practices Regarding the Fair Credit Reporting Act and Regulation V in Light of the CARES Act<sup>112</sup>
- The Bureau’s Mortgage Servicing Rules FAQs related to the COVID-19 Emergency<sup>113</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>114</sup>
- Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)<sup>115</sup>
- Statement on Supervisory and Enforcement Practices Regarding the Remittance Rule in Light of the COVID-19 Pandemic<sup>116</sup>
- Interpretive Rule: Treatment of Pandemic Relief Payments Under Regulation E and Application of the Compulsory Use Prohibition<sup>117</sup>

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<sup>109</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>110</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>111</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>112</sup> [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>113</sup> [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>114</sup> [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>115</sup> [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>116</sup> [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).

<sup>117</sup> [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).

- Interagency Statement on Appraisals and Evaluations for Real Estate Related Financial Transactions Affected by the Coronavirus<sup>118</sup>
- Bulletin 2020-02—Compliance Bulletin and Policy Guidance: Handling of Information and Documents During Mortgage Servicing Transfers<sup>119</sup>
- Statement on Supervisory and Enforcement Practices Regarding Certain Filing Requirements Under the Interstate Land Sales Full Disclosure Act and Regulation J<sup>120</sup>
- The Bureau’s Mortgage Origination Rules FAQs related to the COVID-19 Emergency<sup>121</sup>
- 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>122</sup>
- The Bureau’s Equal Credit Opportunity Act and Regulation B FAQs Related to the COVID-19 Emergency<sup>123</sup>
- Statement on Supervisory and Enforcement Practices Regarding Regulation Z Billing Error Resolution Timeframes in Light of the COVID-19 Pandemic<sup>124</sup>
- Payments and Deposits Rules FAQs related to the COVID-19 Pandemic<sup>125</sup>
- Open-End (not Home-Secured) Rules FAQs related to the COVID-19 Pandemic<sup>126</sup>

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<sup>118</sup> [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>119</sup> [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>120</sup> [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>121</sup> [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).

<sup>122</sup> [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>123</sup> [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>124</sup> [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>125</sup> [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).

<sup>126</sup> [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).

- 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>127</sup>
- Statement on Supervisory and Enforcement Practices Regarding Electronic Credit Card Disclosures in Light of the COVID-19 Pandemic<sup>128</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>129</sup>
- *Other Guidance Documents.* The Bureau also issued the following guidance documents over the past year:<sup>130</sup>
  - Statement on Collection of Demographic Information by Community Development Financial Institutions<sup>131</sup>
  - October 2019 Annual Report of the CFPB Private Education Loan Ombudsman<sup>132</sup>
  - *Supervisory Highlights: Consumer Reporting Special Edition*<sup>133</sup>
  - Annual Reports to Congress on the TILA, EFTA, and CARD Act<sup>134</sup>
  - Winter 2020 *Supervisory Highlights*<sup>135</sup>

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<sup>127</sup> [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>128</sup> [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>129</sup> [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).

<sup>130</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>131</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>132</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>133</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>134</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 is included in this Semi-Annual Report at Addendum A.

<sup>135</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>136</sup>
- Education Loan Examination Procedures<sup>137</sup>
- Reverse Mortgage Servicing Examination Procedures<sup>138</sup>
- Statement on Supervisory and Enforcement Practices Regarding Certain Large Loans under the Regulations for Payday, Vehicle Title, and Certain High-Cost Installment Loans<sup>139</sup>
- Summer 2020, *Supervisory Highlights*<sup>140</sup>

## 3.4 Plan for upcoming initiatives

- *Financial inTuition podcast.*<sup>141</sup> The Bureau will release a podcast series that covers financial topics for students and young consumers to manage money, save and pay for college, and repay student debt.
- *Statement on Policy of Applications for Early Termination of Consent Orders.*<sup>142</sup> The policy statement outlines the early termination application process for entities subject to an administrative consent order and the standards that the Bureau intends to use when evaluating applications.

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<sup>136</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-reporting-larger-participants\\_procedures\\_2020-q2.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-reporting-larger-participants_procedures_2020-q2.pdf).

<sup>137</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_education-loan-servicing-exam-manual\\_2020-q2.pdf](https://files.consumerfinance.gov/f/documents/cfpb_education-loan-servicing-exam-manual_2020-q2.pdf).

<sup>138</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_reverse-mortgage-servicing-examination-procedures\\_2020-q6.pdf](https://files.consumerfinance.gov/f/documents/cfpb_reverse-mortgage-servicing-examination-procedures_2020-q6.pdf).

<sup>139</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_statement\\_large-loans-payday-revocation-final-rule\\_2020-q7.pdf](https://files.consumerfinance.gov/f/documents/cfpb_statement_large-loans-payday-revocation-final-rule_2020-q7.pdf).

<sup>140</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-22\\_2020-q9.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-22_2020-q9.pdf).

<sup>141</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/consumer-tools/educator-tools/students/financial-intuition/>.

<sup>142</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/policy-compliance/guidance/supervisory-guidance/statement-policy-applications-early-termination-consent-orders/>.

- *Children’s Savings Account Programs: Measuring Program Performance and Outcomes.*<sup>143</sup> The Bureau will release two guides on evaluating child savings accounts (CSA). CSA programs are structured in different ways including their reach, sources of funding, and other features. Given this diversity, programs have different goals and opportunities around how they collect data to track their performance and evaluate participant outcomes. With input from CSA program leaders, researchers, and funders, the Bureau will explore how the field might take a more coordinated approach to program design and evaluation.
- *Misadventures in Money Management (MiMM).*<sup>144</sup> The Bureau will roll out a new MiMM character, which addresses scenarios surrounding debt of family members. This character was created specifically for the family members of servicemembers. 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 available to active duty servicemembers and 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).
- *Financial Literacy Annual Report.*<sup>145</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 2020 report highlights the Bureau’s financial education programs and initiatives.
- *Taskforce on Federal Consumer Financial Law.*<sup>146</sup> The Taskforce charter states that the initiative “is expected to operate from January 2020 until the final report is delivered to the Director. The Taskforce is expected to deliver findings to the Director no later than January 2021. This Charter will expire 90 days after the final report is delivered to the Director, unless renewed by appropriate action.”

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<sup>143</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/data-research/research-reports/childrens-savings-account-programs-measuring-program-performance-and-outcomes/>.

<sup>144</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: <https://landing.mimm.gov/>.

<sup>145</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/data-research/research-reports/2020-financial-literacy-annual-report/>.

<sup>146</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/consumer-financial-protection-bureaus-taskforce-on-federal-consumer-financial-law-releases-its-report/>.

- *Research Reports.* The Bureau plans to publish several research reports in the first half of FY 2021, including:
  - Data point: How mortgages change before origination<sup>147</sup>
  - qCCT: Payment Amount Furnishing & Consumer Reporting<sup>148</sup>
  - Data Point: Trends in manufactured housing finance
  - Data Point: Subprime Auto Loans
  - Start Small Save Up Brief: Balancing Savings and Debt: Findings from an Online Experiment
  - qCCT: Small Business Products in Consumer Credit Records
  - Small Dollar Loan Disclosure Research. The Bureau plans to conduct research efforts to identify information that could be disclosed to consumers during the payday loan process to help them make better-informed decisions. The testing of different consumer disclosures supports the Bureau's commitment to ensuring that consumers have the information they need to understand the small dollar products available to them so they can make the choices that are best for them and their personal circumstances.
- *Outreach.*
  - From October 1, 2020, to March 31, 2021, the Director will engage in a variety of outreach with external stakeholders. In November, the Bureau will host meetings with the members of its advisory committees: ARC, CAB, CBAC, and CUAC. In fall 2020, the Director will participate in Operation HOPE's Global Forum, Harvard University's Regulatory Policy Seminar Series, and a fireside chat with the Chamber of Commerce.
  - In December 2020, the Director will participate in joint virtual office hours with Colorado Attorney General Philip Weiser as part of the ACFIN. In early 2021, the Director will continue virtual stakeholder engagements aligned with Bureau

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<sup>147</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/data-research/research-reports/data-point-how-mortgages-change-before-origination/>.

<sup>148</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/data-research/research-reports/quarterly-consumer-credit-trends-payment-amount-furnishing-consumer-reporting/>.

initiatives, such as ensuring access to financial products and services for limited English proficiency (LEP) consumers and rural communities.

- *Tech Sprints.* The Bureau will conduct the first of a series of Tech Sprints intended to reduce regulatory burden and improve consumer understanding of financial services. The first Sprint, between October 5-9, 2020, will bring together regulators, technologists, software providers, consumer groups, and financial institutions to improve upon existing adverse action notices. The second Sprint is scheduled for March 22-26, 2021 and will focus on innovation in HMDA data submission, processing, and publication<sup>149</sup>.
- *Coordination with the Department of Education (Department).* The CFPB and the Department are engaging in coordination protocols regarding oversight of compliance obligations. The protocols are designed to coordinate efforts to oversee regulated entities and protect consumers.
- *Inaugural Open Data Plan and CDO Annual Report.* Per the Evidence Act, the Bureau plans to publish its inaugural Open Data Plan to provide greater transparency and promote access to and use of Bureau datasets. This plan will detail the Bureau's strategy and progress toward identifying priority open datasets and making them more accessible through the Federal Data Catalogue and the Bureau's website. The Bureau also plans to publish a CDO Report on the Bureau's compliance with the Evidence Act.
- *Data Maturity Assessment.* The Bureau will launch a data maturity assessment to document data management best practices, determine gaps, and identify areas of opportunity to modernize and improve the Bureau's ability to harness data to inform policy decisions. This assessment will provide the foundation to enable the Bureau to mature its use of data to meet its policy priorities and fulfill its mission.
- *COVID-19 Pandemic Response.*
  - *Pandemic Outreach Response.* The Bureau will also continue to coordinate with the Department of Treasury and the Internal Revenue Service to amplify communication outreach for the Economic Impact Payments made available by the CARES Act. In October, the Bureau will release a guide for intermediary organizations to help consumers claim their Economic Impact Payment, particularly those who do not normally file taxes.<sup>150</sup>

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<sup>149</sup> <https://www.consumerfinance.gov/rules-policy/innovation/cfpb-tech-sprints/>.

<sup>150</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: [https://files.consumerfinance.gov/f/documents/cfpb\\_helping-consumers-claim-eip\\_guide.pdf](https://files.consumerfinance.gov/f/documents/cfpb_helping-consumers-claim-eip_guide.pdf).

- *Unified Housing Website.* The Bureau will continue coordinated interagency work to increase awareness and understanding of forbearance options for struggling homeowners, particularly those eligible for assistance under the CARES Act. The interagency work will focus on developing and disseminating succinct consumer education and engagement content to help homeowners understand the protections available to them and navigate the required processes. In particular, the Bureau will create short, straightforward messaging, in English and in other languages, that trusted intermediaries, such as housing counseling organizations, community and faith-based organizations, organizations serving LEP communities, federal and state governments, and financial institutions, can share with their clients, constituents, and customers.<sup>151</sup>
- *COVID-related Guidance.* The Bureau will take action to protect consumers and provide industry with needed flexibility. The Bureau is also issuing a Special Edition *Supervisory Highlights* on its COVID-19 prioritized assessment supervisory work (Issue 23, Winter 2021).<sup>152</sup> This publication will include observations on the market response to consumers, industry challenges, and consumer risks relating to COVID-19.
- *Continued Response to Ensure Safety of Staff in 2021.* 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 October 1, 2020, the Bureau began a phased return to work at its regional locations allowing staff who want to work from the Bureau regional offices the opportunity to do so in a safe and secure manner, similar to the Washington D.C. Headquarters.

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<sup>151</sup> Additional efforts on forbearance outreach will include the Bureau allowing the use of the CFPB logo in a PSA campaign conducted by the Urban Institute Mortgage Servicing Collaborative under the tagline “Not OK? That’s OK.” These PSAs are aimed at letting homeowners know that it’s not too late to take steps to protect their home and that options are available if they contact their mortgage servicer.

<sup>152</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/data-research/research-reports/supervisory-highlights-covid-19-prioritized-assessments-special-edition-issue-23/>.

## 3.5 Plan for upcoming rules

The Bureau published its Fall 2020 Rulemaking Agenda as part of the Fall 2020 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by OMB.<sup>153</sup> Among other things, the Unified Agenda lists the regulatory matters that the Bureau reasonably anticipates having under consideration during the period from November 1, 2020, to October 30, 2021.<sup>154</sup> Not included in this report, the Bureau’s Rulemaking Agenda also includes long-term actions.<sup>155</sup>

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

- *Consumer Access to Financial Records.* In recent years, the availability of consumer financial account data in electronic form, often in real time or near real time, has helped consumers understand their finances and make better-informed financial decisions in a variety of ways. At the same time, the means by which data is accessed, transmitted, stored, and used can implicate significant privacy, security, and other consumer protection concerns. Section 1033 of the Dodd-Frank Act provides that, subject to rules prescribed by the Bureau, covered persons shall make available to consumers, upon request, transaction data and other information concerning a consumer financial product or service that the consumer obtains from a covered person. Section 1033 also states that the Bureau shall prescribe by rule standards to promote the development and use of standardized formats for information made available to consumers. In February 2020, the Bureau hosted a symposium on consumer authorized financial data sharing and published a summary report in July 2020.<sup>156</sup> Also in July, the Bureau announced that it would issue an Advance Notice of Proposed Rulemaking (ANPR) concerning consumer data access to implement Section 1033 of the Dodd-Frank Act.<sup>157</sup> The Bureau plans to release the ANPR soon after the end of the reporting period.<sup>158</sup>
- *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

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<sup>153</sup> <https://www.consumerfinance.gov/about-us/blog/spring-2020-rulemaking-agenda/>.

<sup>154</sup> <https://www.consumerfinance.gov/policy-compliance/rulemaking/regulatory-agenda/>.

<sup>155</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/>.

<sup>156</sup> <https://www.consumerfinance.gov/data-research/research-reports/bureau-symposium-consumer-access-financial-records-summary-proceedings/>.

<sup>157</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-anpr-consumer-authorized-access-financial-data/>.

<sup>158</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/newsroom/consumer-financial-protection-bureau-releases-advance-notice-proposed-rulemaking-consumer-access-financial-records/>.

financial institutions to collect, report, and make public certain information concerning credit applications made by women-owned, minority-owned, and small businesses. In November 2019, the Bureau conducted a symposium on small business loan data collection. In addition, the Bureau conducted 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 OMB 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.<sup>159</sup>

- *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 Fall 2020 Unified Agenda:

- *Amendments to FIRREA Concerning Appraisals (Automated Valuation Models).* The Bureau is participating in interagency rulemaking processes with the FRB, the OCC, the FDIC, the NCUA, and the FHFA (collectively, the Agencies) to develop regulations to implement the amendments made by the Dodd-Frank Act to the 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

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<sup>159</sup> Additional activity has occurred with this matter since the end of the reporting period. The Bureau convened the panel and released the panel report. More information can be found here: <https://www.consumerfinance.gov/1071-rule/>.

appropriate. The Agencies will continue to work to develop a proposed rule to implement the Dodd-Frank Act's AVM amendments to FIRREA.

- *Public Release of HMDA 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 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 September 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 December 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 a Notice of Proposed Rulemaking (NPRM) in 2021.
- *HMDA (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 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. In June 2019, the Bureau extended the comment period for the May 2019 ANPR from July 8, 2019, to October 15, 2019. The extension 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. In 2020, the Bureau issued its annual overview based on the data institutions collected in 2019, giving stakeholders additional information about the data points on which the ANPR solicited comment, which stakeholders can use to evaluate potential proposed rule changes. The Bureau expects to issue an NPRM in 2021 to follow up on the May 2019 ANPR.
- *Mortgage Servicing (Regulation X).* In January 2013, the CFPB issued final mortgage servicing rules implementing numerous provisions of the Real Estate Settlement Procedures Act (RESPA) and TILA, as amended by Title XIV of the Dodd-Frank Act. The CFPB has since made various corrections, clarifications, and other amendments to the January 2013 rules. The CFPB expects to propose amendments to the servicing rules to

address actions required of servicers working with borrowers affected by natural disasters or other emergencies.

- *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 capture 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 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 issued an NPRM in July 2020 and expects to issue a final rule in early 2021.

Final rules for the upcoming period:

- *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 residential mortgage loan, and loans that meet Regulation Z’s requirements for “qualified mortgages” obtain certain protections from liability. One category of qualified mortgages (QMs) covers certain loans that are eligible for purchase or guarantee by either the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). Under Regulation Z, this category of QMs (Temporary GSE QM loans or GSE Patch) is scheduled to expire no later than January 10, 2021. In June 2020, the Bureau released an NPRM to propose amendments to the definition of General QM that would move away from the 43 percent Debt-to-Income requirement and would instead establish an alternative, such as a pricing threshold (i.e., the difference between the loan’s annual percentage rate (APR) and the average prime offer rate (APOR) 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 proposed in June 2020 to extend the GSE Patch for a short period until the effective date of the proposed alternative or until one or more GSEs exits conservatorship, whichever comes first. This would 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, in August 2020, the Bureau proposed adding a new “seasoning” definition of QM. 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 period. The Bureau expects to take final action on each of these proposals in late 2020.<sup>160</sup>

- *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, including a validation notice. The proposal builds on the Bureau’s research and pre-rulemaking activities regarding the debt collection market; the conduct of debt collectors remains a top source of complaints to the Bureau. The Bureau expects to issue a final rule 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 early 2020, after completing the testing, the Bureau issued a supplemental NPRM related to time-barred debt disclosures. The Bureau expects to issue a final rule in December 2020 addressing disclosures related to the validation notice and time-barred debt.<sup>161</sup>
- *Amendments to Regulation Z to Facilitate Transition from the London Interbank Offered Rate (LIBOR).* Some consumer credit contracts use LIBOR as a reference rate. The Bureau’s work is 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. For creditors for home equity lines of credit (HELOCs) (including reverse mortgages) and card issuers for credit card accounts, the rule

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<sup>160</sup> Additional activity has occurred with this matter since the end of the reporting period. In October and December 2020, the Bureau issued the final rules. More information can be found here:  
<https://www.consumerfinance.gov/rules-policy/final-rules/qualified-mortgage-definition-under-truth-lending-act-regulation-z-extension-sunset-date/>.  
<https://www.consumerfinance.gov/rules-policy/final-rules/qualified-mortgage-definition-under-truth-lending-act-regulation-z-general-qm-loan-definition/>.  
<https://www.consumerfinance.gov/rules-policy/final-rules/qualified-mortgage-definition-under-truth-lending-act-regulation-z-seasoned-qm-loan-definition/>.

<sup>161</sup> Additional activity has occurred with this matter since the end of the reporting period. In October and December 2020, the Bureau issued the final rules. More information can be found here:  
<https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f-and>  
<https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f-2020-12/>.

would facilitate the transition of existing accounts to an alternative index, beginning around March 2021, 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. To facilitate compliance by card issuers, the rule would address how the rate re-evaluation provisions applicable to credit card accounts apply following the transition from LIBOR to a replacement index. This rulemaking will enable the Bureau to facilitate compliance by creditors with Regulation Z as they transition away from LIBOR. The Bureau issued a Notice of Proposed Rulemaking in June 2020. The Final Rule is delayed because LIBOR’s anticipated expiration date was delayed to 2023.

# 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 October 1, 2019, through September 30, 2020, the Bureau received approximately 467,200 consumer complaints.<sup>162</sup> This is an approximately 26 percent increase from the prior reporting period.<sup>163</sup> Consumers submitted approximately 87 percent of these complaints through the Bureau’s website and six percent via telephone calls. Referrals from other state and federal agencies accounted for five percent of complaints. Consumers submitted the remainder of complaints by mail, email, and fax. The Bureau sent approximately 390,800 (84 percent) of complaints received to companies for review and response.<sup>164</sup> Companies responded to approximately 97 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

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<sup>162</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>.

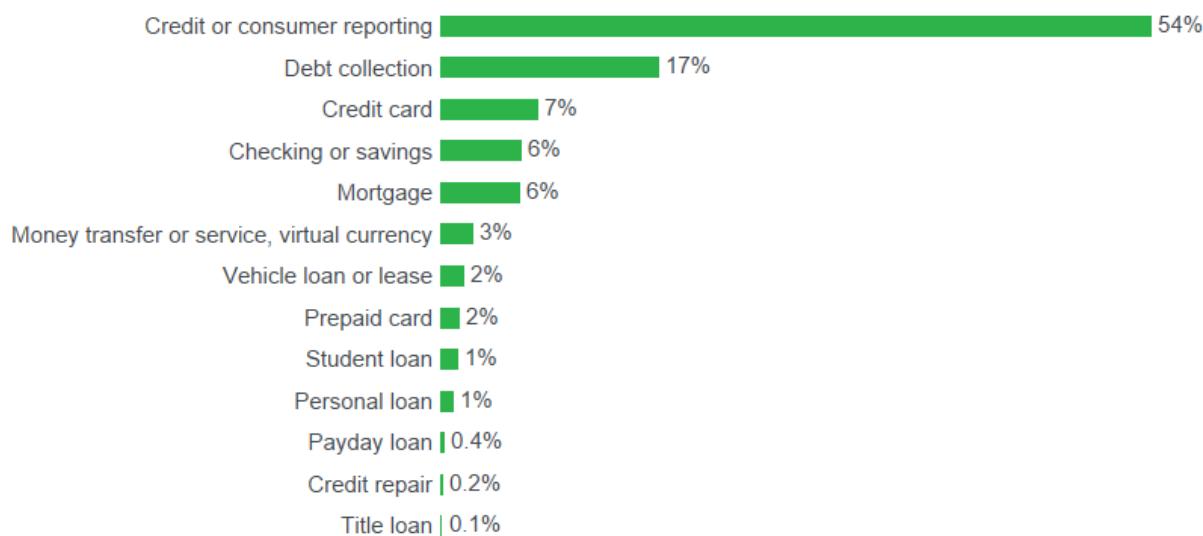
<sup>163</sup> The prior reporting period, April 1, 2019, to March 30, 2020, reported 372,700 consumer complaints. See Consumer Fin. Prot. Bureau, Semi-Annual Report Spring 2020 (July 2020.), available at <https://www.consumerfinance.gov/data-research/research-reports/semi-annual-report-spring-2020/>.

<sup>164</sup> The Bureau referred 10 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 0.8 percent were pending with the Bureau. Percentages in this section of the report may not sum to 100 percent due to rounding.

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, checking or savings accounts, and mortgages are the most-complained-about consumer financial products and services.

**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 a national emergency on March 8, 2020. The Bureau published two Complaint Bulletins in May and July 2020, highlighting observations from complaints mentioning coronavirus-related keywords.

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.<sup>165</sup>

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

Complaints give the Bureau 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.

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<sup>165</sup> From October 1, 2019, to September 30, 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. In May and July of 2020, the Bureau issued two complaint bulletins analyzing the more than 8,000 complaints received from January through May 2020 that mention coronavirus or related terms. 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>166</sup>

The Bureau was a party in the following public enforcement actions from October 1, 2019, through September 30, 2020, detailed as follows and listed in descending chronological order by filing or issue 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.

In the Matter of Lobel Financial Corporation (2020-BCFP-0016) (not a credit union or depository institution). On September 21, 2020, the Bureau issued a consent order against Lobel Financial Corporation, an auto-loan servicer based in Anaheim, California. The Bureau found that Lobel engaged in unfair practices with respect to its Loss Damage Waiver (LDW) product, in violation of

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<sup>166</sup> Enforcement activity summaries are current as of September 30, 2020, and do not include activities that occurred after the reporting period.

the Consumer Financial Protection Act of 2010 (CFPA). When a borrower has insufficient insurance, rather than force-placing collateral-protection insurance, Lobel places the LDW product, which is not itself insurance, on borrower accounts and charges a monthly premium. The LDW product provides that Lobel will pay for the cost of covered repairs and, in the event of a total vehicle loss, cancel the borrower's debt. The Bureau's investigation found that, since 2012, Lobel charged customers LDW premiums after they had become ten-days delinquent on their auto loans but did not provide them with LDW coverage. The Bureau also found that Lobel charged some customers LDW-related fees that Lobel had not disclosed in its LDW contract and that these practices were unfair under the CFPA. The order requires Lobel to pay \$1,345,224 in consumer redress to approximately 4,000 harmed consumers and a \$100,000 civil money penalty. The order also prohibits Lobel from failing to provide consumers with LDW coverage or similar products or services for which it has charged consumers or from charging consumers fees that are not authorized by its LDW contracts.

Bureau of Consumer Financial Protection v. PEAKS Trust 2009-1; Deutsche Bank National Trust Company, solely in its capacity as lender trustee of the PEAKS Trust 2009-1; Deutsche Bank Trust Company Delaware, solely in its capacity as owner trustee of PEAKS Trust 2009-1; Deutsche Bank Trust Company Americas, solely in its capacity as indenture trustee and collateral agent (S.D. Ind. 1:20-cv-2386). On September 15, 2020, the Bureau filed a proposed stipulated judgment in federal district court in the Southern District of Indiana against PEAKS Trust 2009-1, along with Deutsche Bank National Trust Company, Deutsche Bank Trust Company Delaware, and Deutsche Bank Trust Company Americas, in their capacity as trustees to PEAKS Trust 2009-1 (collectively, PEAKS). The Bureau alleged that PEAKS provided substantial assistance to ITT Educational Services, Inc. in engaging in unfair acts and practices in violation of the CFPA. PEAKS owned and managed private loans for students at ITT Technical Institute. PEAKS allegedly knew or was reckless in not knowing that many student borrowers did not understand the terms and conditions of those loans, could not afford them, or in some cases did not even know they had them. The stipulated judgment, which the court entered on October 1, 2020, requires PEAKS to stop collecting on all outstanding PEAKS loans, discharge all outstanding PEAKS loans, and ask all consumer reporting agencies to which PEAKS furnished information to delete information relating to PEAKS loans. The total amount of loan forgiveness is currently estimated to be \$330 million, which will be provided to all borrowers with outstanding principal balances on their PEAKS loans, approximately 35,000 consumers.

In the Matter of ClearPath Lending, Inc. (2020-BCFP-0015) (not a credit union or depository institution). On September 14, 2020, the Bureau issued a consent order against ClearPath Lending, Inc. (ClearPath), a California corporation that is licensed as a mortgage broker or lender in about 22 states. ClearPath offers and provides mortgage loans guaranteed by the United States Department of Veterans Affairs (VA). ClearPath's principal means of advertising VA-guaranteed

loans is through direct-mail campaigns sent primarily to United States military servicemembers and veterans. The Bureau found that ClearPath sent consumers mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the CFPAs prohibition against deceptive acts and practices, the Mortgage Acts and Practices—Advertising Rule (MAP Rule), and Regulation Z. The consent order requires ClearPath to pay a \$625,000 civil money penalty and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

Bureau of Consumer Financial Protection and the People of the State of New York, by Letitia James, Attorney General for the State of New York v. JPL Recovery Solutions, LLC; Check Security Associates, LLC (dba Warner Location Services and Orchard Payment Processing Systems); ROC Asset Solutions LLC (dba API Recovery Solutions); Regency One Capital LLC; Keystone Recovery Group, LLC; Christopher L. Di Re; Scott A. Croce; Brian J. Koziel; and Marc D. Gracie (W.D.N.Y. 1:20-cv-01217). On September 8, 2020, the Bureau, in partnership with the New York Attorney General, filed suit in the federal district court for the Western District of New York against a network of five different companies based outside of Buffalo, New York, two of their owners, and two of their managers, for their participation in a debt-collection operation using illegal methods to collect debts. The company defendants are: JPL Recovery Solutions, LLC; Regency One Capital LLC; ROC Asset Solutions LLC, which does business as API Recovery Solutions; Check Security Associates LLC, which does business as Warner Location Services and Orchard Payment Processing Systems; and Keystone Recovery Group. The individual defendants are Christopher Di Re and Scott Croce, who have held ownership interests in some or all of the defendant companies, and Brian Koziel and Marc Gracie, who are members of Keystone Recovery Group, and have acted as managers of some or all of the defendant companies. The complaint alleges that from at least 2015 through the present, the defendants have participated in a debt-collection operation that has used deceptive, harassing, and improper methods to induce consumers to make payments to them in violation of the FDCPA and the CFPAs. The complaint seeks consumer redress, disgorgement of ill-gotten gains, civil money penalties, and appropriate injunctive relief against the defendants. The case remains pending.

Bureau of Consumer Financial Protection v. Encore Capital Group, Inc.; Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp. (S.D. Cal. 3:20-cv-01750). On September 8, 2020, the Bureau filed suit in federal district court in the Southern District of California against Encore Capital Group, Inc., and its subsidiaries, Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp. The companies are headquartered in San Diego, California and together comprise the largest debt collector and debt buyer in the United States, with annual revenue exceeding \$1 billion and annual net income exceeding \$75 million. Encore and its subsidiaries were subject to a 2015 consent order with the Bureau based on

the Bureau's previous findings that they violated the CFPA, FDCPA, and the Fair Credit Reporting Act (FCRA). The Bureau alleged that Encore and its subsidiaries had violated the terms of this consent order and again violated the FDCPA and CFPA. The Bureau's complaint seeks injunctions against the companies as well as damages, redress to consumers, disgorgement of ill-gotten gains, and civil money penalties. The case remained pending as of the end of the reporting period.

In the Matter of Accelerate Mortgage, LLC (2020-BCFP-0014) (not a credit union or depository institution). On September 2, 2020, the Bureau issued a consent order against Accelerate Mortgage, LLC (Accelerate), a Delaware limited liability corporation that is licensed as a mortgage broker and lender in about 31 states. Accelerate offers and provides mortgage loans guaranteed by the VA. Accelerate's principal means of advertising VA-guaranteed loans is through direct-mail campaigns sent primarily to United States military servicemembers and veterans. The Bureau found that Accelerate sent consumers more than one million mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the CFPA's prohibition against deceptive acts and practices, the MAP Rule, and Regulation Z. The consent order requires Accelerate to pay a \$225,000 civil money penalty and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

In the Matter of Hypotec, Inc. (2020-BCFP-0012) (not a credit union or depository institution). On September 1, 2020, the Bureau issued a consent order against Hypotec, Inc., a Miami-based corporation that is licensed as a mortgage broker or lender in eight states. Hypotec offers and provides mortgage loans guaranteed by the VA. Hypotec advertises its VA-guaranteed loans to United States military servicemembers and veterans through direct-mail campaigns. The Bureau found that, since 2016, Hypotec disseminated advertisements that contained false, misleading, and inaccurate statements or that failed to include required disclosures, in violation of the CFPA's prohibition against deceptive acts and practices, the MAP Rule, and Regulation Z. The consent order against Hypotec requires Hypotec to pay a civil money penalty of \$50,000 and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

In the Matter of Service 1st Mortgage, Inc. (2020-BCFP-0013) (not a credit union or depository institution). On September 1, 2020, the Bureau issued a consent order against Service 1st Mortgage, Inc. (Service 1st), a Maryland-based corporation that is licensed as a mortgage broker or lender in about 12 states. Service 1st offers and provides mortgage loans guaranteed by the VA. Service 1st's principal means of advertising VA-guaranteed loans is through direct-mail campaigns sent primarily to United States military servicemembers and veterans. The Bureau found that since December 2015, Service 1st disseminated advertisements that contained false, misleading, and inaccurate statements or that failed to include required disclosures, in violation of the CFPA's

prohibition against deceptive acts and practices, the MAP Rule, and Regulation Z. The consent order requires Service 1st to pay a \$230,000 civil money penalty and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

In the Matter of Sigue Corporation, SGS Corporation, and GroupEx Corporation (2020-BCFP-0011) (not a credit union or depository institution). On August 31, 2020, the Bureau issued a consent order against Sigue Corporation and its subsidiaries, SGS Corporation and GroupEx Corporation, which are all headquartered in Sylmar, California and provide consumers with international money-transfer services, including remittance-transfer services. Sigue and its subsidiaries have a distribution network with over 200,000 send-and-receive locations, offices in 18 countries, and operations in all 50 states. Sigue and its subsidiaries provide remittance transfers to consumers using their retail branches and a network of agents, including convenience stores, supermarkets, and other retail establishments. The Bureau found that Sigue and its subsidiaries violated the Electronic Fund Transfer Act (EFTA) and the Remittance Transfer Rule by failing to provide numerous required disclosures. In some cases involving money-transfer errors, consumers were entitled to notice that a fee refund was available, and Sigue, SGS, and GroupEX failed to notify consumers that they were entitled to refunds. The consent order requires Sigue and its subsidiaries to reserve about \$100,000 for redress to consumers and pay a \$300,000 civil money penalty. Sigue and its subsidiaries also must implement and maintain written policies and procedures and a compliance-management system that are designed to ensure compliance with the Remittance Transfer Rule.

In the Matter of Trans-Fast Remittance LLC, also doing business as New York Bay Remittance (2020-BCFP-0010) (not a credit union or depository institution). On August 31, 2020, the Bureau issued a consent order against Trans-Fast Remittance LLC (Trans-Fast). Trans-Fast, which until recently was a remittance transfer provider, is based in New York, New York and licensed in over 30 states. The Bureau found that Trans-Fast violated EFTA and the Remittance Transfer Rule by failing to adhere to error resolution requirements and properly respond to cancellation requests, failing to provide required refunds, failing to maintain required policies and procedures, and failing to provide required disclosures. The Bureau also found that Trans-Fast engaged in deceptive acts or practices in violation of the CFPA by making misleading statements in advertisements regarding the speed of its remittance transfers and making misleading statements in disclosures purporting to limit consumers' error resolution rights. If Trans-Fast resumes offering remittance transfers, the consent order requires it to adopt a compliance plan to ensure that its remittance transfer acts and practices comply with all applicable Federal consumer financial laws and the consent order. The order also requires Trans-Fast to pay a civil money penalty of \$1.6 million.

In the Matter of PHLoans.com, Inc. (2020-BCFP-0009) (not a credit union or depository institution). On August 26, 2020, the Bureau issued a consent order against PHLoans.com, Inc. (PHLoans), a California corporation that is licensed as a mortgage broker or lender in about 11 states. PHLoans offers and provides mortgage loans guaranteed by the VA. PHLoans's principal means of advertising VA-guaranteed loans is through direct-mail campaigns sent primarily to United States military servicemembers and veterans. The Bureau found that PHLoans sent consumers millions of mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the CFPB's prohibition against deceptive acts and practices, the MAP Rule, and Regulation Z. The consent order requires PHLoans to pay a \$260,000 civil money penalty and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

In the Matter of Go Direct Lenders, Inc. (2020-BCFP-0008) (not a credit union or depository institution). On August 21, 2020, the Bureau issued a consent order against Go Direct Lenders, Inc. (Go Direct), a California corporation that is licensed as a mortgage broker or lender in about 11 states. Go Direct offers and provides mortgage loans guaranteed by the VA. Go Direct's principal means of advertising VA-guaranteed loans is through direct-mail campaigns sent primarily to United States military servicemembers and veterans. The Bureau found that Go Direct sent consumers hundreds of thousands of mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the CFPB's prohibition against deceptive acts and practices, the MAP Rule, and Regulation Z. The consent order requires Go Direct to pay a \$150,000 civil money penalty and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

In the Matter of TD Bank, N.A. (2020-BCFP-0007). On August 20, 2020, the Bureau issued a consent order against TD Bank, N.A., regarding its marketing and sale of its optional overdraft service: Debit Card Advance (DCA). TD Bank is headquartered in Cherry Hill, New Jersey, and operates about 1,250 locations throughout much of the eastern part of the country. The Bureau found that TD Bank's overdraft enrollment practices violated EFTA and Regulation E by charging consumers overdraft fees for ATM and one-time debit card transactions without obtaining their affirmative consent. The Bureau found that TD Bank violated the CFPB's prohibition against deceptive acts or practices by making misleading representations to consumers regarding DCA while offering that service to consumers in person, over the phone, and through mailed solicitations. The Bureau also found that TD Bank violated the CFPB's prohibition against abusive acts or practices by materially interfering with consumers' ability to understand the terms and conditions of DCA. The Bureau also found that TD Bank engaged in practices prohibited by FCRA and its implementing Regulation V. The order requires TD Bank to comply with the EFTA, FCRA,

and CFPA, and orders TD Bank to pay an estimated \$97 million in restitution to certain consumers TD Bank enrolled in its DCA service and pay a \$25 million civil money penalty.

In the Matter of Sovereign Lending Group, Inc. (2020-BCFP- 0005) (not a credit union or depository institution). On July 24, 2020, the Bureau issued a consent order against Sovereign Lending Group, Inc. (Sovereign), a California corporation that is licensed as a mortgage broker or lender in about 44 states and the District of Columbia. Sovereign offers and provides mortgage loans guaranteed by the VA. Sovereign's principal means of advertising is through direct-mail campaigns targeted primarily at United States military servicemembers and veterans. The Bureau found that Sovereign sent consumers hundreds of thousands of mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the CFPA's prohibition against deceptive acts and practices, the MAP Rule, and Regulation Z. The consent order requires Sovereign to pay a \$460,000 civil money penalty and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

In the Matter of Prime Choice Funding, Inc. (2020-BCFP- 0006). On July 24, 2020, the Bureau issued a consent order against Prime Choice Funding, Inc. (Prime Choice), a California corporation that is licensed as a mortgage broker or lender in about 35 states and the District of Columbia. Prime Choice offers and provides mortgage loans guaranteed by the VA. Prime Choice's principal means of advertising VA-guaranteed loans is through direct-mail campaigns sent primarily to United States military servicemembers and veterans. The Bureau found that Prime Choice sent consumers millions of mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the CFPA's prohibition against deceptive acts and practices, the MAP Rule, and Regulation Z. The consent order requires Prime Choice to pay a \$645,000 civil money penalty and imposes requirements to prevent future violations. This action stems from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages.

Bureau of Consumer Financial Protection v. Townstone Financial, Inc. (N.D. Ill. 1:20-cv-04176). On July 15, 2020, the Bureau filed a lawsuit in federal district court in the Northern District of Illinois against Townstone Financial, Inc., a nonbank retail-mortgage creditor based in Chicago. The Bureau alleges that Townstone violated the ECOA, its implementing regulation, Regulation B, and the CFPA. As alleged in the complaint, from 2014 through 2017, Townstone drew almost no applications for properties in African-American neighborhoods located in the Chicago-Naperville-Elgin Metropolitan Statistical Area (Chicago MSA) and few applications from African Americans throughout the Chicago MSA. The Bureau alleges that Townstone engaged in acts or practices that illegally discouraged prospective African-American applicants from applying for mortgage loans; Townstone engaged in illegal redlining by engaging in acts or practices that discouraged

prospective applicants living in African-American neighborhoods in the Chicago MSA from applying for mortgage loans; and Townstone engaged in illegal redlining by engaging in acts or practices that discouraged prospective applicants living in other areas from applying for mortgage loans for properties located in African-American neighborhoods in the Chicago MSA. The Bureau's complaint seeks an injunction against Townstone, as well as damages, redress to consumers, and the imposition of a civil money penalty. The case remains pending.

Bureau of Consumer Financial Protection v. GST Factoring, Inc.; Champion Marketing Solutions, LLC; Rick Graff; Gregory Trimarche; Scott Freda; Amanda Johanson; David Mize; Jacob Slaughter; and Daniel Ruggiero (C.D. Cal. 8:20-cv-01239). On July 13, 2020, the Bureau filed a complaint in the federal district court for the Central District of California against GST Factoring, Inc., which runs a student-loan debt-relief business in Texas, and two of its owners, Rick Graff and Gregory Trimarche, as well as Champion Marketing Solutions, LLC, a customer service and marketing company, and its owner, Scott Freda. The Bureau also filed suit against four attorneys, California attorneys Amanda Johanson and Jacob Slaughter, Arizona attorney David Mize, and Florida attorney Daniel Ruggiero. The Bureau alleges that the companies, their owners, and the attorneys were part of a nationwide student-loan debt-relief operation that charged thousands of consumers saddled with private student-loan debt approximately \$11.8 million in illegal upfront fees in violation of the Telemarketing Sales Rule (TSR). Concurrent with the complaint, the Bureau and four of the defendants filed proposed stipulated final judgments and orders to resolve the claims against them. The orders, which the court entered on August 17, 2020, permanently ban Trimarche from providing debt-relief services and telemarketing any consumer financial product or service, and impose permanent debt-relief bans on Slaughter, Mize, and Ruggiero. They also collectively impose an approximate \$11.8 million monetary judgment against the settling defendants for consumer redress, full payment of which will be suspended upon the settling defendants' paying a portion of the redress based on their demonstrated inability to pay the full amount of judgment in each order. Each settling defendant will also pay a \$1 civil money penalty to the Bureau. The Bureau's lawsuit against Defendants GST Factoring, Champion Marketing Solutions, Graff, Freda, and Johanson remains pending. The complaint seeks redress to consumers, an injunction, and the imposition of civil money penalties against them. Defendants Rick Graff and GST Factoring, Inc., failed to answer or otherwise respond to the complaint, and on September 30, 2020, the Bureau requested that the clerk enter a default judgment against them.

Bureau of Consumer Financial Protection v. Timemark Solutions, Inc., Timothy Lenihan, Sr., Mark Nagler, and Casey Gassaway (S.D. Fla. 9:20-cv-81057). On July 7, 2020, the Bureau filed a proposed stipulated judgment in federal district court in the Southern District of Florida against Timemark, Inc., a company based in Deerfield Beach, Florida, that provides debt-relief services to consumers with federal student-loan debt, and against its owners and officers, Timothy Lenihan, Sr., Mark Nagler, and Casey Gassaway. The Bureau alleged that the defendants charged illegal

advance fees in violation of the TSR to consumers who were seeking to renegotiate, settle, reduce, or alter the terms of their loans. The order, which the court entered on August 12, 2020, permanently bans defendants from providing debt-relief services and imposes a judgment totaling approximately \$3.8 million in consumer redress and civil money penalties.

Bureau of Consumer Financial Protection v. My Loan Doctor LLC d/b/a Loan Doctor and Edgar Radjabli (S.D.N.Y. 1:20-cv-05159). On July 6, 2020, the Bureau filed a lawsuit against My Loan Doctor LLC, a Delaware financial-company operating in West Palm Beach, Florida and New York City and doing business as Loan Doctor (Loan Doctor), and its founder, Edgar Radjabli. The Bureau alleges that Loan Doctor and Radjabli made several false, misleading, and inaccurate marketing representations in advertising Loan Doctor's "Healthcare Finance (HCF) Savings CD Account," in violation of the CFPB's prohibition against deceptive acts or practices. As alleged in the complaint, starting in August 2019, Loan Doctor took more than \$15 million from at least 400 consumers who opened and deposited money into Loan Doctor's deceptively advertised product. The Bureau seeks redress for consumers, an injunction, and the imposition of civil money penalties. The case remains pending.

In the Matter of Harbour Portfolio Advisors, LLC; National Asset Advisors, LLC; and National Asset Mortgage, LLC (2020-BCFP-0004) (not a credit union or depository institution). On June 23, 2020, the Bureau issued a consent order against Harbour Portfolio Advisors, LLC (Harbour); National Asset Advisors, LLC (NAA); and National Asset Mortgage, LLC (NAM), companies that worked together to issue contracts for deeds to consumers. Between 2012 and 2016, several thousand consumers initiated contracts for deeds with Harbour. The Bureau found that during this period, when consumers called NAA or NAM to complain about errors on their consumer reports relating to their financing with Harbour, they were sometimes told that they had to file a dispute with the consumer-reporting agency. These representations were inaccurate and constituted deceptive acts and practices in violation of the CFPB. The Bureau also found that NAM lacked adequate policies and procedures to protect the accuracy and integrity of information furnished to consumer-reporting agencies, in violation of Regulation V. Under the settlement, Harbour must pay a \$25,000 civil money penalty, and NAA and NAM must jointly pay a \$10,000 civil money penalty. The companies are also required to not misrepresent, expressly or impliedly, or assist others in misrepresenting how consumers can resolve errors in their consumer reports or any other material fact concerning their consumer reports.

In the Matter of Main Street Personal Finance, Inc., ACAC, Inc. d/b/a Approved Cash Advance, and Quik Lend, Inc. (2020-BCFP- 0003) (not a credit union or depository institution). On June 2, 2020, the Bureau issued a consent order against Main Street Personal Finance, Inc., and its subsidiaries—ACAC, Inc., which conducts business under the name Approved Cash Advance, and Quik Lend, Inc. (collectively, Approved Cash). The companies, which are based in Cleveland, Tennessee, offer payday and auto-title loans and own and operate 156 stores in eight different

states: Alabama, Louisiana, Michigan, Mississippi, Oklahoma, South Carolina, Tennessee, and Virginia. The Bureau found that Approved Cash provided deceptive finance charge disclosures in violation of the CFPA and the TILA, violated the CFPA and TILA by failing to refund overpayments on its loans, and violated the CFPA by engaging in unfair debt collections practices. The consent order imposes a judgment against Approved Cash of approximately \$3.5 million in redress, which amount is suspended upon its payment of \$2 million of that judgment and \$1 civil money penalty to the Bureau based on Approved Cash's demonstrated inability to pay. The consent order also prohibits Approved Cash from misrepresenting finance charges in its auto-title pledge transactions, requires it to ensure that consumers with credit balances over \$1 are refunded timely, and prohibits it from engaging in the unlawful debt collections practices in which it was engaging.

Bureau of Consumer Financial Protection and the Commonwealth of Massachusetts *ex rel.* Maura Healey, Attorney General v. Commonwealth Equity Group, LLC (d/b/a Key Credit Repair); Nikitas Tsoukales (a/k/a Nikitas Tsoukalis) (D. Mass. 1:20-cv-10991). On May 22, 2020, the Bureau and Commonwealth of Massachusetts Attorney General Maura Healey jointly filed a lawsuit against Commonwealth Equity Group, LLC, which does business as Key Credit Repair, and Nikitas Tsoukales (also known as Nikitas Tsoukalis), Key Credit Repair's president and owner. An amended complaint was filed on September 16, 2020. As the amended complaint alleges, from 2016 through 2019 alone, Key Credit Repair enrolled nearly 40,000 consumers nationwide, and since 2011, it collected at least \$23 million in fees from consumers. The Bureau alleges that in their telemarketing of credit-repair services, the defendants violated the CFPA's prohibition against deceptive acts or practices and the TSR's prohibitions against deceptive and abusive telemarketing acts or practices. Massachusetts also alleges violations of Massachusetts laws. The amended complaint seeks redress to consumers, an injunction, and the imposition of civil money penalties. The defendants filed a motion to dismiss the amended complaint on September 30, 2020. The motion to dismiss and case remain pending.

In the Matter of Specialized Loan Servicing, LLC (2020-BCFP-0002) (not a credit union or depository institution). On May 11, 2020, the Bureau issued a consent order against Specialized Loan Servicing, LLC (SLS), a mortgage-loan servicer in Colorado. As of February 29, 2020, SLS serviced a portfolio of mortgage loans worth about \$112.69 billion. The Bureau's investigation found that since January 2014, SLS violated the RESPA, its implementing regulation, Regulation X, and the CFPA by taking prohibited foreclosure actions against mortgage borrowers who were entitled to protection from foreclosure, and by failing to send or to timely send evaluation notices to mortgage borrowers who were entitled to them. In some cases, SLS obtained foreclosure judgments and conducted foreclosure sales on borrowers' homes when Regulation X would have entitled the borrowers to protection from foreclosure had SLS complied with that rule. The consent order requires SLS to pay \$775,000 in monetary relief to consumers, waive \$500,000 in

borrower deficiencies, pay a \$250,000 civil money penalty, and implement procedures to ensure compliance with RESPA and Regulation X.

In the Matter of Cottonwood Financial Ltd., d/b/a Cash Store (2020-BCFP-0001) (not a credit union or depository institution). On April 1, 2020, the Bureau issued a consent order against Cottonwood Financial, Ltd., which does business under the name Cash Store. Cash Store is based in Irving, Texas and owns and operates roughly 340 retail lending outlets in Idaho, Illinois, Michigan, New Mexico, Texas, Utah, and Wisconsin. The Bureau found that in the course of marketing, servicing, and collecting on high-interest payday, auto-title, and unsecured consumer-installment loans, Cash Store violated the CFPA, FCRA, and TILA. The consent order requires Cash Store to pay \$286,675.64 in consumer redress and a civil money penalty of \$1,100,000. The consent order also prohibits Cash Store from certain collection practices and requires it to ensure that its employees respond accurately when asked about its loans' fees.

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 CFPA's 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. In April 2020, Fifth Third moved to transfer venue to the Southern District of Ohio, and the court suspended the deadline to respond to the complaint until after a ruling on the venue motion. 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). 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. No. 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 referrals to consumers as required by law. The Bureau seeks, among other remedies, an injunction against Citizens and the imposition of civil money penalties. Citizens' motion to dismiss was fully briefed and, as of the end of the reporting period, was pending before the court. 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.

On May 14, 2020, the Bureau, and Chou Team Realty, LLC, Thomas Chou, TDK Enterprises, LLC, Cre8labs, Inc., and Sean Cowell filed a stipulated final judgment, which the court entered the same day and which resolved the Bureau's claims against those defendants and relief defendants. The

judgment imposes an \$18 million redress judgment against Monster Loans, bans Monster Loans, Chou, and Cowell from the debt-relief industry, and imposes a total \$450,001 civil money penalty against them. On July 7, 2020, the court entered a stipulated final judgment between the Bureau and Robert Hoose, which resolves the Bureau's claims against him. The judgment imposes a \$7 million redress judgment against Hoose, bans him from the debt-relief industry, and imposes a \$1 civil money penalty against him.

In April 2020, two relief defendants moved to dismiss the Bureau's claims against them. The court granted that motion in June 2020, giving the Bureau leave to replead its claims against those relief defendants. The Bureau filed an amended complaint in July 2020. On September 28, 2020, the Bureau and those two relief defendants, Kenneth Lawson and XO Media, LLC, filed a stipulated final judgment, which, if entered by the court, will resolve the Bureau's claims against those relief defendants and require them to pay \$200,000 in redress. In March 2020, one of the defendants filed a motion to dismiss for failure to join a necessary party, which the court denied in June 2020. In July 2020, that same defendant moved to dismiss, or for judgment on the pleadings, on jurisdictional grounds. The court denied that motion in August 2020. In July 2020, the Bureau moved for leave to file a second amended complaint adding claims against certain defendants. The court granted that motion in August 2020, and the Bureau filed an amended complaint. The case remains pending against the remaining defendants.

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 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 complaint also names several relief defendants and seeks disgorgement of those relief defendants' ill-gotten gains. The court granted the request for the temporary restraining order on October 21, 2019. The court entered a stipulated preliminary injunction on November 15, 2019.

The Bureau filed an amended complaint on February 24, 2020. The Bureau's amended 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 amended complaint also names several additional defendants and relief defendants. On August 26, 2020, the court entered a corrected, amended stipulated final judgment as to defendants Prime and Horizon Consultants LLC (Horizon). The order imposes a judgment of \$95,057,757 against Prime to provide redress to consumers. Horizon is jointly and severally liable for \$12,942,045 of this amount. Full payment of these amounts is suspended based on Prime's and Horizon's demonstrated inability to pay following, among other things, their turnover of assets and their payment of a \$1 civil money penalty to the Bureau. The order also bans Prime and Horizon from telemarketing or offering or providing debt relief services. On August 28, 2020, the court entered a stipulated final judgment and order as to defendant Tuong Nguyen and relief defendant TN Accounting Inc. The order imposes a judgment of \$95,057,757 against Nguyen to provide redress to consumers. Relief defendant TN Accounting is jointly and severally liable for \$444,563 of this amount. Full payment of these amounts is suspended based on their demonstrated inability to pay following, among other things, Nguyen and TN Accounting's turnover of assets and Nelson's payment of a \$1 civil money penalty to the Bureau. The order also bans Nguyen from telemarketing or offering or providing debt relief services. On September 8, 2020, the court entered a stipulated final judgment as to relief defendants Hold the Door, Corp. and Mice and Men LLC. The order imposes a judgment of \$1,638,687 against relief defendant Hold the Door and \$5,041,069 against relief defendant Mice and Men to provide redress to consumers. Full payment of these amounts will be suspended based on their demonstrated inability to pay following their turnover of assets. The case remains pending against the remaining defendants.

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 remained pending as of the end of the reporting period.

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 had not ruled on that motion as of the end of the reporting period. 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). CFLA is a foreclosure relief services company incorporated in California and Texas and headquartered near Houston, Texas. Lehman is CFLA's president and CEO, and Carrigan was the company's sole auditor. The complaint, which the Bureau amended in November 2019, alleged that CFLA and Lehman engaged in deceptive and abusive acts and practices in violation of the CFPA and charged unlawful advance fees in connection with the marketing and sale of financial advisory and mortgage assistance relief services to consumers in violation of Regulation O and the CFPA. The amended complaint further alleged that Carrigan provided substantial assistance to CFLA and Lehman. Concurrent with the filing of the initial complaint, the Bureau and Carrigan filed a proposed stipulated final judgment and order to resolve the Bureau's claim against Carrigan, which the court entered on October 29, 2019. It 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. On July 20, 2020, the court entered a stipulated final judgment resolving the Bureau's claims against the remaining defendants, CFLA and Lehman. Under the order, CFLA and Lehman are permanently banned from providing mortgage assistance relief services or financial advisory services. The order imposes a suspended judgment against CFLA and Lehman for redress of \$3 million and imposes a civil money penalty of \$40,000.

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). 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 CFPB 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.

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. 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. On May 31, 2020, the Court denied the Bureau's motion to approve the proposed consent judgment filed with the original complaint. The Bureau filed for entry of default against the NCSLT and several of the intervenors filed motions to dismiss. These motions and the case remain pending.

Consumer Financial Protection Bureau v. Ocwen Financial Corporation, Ocwen Mortgage Servicing, Inc., Ocwen Loan Servicing, LLC, and PHH Mortgage Corporation (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, 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, and the Florida plaintiffs settled their claims against Ocwen. 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 removal provision that applied to the Bureau's Director violated the constitutional separation of powers and could not be severed from the remainder of Title X of the Dodd-Frank Act. Based on that conclusion, the court ultimately dismissed the entire case. As of the end of the reporting period, the parties' appeals remained 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; misreported 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. On July 10, 2020, Navient filed a motion for judgment on the pleadings. That motion has been fully briefed and is 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). On July 29, 2020, the court issued a scheduling order under which litigation in the case resumed. The Bureau moved for partial summary judgment on September 4, 2020, and the defendants filed a motion to dismiss and cross-motions for summary judgment on September 25, 2020. The case remains pending.

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 3, 2020, the Fifth Circuit affirmed the district court's denial of All American's motion for judgment on the pleadings. On March 20, 2020 the court of appeals, *sua sponte*, decided to rehear the matter *en banc*. On September 8, 2020, the court placed the case in abeyance pending a decision by the Supreme Court in *Collins v. Mnuchin*.

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 Administrative Law Judge denied these motions on April 24, 2020. In response to cross motions for summary disposition, on August 4, 2020, the Administrative Law Judge issued a Recommended Decision finding in the Bureau's favor on all counts. Respondents noticed an appeal to the Director and filed their opening appeal brief on September 3, 2020. 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. On August 24, 2020, the Bureau moved for default judgment against the corporate defendants and for summary judgment against the individual defendant and these motions are 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 CFPB'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 CFPB 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 October 18, 2019). In September 2020, the Ninth Circuit scheduled oral argument for November 18, 2020 and ordered supplemental briefing regarding the sufficiency of a ratification the Bureau filed after the Supreme Court's decision in *Seila Law LLC*.

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 assets 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 & Sears; Consumer First Legal Group, LLC; Thomas G. Macey; Jeffrey J. Aleman; Jason E. Sears; 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 Sears, 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. All the remaining defendants, with the exception of Stafford,

were permanently enjoined from marketing, selling, providing, or assisting others in selling or providing any mortgage-assistance-relief or debt-relief products or services. Stafford was enjoined from marketing, selling, providing, or assisting others in selling or providing mortgage-assistance-relief services for five years. Defendants filed an appeal with the Seventh Circuit on December 4, 2019, which remains pending.

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. The Ninth Circuit has stayed its decision in the case pending the Ninth Circuit panel in *Seila Law*'s decision on remand from the Supreme Court.

# 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 October 1, 2019, through September 30, 2020.<sup>167</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>167</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>168</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 October 1, 2019, through September 30, 2020, reporting period.

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

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<sup>168</sup> State action summaries are current as of September 30, 2020, and do not include activities that occurred after the reporting period.

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>169</sup> and rulemaking<sup>170</sup> activities from October 1, 2019, through September 30, 2020, and continued efforts to fulfill the fair lending mission of the Bureau through supervision, interagency coordination, and outreach, from April 1, 2020, through September 30, 2020.<sup>171</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 initiated two supervisory activities onsite 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. In addition, the Bureau temporarily adapted its supervision program to meet the needs of the current national emergency. The Bureau’s supervision program developed Prioritized Assessments as a new, targeted supervisory approach in response to the COVID-19 pandemic’s impact on consumers and the consumer financial marketplace. The Bureau rescheduled certain exams and instead conducted Prioritized Assessments. Through Prioritized Assessments, the Bureau expanded its supervisory approach to cover a greater number of institutions than its typical examination schedule allows, gain a greater understanding of industry responses to pandemic-related challenges, and help ensure that entities are attentive to practices that may result in consumer harm. As part of this effort, the Bureau initiated a significant number of Prioritized Assessments that included important fair lending

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<sup>169</sup> Dodd-Frank Act § 1016(c)(5).

<sup>170</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>171</sup> Dodd-Frank Act § 1016(c)(8).

components. Supervision evaluated fair lending risks through Prioritized Assessments in the small business lending, mortgage servicing, automobile loan servicing, and credit card markets.

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

- 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 two supervisory activities onsite, which is fewer fair lending supervisory activities initiated onsite than during the prior reporting period. The Bureau initiated a significant number of Prioritized Assessments to identify risk of violations of Federal consumer financial law and consumer harm and to identify whether follow up work is necessary. Overall, as a result of this additional Prioritized Assessment work, the Bureau initiated significantly more fair lending supervisory events in the current reporting period than during the prior reporting period. In the current reporting period, the Bureau issued fewer 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>172</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 issued SRs pertaining to supervisory concerns related to weak or nonexistent fair lending policies and procedures, risk assessments, and fair lending training.

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<sup>172</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>173</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>174</sup>

During the reporting period, the Bureau filed one fair lending public enforcement action: Bureau of Consumer Financial Protection v. Townstone Financial, Inc. (N.D. Ill. 1:20-cv-04176).<sup>175</sup> In addition, during this reporting period,<sup>176</sup> the Bureau referred three 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 national origin, discrimination in mortgage origination based on receipt of public assistance income, and discrimination in auto loan 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.

## 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; 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

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<sup>173</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, 2019, through September 30, 2020, for this report.

<sup>174</sup> See 15 U.S.C. § 1691e(h).

<sup>175</sup> See *supra* Section 5.2.

<sup>176</sup> October 1, 2019, through September 30, 2020.

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 compliance bulletins and policy statements targeted to industry; RFIs; publishing press releases, blog posts, brochures, and reports regarding fair lending issues; 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 53 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, if implemented in a manner that addresses potential consumer protection risks, can promote fair, equitable, and nondiscriminatory access to credit. Some examples of the topics covered include: fair lending supervision and enforcement priorities, innovations in lending, HMDA and Regulation C, ECOA and Regulation B, small business lending, the Bureau’s RFI on ECOA, access to credit for consumers with LEP, providing adverse action notices when using machine learning models, and the use of alternative data in credit underwriting. Additionally, outreach efforts highlighted the impacts of COVID-19 on the economy and the Bureau’s response, as well as racial and economic justice issues.

The Bureau also published seven blog posts related to fair lending and access to credit issues. These blog posts included the announcement of the 2019 Fair Lending Annual Report to Congress;<sup>177</sup> highlighting the importance of fair and equitable access to credit for minority and women-owned businesses, including businesses applying for Paycheck Protection Program relief;<sup>178</sup> providing adverse action notices when using artificial intelligence and machine learning

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<sup>177</sup> <https://www.consumerfinance.gov/about-us/blog/protecting-consumers-and-encouraging-innovation-2019-fair-lending-report-congress/>.

<sup>178</sup> <https://www.consumerfinance.gov/about-us/blog/fair-equitable-access-credit-minority-women-owned-businesses/>.

models<sup>179</sup>; the ECOA RFI;<sup>180</sup> special purpose credit programs under Regulation B;<sup>181</sup> consumer resources available in multiple languages;<sup>182</sup> and Tech Sprints.<sup>183</sup>

### 8.3.1 Bureau announces Tech Sprints

In June 2020, the Bureau announced its first Tech Sprint to reduce regulatory burden and improve consumer understanding of financial services. The Bureau's Tech Sprints program brings together regulators, technologists, software providers, consumer groups, and financial institutions to develop technological solutions to shared compliance challenges.

As announced during the reporting period, participants in the October 5–9, 2020 Tech Sprint were asked to improve upon existing adverse action notice disclosures. Many Federal consumer financial laws were written in a paper-based age. The use of digital technology and alternative delivery mechanisms (e.g., online or mobile) for disclosure content may enable greater consumer engagement and understanding, and facilitate easier compliance oversight. Under federal law, applicants for credit are entitled to receive the principal reasons why creditors take adverse action, and when creditors use a credit score, key factors adversely affecting that score must also be disclosed. Participants in the October Tech Sprint were tasked with designing innovative electronic methods for informing consumers about adverse credit actions, including adverse actions derived from using machine algorithms.

Also announced during this reporting period is the Tech Sprint scheduled for March 22–26, 2021. This Sprint will focus on the HMDA platform and submission process, which the Bureau developed and operates on behalf of the FFIEC agencies and HUD. Certain lending institutions are required by HMDA and Regulation C to report mortgage loan data that, in total provide the most comprehensive publicly available information on nationwide mortgage market activity. Tech Sprint participants will be asked to develop new tools to address compliance challenges and

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<sup>179</sup> <https://www.consumerfinance.gov/about-us/blog/innovation-spotlight-providing-adverse-action-notices-when-using-ai-ml-models/>.

<sup>180</sup> <https://www.consumerfinance.gov/about-us/blog/bureau-taking-action-build-more-inclusive-financial-system/>. Additional activity has occurred since the end of this reporting period. On November 16, 2020, the Bureau published a blog post highlighting the July 2020 ECOA RFI as opportunity for stakeholders to provide input on the Bureau's forthcoming LEP guidance on the provision of consumer financial products and services to consumers with limited English proficiency. Elena Babinecz and Frank Vespa-Papaleo, Consumer Fin. Prot. Bureau, Bureau seeks formal comments to inform forthcoming guidance on serving LEP consumers (Nov. 16, 2020). More information can be found here: <https://www.consumerfinance.gov/about-us/blog/bureau-seeks-formal-comments-to-inform-forthcoming-guidance-serving-lep-consumers/>.

<sup>181</sup> <https://www.consumerfinance.gov/about-us/blog/expanding-access-credit-underserved-communities/>.

<sup>182</sup> <https://content.consumerfinance.gov/about-us/blog/cfpb-multilingual-resources-webinar/>.

<sup>183</sup> <https://www.consumerfinance.gov/about-us/blog/cfpb-tech-sprint-october-2020-consumer-adverse-action-notices/>.

improve the filing process and enhance the HMDA Platform’s Application Programming Interfaces (APIs) to increase efficiency and lower cost.

### **8.3.2 Bureau issues ECOA RFI**

In July 2020, the Bureau issued an RFI seeking comments and information to identify opportunities to prevent credit discrimination, encourage responsible innovation, promote fair, equitable, and nondiscriminatory access to credit, address potential regulatory uncertainty, and develop viable solutions to regulatory compliance challenges under ECOA and Regulation B. Among the topics included in the RFI are how to better protect consumers with limited English proficiency as well as applicants who derive income from any public assistance program; whether the CFPB should clarify the law so that lenders are not chilled from establishing special purpose credit programs under Regulation B and affirmatively advertising credit products to traditionally disadvantaged groups and communities, such as African Americans; and other issues related to fair lending, such as, disparate impact; small business lending; sexual orientation and gender identity discrimination; artificial intelligence and machine learning; and adverse action notices under ECOA. The information provided will help the Bureau continue to explore ways to address regulatory compliance challenges while fulfilling the Bureau's core mission to prevent unlawful discrimination and foster innovation. On August 19, 2020, the original public comment period for the RFI was extended to close on December 1, 2020.

## **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. The Bureau chaired the Task Force from 2018-2020, which meets 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.

In addition, in October 2020, the Bureau signed a Memorandum of Understanding with the FTC, HUD, FDIC, FRB, NCUA, OCC, DOJ, and FHFA—other federal agencies that, in addition to the Bureau, conduct fair lending analyses. The MOU allows economists from the agencies to voluntarily share information with respect to analytical methodologies used to understand and assess compliance with fair lending laws.

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 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 FY 2019 Annual Report of OMWI activities to Congress on March 31, 2020.<sup>184</sup> On September 8, 2020, the OMWI Director testified for the U.S. House Financial Services Committee, Subcommittee on Diversity and Inclusion at a Hearing titled Holding Financial Regulators Accountable for Diversity and Inclusion.

The Bureau continued to execute the objectives and strategies outlined in the Diversity and Inclusion Strategic Plan Update FY 2019–2022<sup>185</sup> which complements the Bureau’s overall Strategic Plan FY 2018–2022.<sup>186</sup>

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:

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<sup>184</sup> <https://www.consumerfinance.gov/data-research/research-reports/fy-2019-office-minority-and-women-inclusion-annual-report-congress/>.

<sup>185</sup> <https://www.consumerfinance.gov/data-research/research-reports/cfpb-diversity-and-inclusion-strategic-plan-update-2019-2022/>.

<sup>186</sup> <https://www.consumerfinance.gov/about-us/budget-strategy/strategic-plan/>.

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

- Women represent 50.3 percent of the Bureau’s workforce in 2020<sup>187</sup> with half of a percentage increase from FY 2019.<sup>188</sup>
- Minorities (Hispanic, Black, Asian, Native Hawaiian/Other Pacific Islander, American Indian/Alaska Native, and employees of two or more races) represent 41.2 percent of the Bureau workforce in 2020 with half of a percentage increase from FY 2019.
- As of September 30, 2020, 13.3 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 workforce goals employees with targeted disabilities in both salary categories as required in the Equal Employment Opportunity Commission’s (EEOC) Section 501 regulations.

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<sup>187</sup> April 1, 2020-September 30.

<sup>188</sup> April 1, 2020-September 30.

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 120 new hires which included 61 (50.8 percent) women and 47 (39.2 percent) minorities.
  - In July 2020, in collaboration with the OCC and NCUA partnered with the District of Columbia's Department of Employment Services for the 2020 High School Scholars Internship Program (HSSIP). Through the six-week, paid enrichment opportunity, the Bureau sponsored 10 rising seniors from Eastern and Roosevelt Senior High Schools in the District of Columbia. The program provided the students with an opportunity to build business skills and gain exposure to the financial services arena. This program allows the Bureau to fulfill the Section 342 mandate to partner with organizations focused on developing opportunities for minority and female youth. This opportunity can enable future opportunities for young minorities and women in industry internships, summer employment, and full-time positions.
  - 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 environment. Employee resource groups, cultural education programs, and diversity and inclusion training are key components of this effort.
  - After the tragic death of George Floyd on May 25, 2020, the Bureau developed and implemented a forward-leaning action plan to provide staff and management with tools and resources to assist them in dealing with the events. The OMWI collaborated with its peers to plan and deliver a federal multi-financial agency OMWI webcast on June 24 titled Beyond Words: Race, Work, and Allyship amid the George Floyd Tragedy. Due to the success of that event, on July 10, Director

Kraninger invited NCUA Chairman Rodney Hood to speak to all Bureau employees and continue the dialogue in a virtual discussion on racial equity issues. In addition, OMWI created and provided racial equity learning resources for all Bureau employees that focused on specific racial issues such as bias, antiracism, and allyship, and developed management-focused resources for addressing those issues in the workplace. In addition, the Bureau launched a series of Learn More/Take Action OMWI Dialogues for employees, centered on specific racial equity themes. OMWI also posts weekly, accessible learning resources on our intranet.

## 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 (MWOBs). 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 MWOBs 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. In 2020, these events took place in January, July, and November. 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 in-person National 8(a) Association Small Business Conference in February and the virtual Annual Government Procurement Conference in October, that help to foster business partnerships among the federal government, its U.S. prime contractors, and Minority- and Women-owned Businesses. As a result of these efforts, 32.3 percent of \$84 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**

Dollars Spent	Percent of Total	MWOB Category
\$11,514,573	16.8%	Women Owned
\$1,513,227	2.2%	Black/African American
\$2,804,613	4.1%	American Indian/Alaskan Native
\$12,284,175	17.9%	Asian/Pacific Islander American
\$1,158,331	1.7%	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 standards for the collection and assessment of documentation of its contractors' and subcontractors' Good Faith Effort (GFE) to include minorities and women in the workforce. 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 77 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.

## 9.4 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. OMWI continues to use a two-pronged strategy including direct outreach to financial institutions and working through trade groups. OMWI launched an online portal in February 2020 to facilitate entity submissions. To date, the Bureau received fourteen (14) completed submissions, and eighteen (18) more are pending in the Inclusivity portal. OMWI is also engaging with trade groups to identify partnership opportunities to increase self-assessment submissions. OMWI limited its interaction with institutions and their trade associations from March through June 2020 to allow institutions to adjust their organizations to deal with the COVID 19 pandemic. During that period, OMWI focused on improving the Inclusivity portal and completing adjustments to the online collection process. Since July, OMWI sent a data call to approximately 680 additional institutions and invited them to submit a diversity self-assessment.

## APPENDIX A: ADDENDUM

# Annual Report on the Truth in Lending Act, the Electronic Fund Transfer Act, and the Credit Card Accountability Responsibility and Disclosure Act

The Truth in Lending Act (TILA)<sup>189</sup> and the Electronic Fund Transfer Act (EFTA)<sup>190</sup> require the Consumer Financial Protection Bureau (CFPB or Bureau) to make an annual report to Congress that includes a description of the administration of functions under TILA and EFTA, and an assessment of the extent to which compliance with TILA and EFTA has been achieved. In addition, the Credit Card Accountability Responsibility and Disclosure Act (CARD Act)<sup>191</sup> requires reporting on supervisory and enforcement activities with respect to compliance by credit card issuers with applicable Federal consumer protection statutes and regulations.<sup>192</sup>

This Report provides the information required by TILA, EFTA, and the CARD Act for the period

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<sup>189</sup> 15 U.S.C. § 1613.

<sup>190</sup> 15 U.S.C. § 1693p.

<sup>191</sup> 15 U.S.C. § 1616(e).

<sup>192</sup> In 2012, the Federal Reserve Board (FRB) and the Bureau agreed that responsibility for the reporting required by the CARD Act passed to the Bureau under the terms of the Consumer Financial Protection Act of 2010.

January 1, 2019–December 31, 2019.<sup>193</sup> This Report describes the Bureau’s and other agencies’ enforcement efforts and required reimbursements to consumers by supervised institutions as they relate to TILA, EFTA, the CARD Act, and their respective implementing regulations, Regulation Z (for TILA and the CARD Act),<sup>194</sup> and Regulation E (for EFTA). It also provides an assessment of the extent of compliance with the provisions of TILA, EFTA, and their implementing regulations.

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<sup>193</sup> In order to facilitate reporting on an interagency basis, this TILA, EFTA, and CARD Act Report is based on the full calendar year of 2019. The TILA, EFTA, and CARD Act Report containing 2018 calendar year information can be found in the Bureau’s 2019 Fall Semi-Annual Report to Congress, 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).

<sup>194</sup> The Federal Trade Commission’s (FTC) enforcement action summaries in this Report also include references to violations of the Consumer Leasing Act (CLA) and Regulation M. The CLA is an amendment to TILA. See 15 U.S.C. § 1667-1667f.

# 1. Public enforcement actions and reimbursements – TILA, EFTA, CARD Act

## 1.1 TILA: Public enforcement actions and reimbursements

The purposes of TILA include: (1) to assure meaningful disclosure of credit terms so that the consumer will be able to compare more readily the various credit terms available and avoid the uninformed use of credit, and (2) to protect the consumer against inaccurate and unfair credit billing and credit card practices. 15 U.S.C. § 1601(a).

The enforcement efforts made, and reimbursements required, by all the agencies assigned enforcement authority under TILA are discussed in this section.

The agencies charged with enforcement of TILA under 15 U.S.C. § 1607 include:

- the Bureau,
- the Federal Deposit Insurance Corporation (FDIC),
- the Federal Reserve Board (FRB),
- the National Credit Union Administration (NCUA),
- the Office of the Comptroller of the Currency (OCC),
- the Federal Trade Commission (FTC),
- the Department of Transportation (DOT),
- the Farm Credit Administration (FCA), and

- the Agricultural Marketing Service (AMS) of the U.S. Department of Agriculture (USDA).<sup>195</sup>

During the reporting period of January 1, 2019, through December 31, 2019, the following agencies reported public enforcement actions under TILA, including:

**TABLE 1: 2019 PUBLIC ENFORCEMENT ACTIONS RELATED TO TILA**

<b>Agency</b>	<b>Summary</b>
CFPB	Filed a joint complaint and proposed stipulated final judgment and order against a merchant that provided direct financing for purchases for, among other violations, allegedly signing customers up for credit-card accounts without having received an oral or written request or application from them, in violation of TILA and Regulation Z.
	Issued a consent order against a payday retail lender for, among other violations, failing to include a payday loan fee charged to Kentucky consumers in the annual percentage rate (APR) in loan contracts and advertisements; rounding APRs to whole numbers in advertisements; and by publishing advertisements that included example APR and payment amounts based on example terms of repayment without disclosing the corresponding repayment terms used to calculate the APR, in violation of TILA and Regulation Z.
	Issued a consent order against a mortgage servicer for, among other violations, failing to promptly enter interest rate adjustment loan date for adjustable rate mortgage loans into its servicing system; and maintaining an inadequate document management system, in violation of TILA and Regulation Z.
FTC	Issued a consent order against a military travel lender and servicer for, among other violations, failing to provide certain required disclosures about the terms of credit, in violation of TILA and Regulation Z.
FTC	Filed a complaint and obtained a temporary restraining order against an alleged credit repair scheme for, among other violations and in connection with the advertisement of closed-end credit, allegedly failing to state the annual percentage rate in violation of TILA and Regulation Z. This action also

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<sup>195</sup> *The Grain Inspection, Packers, and Stockyards Administration (GIPSA) was eliminated as a standalone agency within the U.S. Department of Agriculture (USDA) in 2017. The functions previously performed by GIPSA have been incorporated into the Agricultural Marketing Service (AMS), and TILA and EFTA reporting now comes from the Packers and Stockyards Division, Fair Trade Practices Program, AMS.*

Agency	Summary
	<p>appears at Table 2: Public Enforcement Actions Related to EFTA.</p> <p>Filed complaints and obtained stipulated permanent injunctions against operators of two similar student loan debt relief schemes and a financing company that assisted them for, among other violations, failing to make, clearly and conspicuously, written disclosures required by the TILA for the closed-end financing, including the amount financed, finance charge, and total of payments.</p>

No other agencies with TILA enforcement authority reported taking any public enforcement actions related to TILA during the January 1, 2019, through December 31, 2019, time period.

For TILA and Regulation Z violations found during the same time period, the CFPB, FRB, FDIC, and NCUA required 48 institutions to reimburse an estimated 6,722<sup>196</sup> consumers approximately \$4.3 million. This amount includes reimbursements required by the enforcement actions noted in Table 1, as well as non-public supervisory or enforcement actions, and includes violations for other Federal consumer financial laws.

## 1.2 EFTA: Public enforcement actions and reimbursements

The purpose of EFTA is to provide a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund and remittance transfer systems. The primary objective of EFTA is the provision of individual consumer rights. 15 U.S.C. § 1693(b).

The enforcement efforts made, and reimbursements required, by all the agencies assigned enforcement authority under EFTA are discussed in this section.

As required by EFTA, the Bureau monitors what effects the act has on compliance costs for financial institutions, as well as the benefits of the act to consumers.

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<sup>196</sup> Several of the CFPB's orders require the respondents to develop compliance plans that include identifying and, in some cases, remediating affected consumers. Accordingly, this figure does not reflect the total number of consumers remediated through those actions. In addition, the CFPB obtained civil money penalties in several matters to deter future violations. Funds in the CFPB's CMP Fund are available to provide redress to consumers whose injuries are not able to be remediated in other actions.

Consumers use electronic payments more than any other type, and consumer reliance upon electronic payments relative to that of non-electronic payments is increasing. According to the 2019 Survey of Consumer Payment Choice, the average consumer makes 69 payments a month. For the average consumer, 61.4 percent of payments use a debit, credit, or prepaid card; 26.4 percent use cash, paper checks, or some other paper payment instrument; and 11.6 percent use some other form.<sup>197</sup> Consumer use of cash has gradually declined since 2010. In 2019, the number of credit card payments made by consumers exceeded the number of cash payment used made by consumers, 16.4 payments in a typical month versus 14.7. Check use too has declined steadily and now makes less than five percent of all payments.<sup>198</sup> More than half of consumers did not use paper checks in 2019.<sup>199</sup> Debit and credit card payments have generally increased to replace the declining check and cash share.<sup>200</sup> In addition, 37.5% of consumers made a mobile payment, regardless of the underlying electronic method.<sup>201</sup>

Within the universe of electronic payments, consumers conduct an array of electronic fund transfers (EFTs), including debit card, electronic benefit transfer (EBT) card, prepaid card (including gift card), automated clearinghouse (ACH), and mobile phone-enabled person-to-person (P2P) payments. In addition, EFTs include consumer automated teller machine (ATM) transactions and certain remittance transfers.

The Bureau's Prepaid Accounts Rule, which became effective on April 1, 2019, created comprehensive protections for prepaid accounts. The rule established a definition for prepaid accounts (which includes certain mobile wallets) and explicitly brought prepaid accounts within the scope of Regulation E. The rule provides an overview of prepaid financial products, including general purpose reloadable cards, as well as an analysis of the potential benefits and costs related to disclosures, limited liability and error resolution, access to prepaid account information, and the posting of prepaid account agreements.<sup>202</sup>

Consumers conduct over 85 billion debit, EBT, and prepaid card payments and transact over \$3 trillion across transaction (non-credit) card accounts annually. According to the most recent

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<sup>197</sup> The remaining 0.7 percent of payments are direct deductions from income. See Kevin Foster, Claire Green, and Joanna Stavins. "The 2019 Surveys of Consumer Payment Choice: Summary Results." Available at: <https://www.frbatlanta.org/-/media/documents/banking/consumer-payments/survey-of-consumer-payment-choice/2019/2019-survey-of-consumer-payment-choice.pdf>, pp. T-7.

<sup>198</sup> *Id.*

<sup>199</sup> *Id.*

<sup>200</sup> *Id.*

<sup>201</sup> *Id.*

<sup>202</sup> The Prepaid Accounts Rule also regulates overdraft credit features that may be offered in conjunction with prepaid accounts (covered under Regulation Z).

Federal Reserve Payments Study, debit card volume totaled over 2.5 trillion dollars and 70 billion transactions in 2018, continuing a multiyear trend of volume and transaction growth.<sup>203</sup> Prepaid card payments volumes are also on the rise, nearing \$300 million in 2018.<sup>204</sup> According to the 2019 Survey of Consumer Payment Choice, slightly over 80 percent of consumers owned a debit card and approximately half of consumers owned a prepaid card.<sup>205</sup>

Although consumers tend to conduct fewer ACH transactions relative to card transactions, the consumer dollar volume over ACH is higher. ACH volume totaled approximately 24.7 billion transactions and \$55.8 trillion in 2019.<sup>206</sup> These totals increased approximately 7.7 percent and 9 percent, respectively, from 2018.<sup>207</sup> The Bureau estimates consumer account debits represent slightly more than half of all ACH transaction volume and over 40 percent of ACH dollar volume.<sup>208</sup>

P2P represents an emerging and fast-growing category of EFTs. The P2P EFT marketplace is challenging to size for several reasons. First, a number of firms facilitate P2P EFTs over a variety of proprietary platforms. In addition, many P2P services utilize legacy EFT platforms to transmit payment messages and settle transactions. As a result, P2P transaction volume is often conflated with that of the legacy payment systems upon which the P2P services rely. An industry analyst reported, based on survey results and estimates, that 144 million, or 57 percent of U.S. consumers made a P2P payment in 2017.

The incremental costs associated with the EFTA are difficult to quantify because it is difficult to determine how industry practices would have evolved in the absence of statutory requirements. The benefits of the EFTA are also difficult to measure, as they cannot be isolated from consumer protections that would have been provided in the absence of regulation. The Bureau will continue to consider the potential benefits and costs to consumers and financial institutions in evaluating new rules under EFTA. The Bureau will also continue to monitor the market and evaluate the adequacy of consumer protection under EFTA.

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<sup>203</sup> Available at: <https://federalreserve.gov/news-events/pressreleases/files/2019-payments-study-20191219.pdf>.

<sup>204</sup> *Id.*

<sup>205</sup> *Supra* note 197.

<sup>206</sup> NACHA press release. Available at <https://www.nacha.org/news/ach-network-annual-growth-rate-reaches-12-year-high>.

<sup>207</sup> *Id.*

<sup>208</sup> For reference, in 2015, consumer ACH debit volume totaled approximately 12.5 billion transactions at \$18.3 trillion, while the ACH Network processed a total of 24B transactions totaling \$41.6T volume. See NACHA press release. Available at <https://www.nacha.org/news/ach-volume-grows-56-percent-adding-13-billion-payments-2015-q>.

The agencies charged with enforcement of EFTA under 15 U.S.C. § 1693 include:

- the Bureau,
- the FDIC,
- the FRB,
- the NCUA,
- the OCC,
- the FTC,
- the DOT, and
- the Securities and Exchange Commission.

During the reporting period of January 1, 2019, through December 31, 2019, the following agencies reported public enforcement actions under EFTA, including:

**TABLE 2: 2019 PUBLIC ENFORCEMENT ACTIONS RELATED TO EFTA**

Agency	Summary
CFPB	<p>Issued a consent order against a bank for violating EFTA and Regulation E by failing to honor consumers' requests to stop preauthorized electronic fund transfers and failing to initiate and complete reasonable error resolution investigations.</p> <p>Issued a consent order against a remittance provider for, among other things, violating EFTA and the Remittance Rule by using inaccurate language in disclosures and failing to maintain required policies and procedures to comply with error resolution procedures.</p>
FTC	<p>Filed a complaint against an online beauty product seller for, among other things, allegedly debiting consumers' bank accounts on a recurring basis without obtaining a written authorization from them or providing them a copy of the authorization in violation of EFTA and Regulation E.</p> <p>Obtained a settlement against a group of online marketers for, among other things, violating EFTA and Regulation E by allegedly debiting consumers' bank accounts on a recurring basis without obtaining a written authorization or providing consumers with a copy of the authorization.</p>

Agency	Summary
	Obtained a settlement with two principals and 12 corporate defendants of a multi-national internet marketing scam for, among other things, allegedly failing to obtain written authorizations in a manner that complies with EFTA.
	Obtained a settlement with one defendant in a previously-filed action against a company and three individuals marketing products for smoking cessation and weight loss for, among other things, violating EFTA and Regulation E by allegedly debiting consumers' bank accounts on a recurring basis without obtaining a written authorization signed or similarly authenticated from consumers for preauthorized electronic fund transfers, and failing to provide them with a copy of the authorization.
	Filed a civil contempt action against two companies that market dietary supplements and enrolled consumers in auto-renewal plans and charged consumers' debit cards without authorization, in violation of EFTA and Regulation E.
	Filed a complaint and obtained a stipulated order with an online lender for, among other violations, allegedly conditioning the extension of credit on recurring preauthorized electronic fund transfers, in violation of EFTA and Regulation E.
	Filed a complaint and obtained a temporary restraining order against an alleged credit repair scheme for violating EFTA and Regulation E by allegedly debiting consumers' bank accounts on a recurring basis without obtaining a written authorization or providing consumers with a copy of the authorization. This action also appears at Table 1: Public Enforcement Actions Related to TILA.

No other agencies with EFTA enforcement authority reported taking any public enforcement actions related to EFTA during the January 1, 2019, through December 31, 2019, time period.

For EFTA and Regulation E violations found during the same time period, the NCUA and CFPB required eight institutions to reimburse an estimated 66,952 consumers approximately \$12.3 million. These amounts include reimbursements required by the enforcement actions noted in Table 2 as well as non-public supervisory or enforcement actions.

## 1.3 CARD Act: Public enforcement actions and reimbursements

The CARD Act amended TILA to establish fair and transparent practices for the extension of credit under an open-end consumer credit plan. Section 502(e) of the CARD Act requires reporting on supervision and enforcement activities undertaken by the Federal banking agencies (the FRB, FDIC, and OCC) and the FTC with respect to compliance by credit card issuers with applicable Federal consumer protection statutes and regulations, including the CARD Act and Section 5 of the FTC Act.

During the reporting period of January 1, 2019, through December 31, 2019, the following agency reported public enforcement actions under the applicable Federal consumer financial protection laws:

**TABLE 3: 2019 PUBLIC ENFORCEMENT ACTIONS RELATED TO THE CARD ACT OR SECTION 5 OF THE FTC ACT**

Agency	Summary
FRB	Issued a consent order against a state member bank for unfair and deceptive practices related to the operation and billing for certain credit card add-on products, in violation of Section 5 of the FTC Act. The bank previously terminated these practices and, since 2016, has repaid approximately \$8.8 million in fees to consumers.

No other agencies reported public enforcement actions related to the CARD Act or other applicable Federal consumer financial protection laws during the January 1, 2019, through December 31, 2019, time period.

## 2. Assessment of compliance and common violations – TILA and EFTA

The agencies that are members of the Federal Financial Institutions Examination Council (FFIEC) reported overall compliance by supervised entities with TILA, EFTA, and their respective implementing regulations.<sup>209</sup> The agencies did report, however, that more institutions were cited for violations of Regulation Z than Regulation E over the 2019 reporting period. Based on the information reported by the FFIEC agencies, this section outlines the most frequently cited violations of Regulation Z and Regulation E across the FFIEC agencies for the reporting period.<sup>210</sup>

For the reporting period of January 1, 2019, through December 31, 2019, the most frequently cited violations of Regulation Z across the FFIEC agencies were:

- 12 C.F.R. § 1026.18(d) – On closed-end credit, failure to disclose, or accurately disclose, the finance charge, using that term, and a brief description such as “the dollar amount the credit will cost you.”
- 12 C.F.R. § 1026.19(e) – On closed-end credit, failure to disclose good faith estimates of the disclosures.
- 12 C.F.R. § 1026.38(f) – Failure to provide consumers with specific information under the heading “Loan Costs” on the Closing Disclosure.

For the reporting period of January 1, 2019, through December 31, 2019, the most frequently cited violations of Regulation E across the FFIEC agencies were:

- 12 C.F.R. § 1005.7(b) – Failure to provide initial disclosures containing all applicable information.
- 12 C.F.R. § 1005.11(c) – Failure to comply with the investigation and timeframe requirements for resolving errors in electronic fund transfers.

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<sup>209</sup> Other agencies either do not conduct compliance examinations for TILA, EFTA, and their respective implementing regulations, or reported general compliance for the laws under their jurisdiction.

<sup>210</sup> Because the FFIEC agencies use different methods to compile data, the information presented here supports only general conclusions.

- 12 C.F.R. § 1005.11(d) – Failure to follow the required procedures when an investigation determines no error or a different error occurred.

### 3. Outreach related to TILA and EFTA

The FFIEC agencies conducted training and issued guidance and examination procedures to assist supervised institutions in complying with the requirements of TILA, EFTA, and their respective implementing regulations. The agencies also provided guidance to consumers on these topics through various means, such as Federal Register Notices, workshops, blogs, and other outreach events.

In 2019, the FTC continued to work on a qualitative study of consumers' experiences related to buying and financing automobiles at dealerships. The study, which includes in-depth interviews and review of consumers' purchase and finance documents, is designed to assist the FTC by providing useful insights into consumer understanding of the automobile purchase and finance process at dealerships, such as financing terms and additional products and services the dealer may have offered. The FTC believes the study will offer meaningful information about the consumers' experience and help focus FTC initiatives in this area, including regarding TILA and the CLA, among other things. The FTC hosted several public events discussing issues related to TILA, such as a forum on small business lending, a conference on auto sales and financing, and a conference covering credit and debt issues as well as student loan debt relief scams and resources. The FTC also issued several blog posts discussing the FTC's cases and other initiatives in the areas of credit repair and debt relief as well as blog posts providing guidance about negative option plans and "free" trial offers and recent cases on these issues, including addressing EFTA and Regulation E violations and offering tips to consumers to avoid incurring automatic debits to their accounts.