

JULY 2012

Annual Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd- Frank Act



Consumer Financial
Protection Bureau

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Executive Summary

The Consumer Financial Protection Bureau (CFPB or Bureau) is the nation's first federal agency focused solely on consumer financial protection. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the CFPB to protect consumers of financial products and services and to encourage the fair and competitive operation of consumer financial markets. The Bureau's mission is to make consumer financial markets work for American consumers, honest businesses, and the economy as a whole.

In fulfillment of its statutory responsibility pursuant to Section 1017(e)(4) of the Dodd-Frank Act, the CFPB is pleased to present this report. Section 1017(e)(4) requires the Director to prepare and submit a report, on an annual basis, to the Committees on Appropriations of the United States Senate and House of Representatives. The report covers the period of time from July 21, 2011 when the Bureau opened its doors through June 30, 2012.

The Dodd-Frank Act requires the CFPB to:

- Ensure that consumers have timely and understandable information to make responsible decisions about financial transactions;
- Protect consumers from unfair, deceptive, or abusive acts and practices, and from discrimination;
- Identify and address outdated, unnecessary, or unduly burdensome regulations;
- Promote fair competition by consistent enforcement of the consumer protection laws in the Bureau's jurisdiction; and
- Ensure markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.¹

Since opening its doors on July 21, 2011, the CFPB has dedicated its efforts to listening and responding to consumers and industry while laying the foundation of a great institution.

¹ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(b).

CONSUMER CHALLENGES

Consumers' input about their experiences with financial products and services is critical to understanding the challenges that consumers face in obtaining financial products and services in the current economic climate. It is also a driving force behind the CFPB's development of resources and programs to help build American consumers' financial capability and to level the playing field.

In the past year, the CFPB has continued to hear from consumers about their positive and negative experiences with financial products and services, including through the "Tell Your Story" feature of the CFPB's website, roundtables, town halls, and field hearings. In addition, the Bureau has launched a first-rate infrastructure to receive, process, and facilitate responses to consumer complaints. The Bureau is also gathering data and evidence about consumers' behaviors and choices when they shop for financial products and the ways that market structures and sales practices may shape such conduct.

DELIVERING FOR AMERICAN CONSUMERS AND LEVELING THE PLAYING FIELD

The CFPB has taken significant steps in the past year toward making consumer financial markets work better for consumers and responsible companies. The Bureau has launched offices to provide vital resources for consumers. For example, the CFPB's Consumer Response team receives complaints and inquiries directly from consumers. The CFPB's Division of Consumer Education and Engagement develops and implements initiatives to educate and empower consumers to make better-informed financial decisions; its initiatives include programs directed toward particular populations, such as servicemembers, older Americans, students, and consumers who traditionally have been underserved by the financial markets.

The Bureau has also:

- Engaged in extensive outreach to consumers and industry throughout the country;
- Initiated and developed partnerships with federal agencies, state financial regulatory entities, and state attorneys general, and begun to establish advisory groups comprised of consumer organizations, community organizations, government officials, and industry representatives;
- Implemented statutory protections for consumers who use consumer financial products and services, and begun the process of streamlining regulations that the CFPB inherited from other agencies;
- Launched programs for supervising large banks and other companies that provide consumer financial products and services to ensure that they comply with federal consumer financial protection laws;

- Investigated potential violations of laws under the Bureau’s jurisdiction; and
- Used extensive outreach in its efforts to ensure fair, equitable, and nondiscriminatory access to credit for individuals and communities.

BUILDING A GREAT INSTITUTION

All of this has taken place while the Bureau has been engaged in start-up activities. As of June 30, 2012, the CFPB team now consists of 889 staff working to carry out the Bureau’s mission. It has worked to build a human and physical infrastructure that promotes – and will continue to promote – transparency, accountability, fairness, and service to the public. That includes:

- Demonstrating a strong commitment to openness and utilizing the Bureau’s website to share information on the operations of the Bureau;
- Recruiting highly qualified personnel;
- Providing training and engagement opportunities for CFPB staff to improve skills and knowledge and maintain excellence; and
- Launching the Bureau’s Office of Minority and Women Inclusion to promote diversity in the CFPB’s workforce and among its contractors.

The CFPB is proud of the accomplishments that it has achieved in its first year. But this marks only the beginning of the Bureau’s work on behalf of consumers and providers of financial products and services. Over the next six months, the CFPB’s efforts to make consumer financial markets work better will continue to expand. We invite you to visit the CFPB’s website, ConsumerFinance.gov, for updates on the CFPB’s work over the coming months.

Budget

The Bureau is committed to fulfilling its statutory responsibilities and delivering value to American consumers. This means being accountable and using our resources wisely and carefully.

How the CFPB is Funded

The CFPB is funded principally by transfers from the Federal Reserve System, up to limits set forth in the Dodd-Frank Act. The Director of the CFPB requests transfers from the Federal Reserve System in amounts that are reasonably necessary to carry out the Bureau's mission. Annual funding from the Federal Reserve System is capped at a fixed percentage of the total 2009 operating expenses of the Federal Reserve System, equal to:

- 10 percent of these Federal Reserve System expenses (or approximately \$498 million) in Fiscal Year (FY)2011;
- 11 percent of these expenses (or approximately \$547.8 million) in FY2012; and
- 12 percent of these expenses (or approximately \$597.6 million) in FY2013 and each year thereafter, subject to annual inflation adjustments.²

During FY2012, through June 30, 2012, the CFPB has requested transfers from the Federal Reserve totaling \$257.7 million to fund Bureau operations and activities as described in this report.³ These funds are held in an account for the Bureau at the Federal Reserve Bank of New York. Bureau funds that are not funding current needs of the CFPB are invested in Treasury securities. Earnings from those investments are also deposited into the Bureau's account.⁴

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

³ The Bureau posts all of its funding request letters on its website at ConsumerFinance.gov/budget.

⁴ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(b).

The Bureau's funds derived from the Federal Reserve System are not subject to review by the Committees on Appropriations of the House of Representatives and the Senate.⁵ If the authorized transfers from the Federal Reserve are not sufficient in FY2010-2014, the CFPB can ask Congress for up to \$200 million, subject to the appropriations process.⁶ However, the CFPB did not request an appropriation in FY2011, and does not plan on doing so in FY2012 or FY2013.

Civil Penalty Fund

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect and retain for specified purposes civil penalties collected against any person in any judicial or administrative action under federal consumer financial laws.⁷ The CFPB generally is authorized to use these funds for payment of restitution to victims, but may also use the funds for purposes of consumer education and financial literacy programs under certain circumstances. The CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York. The CFPB did not collect any civil penalties during the first three quarters in FY2012.

Key CFPB Expenditures in Fiscal Year 2012

Through June 30, 2012, the CFPB has spent \$247 million⁸ in FY2012, and has incurred \$208.3 million in obligations, including \$101.1 million in salary and benefits, \$91.0 million in contract and support services, and \$16.1 million in travel and other expenses.⁹ Approximately half of the Bureau's spending was related to employee compensation and benefits and travel for employees on board. Over 70 percent of the amounts obligated in contracts and support services were for the acquisition of general administrative and support services from other government agencies and for the development and maintenance of the Consumer Response and additional information technology systems.

Table 1 breaks out year-to-date spending by expense category:

⁵ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(a)(2)(C).

⁶ See *id.* § 1017(e).

⁷ See *id.* § 1017(d).

⁸ This amount includes commitments for new procurements expected to be awarded and obligated in subsequent FY2012 quarters.

⁹ Budget and spending information is made available at ConsumerFinance.gov/budget.

TABLE 1

Expense Category	FY2012 Spending to Date*
Personnel Compensation	71,241,084
Benefit Compensation	29,903,208
Travel	6,814,245
Transportation of Things	125,144
Rents, Communications, Utilities & Misc.	1,125,593
Printing and Reproduction	1,638,990
Other Contractual Services ¹⁰	125,424,884
Supplies & Materials	1,743,755
Equipment	9,013,592
Interest & Dividends	180
Grand Total (as of 6/30/12)	\$ 247,030,675

* Includes open commitments for procurements for which a vendor has not yet been determined and funds have not yet been obligated.

Table 2 breaks out 2012 year-to-date spending by division/program area:

TABLE 2

Division/Program Area	FY2012 Spending to Date
Director	2,237,031
Chief Operating Officer	54,536,696
Consumer Education & Engagement	12,365,155
Research, Markets & Regulations	21,547,487
Supervision, Enforcement, Fair Lending	62,839,444
General Counsel	5,606,288
External Affairs	2,453,989
Centralized Services	85,444,585
Grand Total (as of 6/30/12)	\$ 247,030,675

¹⁰ "Other Contractual Services" includes the cost of operating the Bureau's Consumer Response call centers in Iowa and New Mexico.

The Bureau's significant FY2012 obligations through June 2012 include:

- \$19.7 million to Treasury for various administrative support services, including information technology and human resource support, temporary office space, and detailees;
- \$11.8 million to Treasury's Office of the Comptroller of the Currency for office space;
- \$7.6 million to Treasury's Bureau of the Public Debt for cross-servicing of various human resource and financial management services, such as core financial accounting, transaction processing and travel;
- \$3.7 million to a contractor for human resource support services;
- \$3.7 million to an information technology contractor for project management support services;
- \$3.1 million to a contractor for hosting, cloud infrastructure, and system administration services;
- \$4.0 million to a contractor for the development and operations of the Consumer Response System; and
- \$2.9 million for collection and analysis of credit card data to assist the Bureau.

Key CFPB Expenditures in Fiscal Year 2011

During FY2011, the majority of CFPB spending was related to essential, one-time costs related to standing up the Bureau, such as information technology and mission-specific and human capital support. The CFPB incurred \$123.3 million in obligations, including \$68.7 million in contract and support services, \$48.4 million in salary and benefits, and \$6.2 million in other expenses.

IMPLEMENTATION ACTIVITIES

The Bureau's significant start-up expenditures in FY2011 included:

- \$18.6 million to Treasury for various administrative support services, including information technology and human resource support, office space, and detailees;
- \$6.7 million to Treasury's Office of the Comptroller of the Currency for office space and support services for complaint processing;

- \$6 million to Treasury's Bureau of the Public Debt for cross-servicing of various human resource and financial management services, such as core financial accounting, transaction processing and travel;
- \$4.4 million to a contractor for human capital policies and assistance in developing salary and benefits packages consistent with statutory requirements;
- \$4.3 million to an information technology contractor for project management support services; and
- \$4.3 million to a contractor for the development of Consumer Response.

The CFPB's Budget Process

The Bureau's Chief Operating Officer (COO) is responsible for coordinating activities related to the development of the CFPB's annual budget. The Office of the Chief Financial Officer within the COO has primarily responsibility for developing the budget, and works in close partnership with the Office of the Human Capital, the Office of Procurement, the Technology and Innovation team, and other program offices to develop budget and staffing estimates in consideration of statutory requirements, performance goals, and priorities of the Bureau. The CFPB Director ultimately approves the CFPB budget. A discussion of the Bureau's goals and priorities, an updated set of performance measures, spending and staffing (FTE) estimates for FY 2013 and projections for FY 2014 will be included in the next CFPB Budget Justification, which is expected to be published in February 2013, in conjunction with the FY 2014 President's Budget.

Diversity and Excellence

Recruiting and Hiring

Over the past year, the CFPB has endeavored to recruit and hire highly qualified individuals.

These efforts have focused on filling vacancies at its headquarters in Washington, DC, and in its examiner workforce distributed across the country.

The Bureau's examiners are organized by regions and anchored by key strategic satellite offices in three of the nation's financial hubs – Chicago, Illinois; New York City; and San Francisco, California.

As of June 30, 2012, we have 889 staff on-board and working to carry out the CFPB's mission.

These include approximately 230 highly qualified regulators, researchers, lawyers, and market practitioners who transferred from the consumer protection divisions of the prudential regulators and other federal agencies.

To continue this momentum, the CFPB is implementing a strategic plan to develop a sustainable pipeline of diverse candidates for occupations across the Bureau. This strategy includes:

- Leveraging existing staff to be the CFPB's most vocal and effective recruiters;
- Using social media and web 2.0 technology to connect people and get the word out about employment opportunities at the Bureau;
- Conducting outreach events that feature our senior leadership and attract people to an agency that we hope they will view as a "best place to serve;" and
- Creating development programs for incoming staff such as the Presidential Management Fellow program and our Honors Analysts.

FIGURE 1

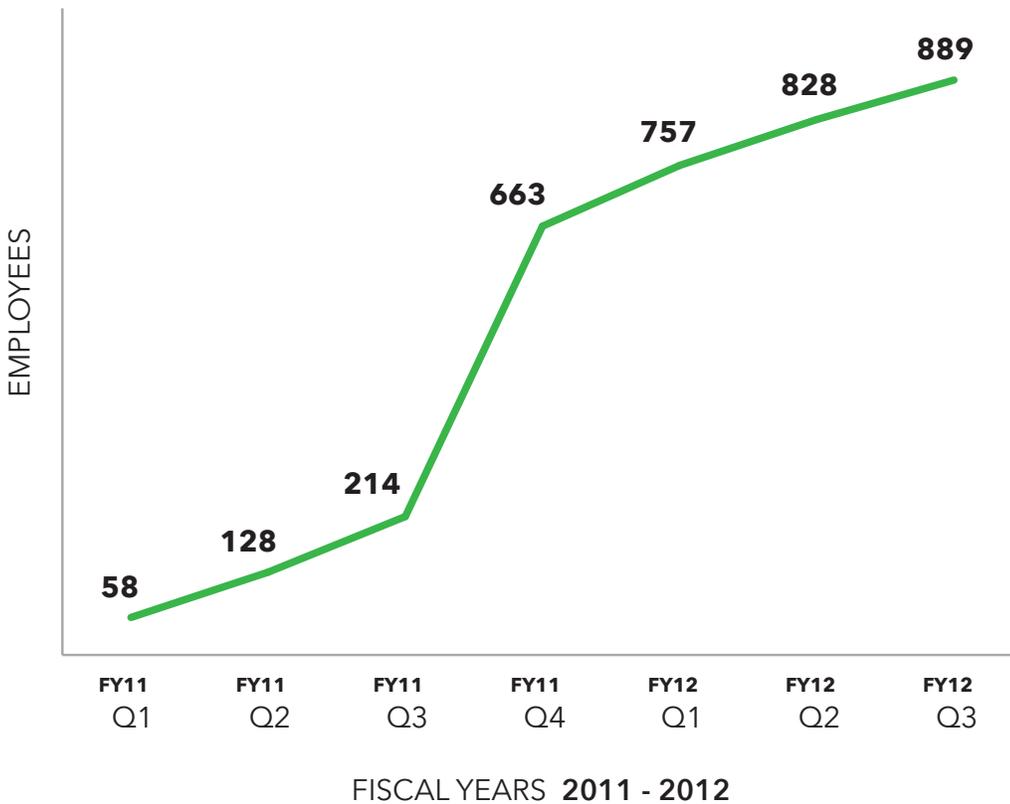


Figure 1 displays the quarterly growth of CFPB positions filled through June 30, 2012.

Education, Training and Engagement

Since its creation, the CFPB has focused on strong engagement with existing and potential Bureau staff. It has accomplished this through education, training, and engagement programs. As the Bureau matures, CFPB continues to build and offer:

- Robust programs that aim to keep its employees current on the latest skills they need to conduct their work and be successful;
- Vehicles for full participation in a vibrant culture that adheres to the Bureau’s values of Serve, Lead, and Innovate, and that fosters the successful achievement of its mission; and
- Programs and methods to ensure that the CFPB attracts the best, brightest, and most diverse group possible to carry out its mission.

The CFPB is developing a learning environment tailored to meet the specific needs of the Bureau's divisions and the individuals within them.

In addition, the Bureau's Office of Human Capital (OHC) is working to identify, cultivate, and sustain a diverse workforce and inclusive work environment to further the CFPB's success. The OHC is making efforts to develop a culture that encourages collaboration, flexibility, and fairness, and that leverages diversity throughout the organization so that all individuals are equipped to Serve, Lead, and Innovate.

Diversity

Diversity has been a cornerstone of the Bureau's foundation, its strategic workforce planning programs, and its contracting since its establishment.¹¹ In January 2012, the Bureau formally established an Office of Minority and Women Inclusion (OMWI) to ensure that inclusion continues to inform its work, and in April 2012 hired the first Director for this office.

The OMWI focuses on developing and refining standards for:

- Equal employment opportunity, workforce diversity, and inclusion at all levels of the Bureau;
- Increased participation of minority-owned and women-owned businesses in the CFPB's programs and contracts; and
- Assessing the diversity policies and practices of companies that the CFPB supervises.

The CFPB has met with representatives from the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) agencies¹² and other stakeholders to assess how best to structure and staff the OMWI and to help identify best practices for workforce supplier diversity.

¹¹ This discussion presents an overview of the Bureau's effort to promote diversity across its workforce and contractor support community. A more complete analysis will be presented in the Bureau's required annual Human Capital report, which will be published later in 2012. In July 2011, the Bureau published a report on its goals for recruitment and retention, training and workforce development, and workforce flexibilities. That report is available on CFPB's website: ConsumerFinance.gov.

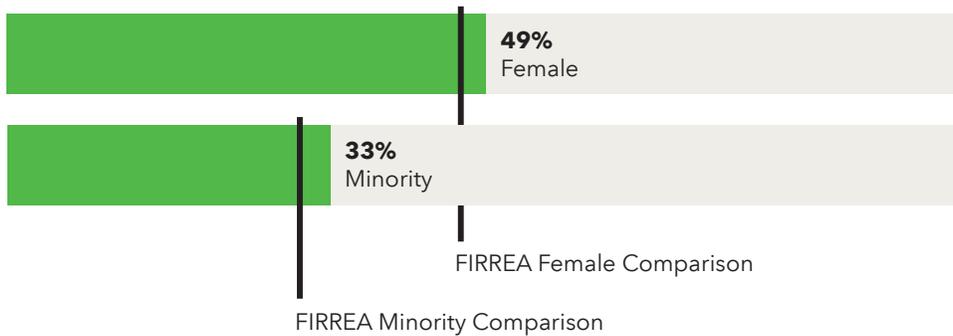
¹² These agencies include the OCC, the OTS, the FDIC, the NCUA, the Commodity Futures Trading Commission, the Securities and Exchange Commission, and the Federal Reserve Board. See 12 U.S.C. § 1833b; 15 U.S.C. § 78d.

DIVERSITY IN THE CFPB'S WORKFORCE

As of June 30, 2012, the CFPB's workforce is 49 percent women and 51 percent men. The CFPB workforce is comprised of 33 percent minorities.

Figure 2 compares the CFPB's workforce to the FIRREA community with respect to diversity by gender, race, and national origin.

FIGURE 2: BUREAU-WIDE GENDER AND MINORITY FIRREA COMPARISONS



OMWI'S ROLE AT THE CFPB

The OMWI will help all parts of the Bureau bring diverse perspectives to bear on its work and promote inclusive hiring and contracting practices.

Recruitment

As the CFPB continues to grow, the OMWI will work with the federal OMWI community, local and national media, and varied stakeholders to broaden awareness of job opportunities at the Bureau in order to promote the opportunities for women and minorities in its workforce and to diversify its applicant pool. In addition to promoting diverse applicant pools for immediate openings, the OMWI will work with the OHC to develop long-term plans that focus on active participation at recruitment and outreach events for all levels of candidates. The aim is to continually support the capacity to attract diverse applicants and ensure that the CFPB has the benefit of a diverse and qualified pool of candidates for all job openings.

Regulatory Oversight

Under the Dodd-Frank Act, the OMWI must assess and monitor the diversity policies and practices of the entities that the CFPB supervises. The OMWI will continue to support the Bureau's efforts to define procedures for conducting this oversight, working with other regulatory agencies and consulting with appropriate stakeholders.

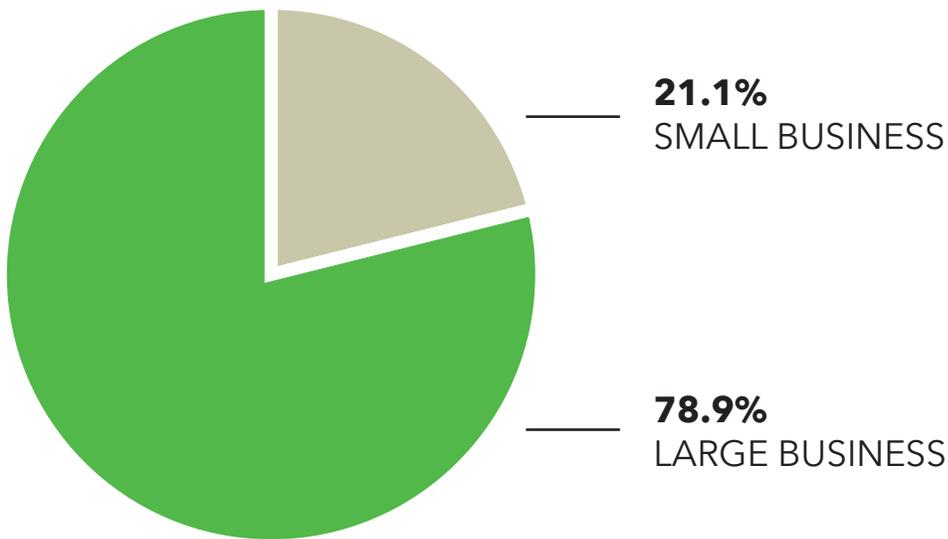
Diversifying Procurement Participants

The CFPB continues to promote diversity among the companies that compete to receive its contracts. The Bureau's Procurement Office is measuring obligations for certain small business contracts awarded to minority-owned small disadvantaged businesses and women-owned small businesses against goals based on the percentage of total dollars spent or obligated on contract actions.¹³ As shown in Figure 5, for FY2012 through June 30, 2012, 10.57 percent of CFPB contract dollars went to small disadvantaged businesses. Of that amount, 80 percent or roughly \$4.1 million was awarded to certified 8(a) firms. Additionally, 5.30 percent of contract dollars went to women-owned small businesses.¹⁴

¹³ Obligations are measured for contract awards valued above \$3,000.

¹⁴ Final FY2012 results will be validated in an annual data certification due to OMB in January 2013.

FIGURE 3: FY12 SOCIOECONOMIC OBLIGATIONS THROUGH JUNE 30, 2012



	Obligated dollars
Small disadvantaged business	\$5.1 M
Women owned small business	\$2.6 M
Service disabled veteran owned small business	\$1.2 M
HubZone small business	\$0.9 M
Other small business	\$0.4 M

The CFPB Procurement Office will work along with the OMWI to research and develop strategies to increase the levels at which minority and women-owned enterprises – both large and small – participate in the CFPB’s contracting opportunities. The OMWI will also develop procedures to promote opportunities for fair inclusion of women and minorities within the population of contractor staff and, as applicable, subcontractor staff in accordance with the Dodd-Frank Act.

Consumer Challenges

The challenges that consumers face in obtaining financial products and services are a driving force behind the CFPB's efforts to make consumer financial markets work better. Listening and responding to consumers are integral to our mission, and the Bureau provides many means through which consumers can make their voices heard.

Financial markets are rooted in the daily lives and the financial and credit needs of individual Americans. There is no doubt that consumer financial products and services, when understood and appropriately used, can bring broad benefits to consumers. Savings accounts are a first step to help people pursue their dreams and checking accounts facilitate everyday transactions. Mortgages help people buy homes and pay for them over time. Credit cards give people convenient access to money when needed. Student loans allow people who lack means but have talent and ambition to pursue their deepest aspirations.

Over the past year, consumers have shared with the CFPB their experiences – positive and negative – with financial products and services. Consumers have the opportunity to provide the CFPB with such feedback through a variety of forums, including, among others, the “Tell Your Story” feature of the CFPB's website, roundtables, town halls, and field hearings. This feedback is key to understanding the challenges consumers face in obtaining financial products and services they need.

The stories consumers have shared with the Bureau through the “Tell Your Story” feature of the CFPB's website cover a wide range of financial products and services, providing snapshots of consumers' day-to-day experiences in the marketplace. Consumers' stories are reviewed by CFPB staff and further the Bureau's understanding of current issues in the financial marketplace.

Those consumers who have shared their experiences with the CFPB expressed some of their challenges and concerns with respect to obtaining a variety of financial products and services. They include:

- Inability to qualify for a mortgage loan modification, or if they qualify they are unable to obtain a viable modification that sufficiently lowers their payments;
- Inability to refinance their loans even though they report having high credit scores;

- Inability to refinance, consolidate, or pay their private student loans;
- Lack of clarity about credit scoring and the scores that creditors use versus the scores consumers are given by credit bureaus, making it difficult for consumers to understand this key measure of their creditworthiness; and
- Confusion about overdraft protection, including terms, fees, and the relationship between checking accounts and related savings accounts, lines of credit, and credit cards.

In addition to “Tell Your Story,” consumers have opportunities to voice concerns and share their experiences in person. Consumers have participated in large Bureau-sponsored public events, including town halls and field hearings focused on particular consumer finance issues, in Birmingham, Alabama; New York City; and Durham, North Carolina. Combined, these events have drawn hundreds of participants, many of whom have shared their experiences – positive and negative – with mortgages, student loans, credit cards, payday loans, checking accounts, prepaid cards, and other consumer financial products and services.

In each of these cities and others, the CFPB’s Office of Community Affairs has also hosted roundtable conversations with local leaders representing consumer, civil rights, community, housing, faith, student, and other organizations. The roundtables provided opportunities for stakeholders in the field to share their ground-level perspective on these issues with Director Richard Cordray and other key Bureau staff.

The CFPB also has hosted dozens of roundtables and meetings at its offices in Washington, DC. The Office of Community Affairs and subject-matter teams have included hundreds of policy experts and advocates and community leaders in Director-level, roundtable, and other discussions on mortgage issues, credit cards, payday loans, student loans, checking accounts and overdraft fees, prepaid cards, credit reporting and scoring, debt collection, remittances, the CFPB’s Consumer Response system, the CFPB’s definition of “larger participants” in nonbank markets, and the CFPB’s approach to research, financial education, and new media.

Collecting, investigating, and responding to consumer complaints¹⁵ are integral parts of the CFPB’s work, as Congress set forth in the Dodd-Frank Act.¹⁶ The Bureau’s Consumer Response team hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of financial institutions, and assists in addressing their complaints.

The CFPB began Consumer Response operations on July 21, 2011, accepting consumer complaints about credit cards. Consumer Response began handling mortgage complaints on December 1, 2011, and it began accepting complaints about bank accounts and services, private student loans, and consumer loans on March 1, 2012. Over the next year,

¹⁵ Consumer complaints are submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer’s personal experience with a financial product or service.

¹⁶ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(c)(2).

the CFPB expects to handle consumer complaints on other products and services under its authority. As Consumer Response continues to expand its capacity, consumers may contact the CFPB about additional products and services. The Bureau answers these inquiries and refers consumers to other regulators or additional resources where appropriate.

Information about consumer complaints is now available to the public, following the CFPB's launch of a public Consumer Complaint Database on June 19, 2012.¹⁷ The database is populated by credit card complaints received by the CFPB on and after June 1, 2012 and contains certain individual complaint-level data collected by the CFPB, including the type of complaint, the date of submission, the consumer's zip code, and the company that the complaint concerns. The database also includes information about the actions taken on a complaint – whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include confidential information about consumers' identities. Web-based and user-friendly features of the database include the ability to: filter data based on specific search criteria; aggregate data in various ways, such as by complaint type, issuer, location, date, or any combination of available variables; and download data. Over time, the CFPB may add complaints about other consumer financial products and services under its authority to the Consumer Complaint Database.

This report provides an overview of how Consumer Response handles complaints and presents an analysis of complaints received over the period from July 21, 2011 through June 30, 2012.

How the CFPB Handles Complaints

Consumer Response screens all complaints submitted by consumers based on several criteria. These criteria include whether the complaint falls within the CFPB's primary enforcement authority, whether the complaint is complete, and whether it is a duplicate of a prior submission by the same consumer. Screened complaints are sent via a secure web portal to the appropriate company.¹⁸ The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company reports back to the consumer and the CFPB via the secure "company portal." The Bureau then invites the consumer to review the response. Consumer Response prioritizes for review and investigation complaints in which the consumer disputes the response or where companies fail to provide a timely response.¹⁹

¹⁷ In December 2011, the CFPB asked the public to comment on a proposed policy of making some credit card complaint data publicly available. After considering those comments, the CFPB finalized its policy for disclosing some of the data through its Consumer Complaint Database. See *Disclosure of Certain Credit Card Complaint Data*, 77 Fed. Reg. 37,558 (June 22, 2012).

¹⁸ If a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or that is currently being handled by the Bureau, Consumer Response refers it to the appropriate regulator.

¹⁹ The CFPB initially requested that companies respond to complaints within 10 calendar days, but increased the requested response time to 15 calendar days when Consumer

Consumers who have filed complaints with the Bureau can log onto the secure “consumer portal” available on the CFPB’s website or call a toll-free number to receive status updates, provide additional information, and review responses provided to the consumer by the company.



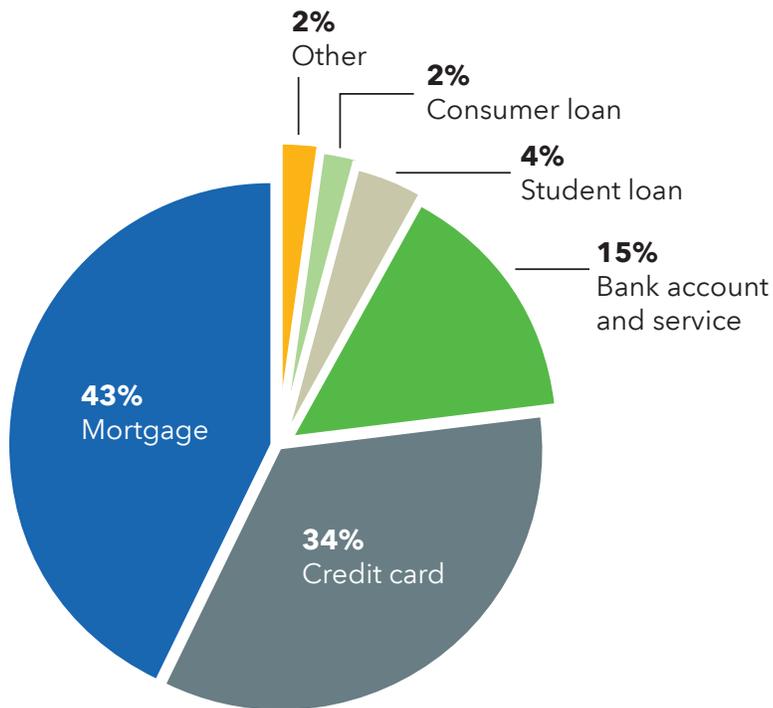
Throughout this process, Consumer Response is supported by CFPB colleagues who provide subject-matter expertise and help monitor complaints. For example, Consumer Response coordinates with the CFPB’s Office of Servicemember Affairs on complaints filed by servicemembers or their spouses and dependents.

Response began handling mortgage complaints on December 1, 2011. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is “In progress” and provide a final response within 60 calendar days.

Complaints Received by the CFPB

Between July 21, 2011 and June 30, 2012, the CFPB received approximately 55,300 consumer complaints.²⁰

FIGURE 5: CONSUMER COMPLAINTS BY PRODUCT



Approximately 44 percent of all complaints were submitted through the CFPB’s website and 11 percent via telephone calls. Referrals accounted for 38 percent of all complaints received. The rest were submitted by mail, email, and fax.

The tables presented below show complaints by type, actions taken, company responses, and consumers’ reviews of company responses.²¹

CONSUMERS’ CREDIT CARD COMPLAINTS

Table 3 shows the most common types of credit card complaints that the CFPB has received as reported by consumers. Sixty-seven percent of the approximately 18,800 credit card complaints fell into these 10 categories.

²⁰ This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. All data are current as of July 1, 2012.

²¹ Percentages may not sum to 100 percent due to rounding.

TABLE 3: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY CONSUMERS

Billing disputes	14%
Annual Percentage Rate (APR) or interest rate	10%
Identity theft/Fraud/Embezzlement	9%
Other	6%
Closing/Cancelling account	6%
Credit reporting	6%
Collection practices	5%
Late fee	4%
Credit card protection/Debt protection	4%
Collection debt dispute	3%
Credit Card Complaints in Top 10 Types	67%

As the table illustrates, billing disputes are the most common type of credit card complaint. Some consumers are confused and frustrated by the process and limits to challenging inaccuracies on their monthly credit card billing statements. For example, some consumers only realize after their claim has been denied that they needed to notify their credit card companies within 60 days of any billing errors. In other cases, consumers are not aware that companies typically do not stop a merchant charge once the cardholder has authorized it or do not override a merchant's "no-return policy." Other common types of credit card complaints relate to annual percentage rates or interest rates and identity theft, fraud, or embezzlement.

The CFPB generally has relied on the consumer's characterization of his or her complaint to identify its nature for analytical purposes. However, the CFPB's experience to date suggests that consumers may often have differing interpretations of what these categories mean. For example, one consumer might choose to categorize a problem as a billing dispute, while another might identify the same issue as a concern with a provider's setting or changing of an interest rate. To improve our reporting on the data we receive, the Bureau is evaluating the use of these categories by consumers to date and developing a simplified categorization scheme to promote more consistent categorization of complaints.

CONSUMERS' MORTGAGE COMPLAINTS

Table 4 shows the types of mortgage complaints as reported by consumers for the approximately 23,800 mortgage complaints received by the CFPB.

TABLE 4: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS

Applying for the loan (Application, originator, mortgage broker)	8%
Receiving a credit offer (Credit decision/Underwriting)	2%
Signing the agreement (Settlement process and costs)	4%
Making payments (Loan servicing, payments, escrow accounts)	25%
Problems when you are unable to pay (Loan modification, collection, foreclosure)	54%
Other	7%
Total Mortgage Complaints	100%

The most common type of mortgage complaint is about problems consumers have when they are unable to make payments, such as issues related to loan modifications, collection, or foreclosure. Consumers who have filed these complaints generally appear to be driven by a desire to seek agreement with their companies on foreclosure alternatives. The complaints indicate that consumer confusion persists around the process and requirements for obtaining loan modifications and refinancing, especially regarding document submission timeframes, payment trial periods, allocation of payments, treatment of income in eligibility calculations, and credit bureau reporting during the evaluation period. The shelf life of documents provided as part of the loan modification process is of particular concern to consumers. Though consumers must provide documents within short time periods and income documentation generally remains valid for up to 60 days, lengthy evaluation periods can result in consumers having to resubmit documentation – sometimes more than once. This seems to contribute to consumer fatigue and frustration with these processes.

Other common types of mortgage complaints address issues related to making payments, such as issues related to loan servicing, payments, or escrow accounts. For example, consumers express confusion about whether making timely trial period payments will guarantee placement into a permanent modification. Issues related to applying for the loan, such as the application, the originator, or the mortgage broker, are also among the most common types of mortgage complaints.

CONSUMERS' BANK ACCOUNT AND SERVICE COMPLAINTS

Table 5 shows the types of bank account and service complaints, such as complaints about checking and savings accounts, as reported by consumers for the approximately 8,100 complaints received by the CFPB.

TABLE 5: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY CONSUMERS

Account opening, closing, or management (Confusing marketing, denial, disclosure, fees, closure, interest, statements, joint accounts)	41%
Deposits and withdrawals (Availability of deposits, withdrawal problems and penalties, unauthorized transactions, check cashing, payroll deposit problems, lost or missing funds, transaction holds)	25%
Using a debit or ATM card (Disputed transaction, unauthorized card use, ATM or debit card fees, ATM problems)	5%
Making or receiving payments, sending money to others (Problems with payments by check, card, phone or online, unauthorized or fraudulent transactions, money/wire transfers)	9%
Problems caused by my funds being low (Overdraft fees, late fees, bounced checks, credit reporting)	15%
Other	5%
Total Bank Account and Service Complaints	100%

As the table illustrates, the most common type of bank account and service complaint relates to opening, closing, or managing the account. These complaints address issues such as confusing marketing, denial, fees, statements, and joint accounts. Other common types of complaints relate to deposit and withdrawal issues such as transaction holds and unauthorized transactions, and problems caused by the consumer's funds being low, such as bounced checks, overdraft and late fees, and credit reporting. Many consumers remain frustrated with overdraft fees and the wide discretion companies have to assess these and other fees so long as the fees are outlined in account agreements. Similarly, some consumers express frustration with the order in which companies process account withdrawals because the processing of larger transactions before smaller ones can lead to more overdraft-fee charges.

CONSUMERS' STUDENT LOAN COMPLAINTS

Table 6 shows the types of student loan complaints as reported by consumers for the approximately 2,000 student loan complaints received by the CFPB.

TABLE 6: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS

Getting a loan (Confusing terms, rates, denial, confusing advertising or marketing, sales tactics or pressure, financial aid services, recruiting)	4%
Repaying your loan (Fees, billing, deferment, forbearance, fraud, credit reporting)	65%
Problems when you are unable to pay (Default, debt collection, bankruptcy)	28%
Other	3%
Total Student Loan Complaints	100%

The most common type of student loan complaint relates to repaying the loan, such as fees, billing, deferment, forbearance, fraud, and credit reporting. Consumers struggle with the limited payment deferment options permitted in their loan agreements, especially when they have not found employment by the time they need to begin repaying their loans and because deferments often are limited to six months. Another common type of complaint addresses problems consumers have when they are unable to pay, such as issues related to default, debt collection, and bankruptcy.

CONSUMERS' CONSUMER LOAN COMPLAINTS

Table 7 shows the types of consumer loan complaints, such as complaints about installment loans, vehicle loans and leases, and personal lines of credit, as reported by consumers for the approximately 1,400 consumer loan complaints received by the CFPB.

TABLE 7: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS

Shopping for a loan, lease, or line of credit (Sales tactics or pressure, credit denial, confusing advertising or marketing)	8%
Taking out the loan or lease / Account terms and changes (Term changes (mid-deal changes, changes after closing, rates, fees, etc.), required add-on products, trade-in payoff, fraud)	17%
Managing the loan, lease, or line of credit (Billing, late fees, damage or loss, insurance (GAP, credit, etc.), credit reporting, privacy)	48%
Problems when you are unable to pay (Debt collection, repossession, set-off from bank account, deficiency, bankruptcy, default)	21%
Other	6%
Total Consumer Loan Complaints	100%

The table illustrates that the most common type of consumer loan complaint is about managing the loan, lease, or line of credit. Another common type of complaint addresses problems consumers have when they are unable to pay, such as issues related to debt collection, bankruptcy, and default.

How Companies Respond to Consumer Complaints

Approximately 44,600 (or 81 percent) of all complaints received between July 21, 2011 and June 30, 2012 were sent by Consumer Response to companies for review and response.²² Table 6 shows how companies responded to these complaints during this time period.

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and categorization of the response. Based on industry comments received about disclosure of credit card complaint data, beginning June 1, 2012, response category options included “closed with monetary relief,” “closed with non-monetary relief,”

²² The remaining complaints have been referred to other regulatory agencies (8 percent), found to be incomplete (4 percent), or are pending with the consumer or the CFPB (1 percent and 6 percent, respectively).

“closed with explanation,” “closed,” “in progress,” and other administrative options.²³ Monetary relief is defined as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with non-monetary relief” indicates that the steps taken by the company in response to the complaint did not result in monetary relief to the consumer that is objective, measurable, and verifiable, but may have addressed some or all of the consumer’s complaint involving non-monetary requests. Non-monetary relief is defined as other objective and verifiable relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with explanation” indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer’s complaint. For example, this category would be used if the explanation substantively meets the consumer’s desired resolution or explains why no further action will be taken. “Closed” indicates that the company closed the complaint without relief – monetary or non-monetary – or explanation. Consumers are given the option to review and dispute all company closure responses.

Companies have responded to over 40,300 of the 44,600 complaints sent to them (90 percent) and report having closed 85 percent of the complaints sent to them. Table 8 shows how companies have responded.

²³ The CFPB initially asked companies to categorize their response as “full resolution provided,” “partial resolution provided,” “no resolution provided,” or another administrative option. From December 1, 2011 through May 31, 2012, the CFPB piloted categories of “closed with relief” and “closed without relief” in addition to other administrative options.

TABLE 8: HOW COMPANIES HAVE RESPONDED TO CONSUMER COMPLAINTS²⁴

	All N≈44,600	Credit card N≈15,600	Mortgage N≈20,200	Bank account and service N≈6,400	Student loan N≈1,400	Consumer loan N≈800
Company reported closed with monetary relief	26%	47%	9%	32%	6%	19%
Company reported closed with non-monetary relief	3%	2%	5%	2%	3%	5%
Company reported closed with explanation	55%	42%	66%	48%	60%	57%
Company reported closed (without relief or explanation)	1%	0.2%	1%	1%	0.5%	1%
Company provided administrative response	3%	2%	4%	3%	1%	1%
Company reviewing	13%	7%	16%	14%	29%	16%
TOTAL COMPLAINTS	100%	100%	100%	100%	100%	100%

Beginning December 1, 2011, companies had the option to report an amount of monetary relief, where applicable. Since then companies have provided relief amounts in response to more than 4,800 complaints. The median amount of relief reported by companies was \$144; however, company reports of relief amounts and medians vary by product. For the approximately 2,500 credit card complaints where companies provided a relief amount, the median amount of relief reported was approximately \$130. For the approximately 800 mortgage complaints where companies provided a relief amount, the median amount of relief reported was approximately \$411. For the more than 1,400 bank account and service complaints where companies provided a relief amount, the median amount of relief reported was approximately \$105. For the approximately 70 student loan complaints where companies provided a relief amount, the median amount of relief

²⁴ While companies' responses under previous categorizations were maintained, for operational and reporting purposes, responses categorized as "full resolution provided," "partial resolution provided," and "closed with relief" are considered a subset of "closed with monetary relief," and responses categorized as "no resolution provided" and "closed without relief" are categorized as "closed with explanation." "Closed with non-monetary relief" and "closed" reflect only those responses provided by companies after June 1, 2012.

reported was approximately \$1,597. For the approximately 80 consumer loan complaints where companies provided a relief amount, the median amount of relief reported was approximately \$136.

Consumers' Reviews of Companies' Responses

Once the company responds, the CFPB provides the company's response to the consumer for review. Where the company responds "closed with monetary relief," "closed with non-monetary relief," "closed with explanation," or "closed," consumers are given the option to dispute the response.²⁵ Complaints with disputed company responses are among those prioritized for investigation. Table 7 shows how consumers responded to the approximately 36,600 complaints where they were given the option to dispute. Consumers are asked to notify the CFPB within 30 days if they want to dispute a company's response. Approximately 44 percent of such consumers did not dispute the responses provided. Nearly 17 percent of consumers have disputed the responses provided. The rest were pending with consumers at the end of this period.

TABLE 9: CONSUMER REVIEW OF COMPANY RESPONSES

	All	Credit card	Mortgage	Bank Account and Service	Student Loan	Consumer Loan
Pending consumer review of company's response	40%	40%	39%	42%	39%	49%
Consumer did not dispute company's response	44%	46%	42%	43%	48%	35%
Consumer disputed company's response	17%	15%	19%	15%	14%	16%
TOTAL COMPLAINTS	100%	100%	100%	100%	100%	100%

²⁵ Consumers were initially given the option to dispute responses from companies that indicated a resolution had been provided. With the shift to closure categories, consumers are given the option to dispute company responses regardless of closure category.

Consumer Response Investigations

After requesting that companies respond to all complaints filed and giving consumers the opportunity to review and dispute company responses, Consumer Response primarily focuses its review and investigation efforts on those complaints where the consumer disputed the response or where companies failed to provide any response within 15 calendar days. Consumer Response also periodically investigates groups of complaints to survey product- and issue-specific trends. Consumer Response seeks to determine why a company failed to provide a timely response (if applicable) and whether the consumer's dispute of the company's response (if applicable) justifies additional review of the company's minimum required actions under the consumer financial protection laws within the CFPB's authority. In the course of an investigation, Consumer Response may ask companies and consumers for additional information, and once the investigation is completed, Consumer Response sends the consumer a summary. In some cases, Consumer Response has referred complaints to colleagues in the CFPB's Division of Supervision, Enforcement, and Fair Lending & Equal Opportunity for further action.

Listening and responding to consumer complaints is an integral part of the CFPB's work in understanding issues in the financial marketplace and helping the market work better for consumers.

Delivering for American Consumers and Leveling the Playing Field

The CFPB is authorized to exercise its authorities under federal consumer financial protection laws to administer, implement, and promote compliance with those laws. To this end, the Bureau has made efforts in the past year to improve the resources available to consumers and to build the infrastructure necessary for making consumer financial markets work better.

Resources for Consumers

The CFPB has launched a variety of offices to provide assistance and information to consumers. The Bureau strives to provide individualized help to consumers based on their specific issues with financial products and services, and it works to improve financial literacy and capability – amongst the public as a whole and consumers who traditionally faced particular challenges in the financial markets.

CONSUMER RESPONSE

The Bureau's Consumer Response team receives complaints and inquiries directly from consumers. The CFPB accepts complaints through its website and by telephone, mail, email, fax, and referral. Consumers file complaints on the Bureau's website using complaint forms tailored to specific products, and can also log on to a secure consumerportal to check the status of a complaint and review a company's response. While on the website consumers can chat with a live agent to receive help completing a complaint form. Consumers can also call the Bureau's toll-free number to ask questions, file a complaint, check the status of a complaint, and more. The CFPB's U.S.-based contact centers handle calls with little-to-no wait times; they provide services to consumers in more than 180 languages and to hearing- and speech-impaired consumers via a toll-free telephone number. Cutting-edge technology, including secure company and consumer portals, makes the process efficient and user-friendly for consumers and

companies. For companies, the CFPB provides secure channels for communicating directly with dedicated staff about technical issues.

As Consumer Response processes complaints and responds to inquiries, it continues to seek new ways to improve existing processes to make them as efficient, effective, and easy-to-use as possible. Based on feedback from consumers and companies, as well as its own observations, the Consumer Response team identifies new opportunities to improve its processes and implement changes with each product launch. By applying the lessons learned through previous complaint function rollouts, the Consumer Response team has improved its intake process, enhanced communication with companies, and ensured the system's ease-of-use and effectiveness for consumers. The CFPB aims to provide services that are trusted by consumers and companies alike.

CONSUMER EDUCATION AND ENGAGEMENT

The CFPB's Division of Consumer Education and Engagement is responsible for developing and implementing initiatives to educate and empower consumers to make better-informed financial decisions. Improving financial literacy and capability encompasses many short and longer-term efforts, including education and engagement with information and tools designed to provide clear and meaningful assistance to consumers at the moment they need it.

Reaching out to consumers is essential to the work of this Division. Over the past year, the Division's Offices have engaged with different groups across the country through more than 320 listening sessions, town halls and roundtables, visits to military installations, and other stakeholder events. These and other opportunities to hear directly from consumers about their financial needs, aspirations, and experiences help inform all of the Bureau's work. Through this outreach work, the CFPB has connected to more than 4,200 stakeholder organizations that were involved in these events.

As a 21st-century agency, the Consumer Engagement office has focused on bringing financial decision-making tools and information to consumers through an accessible online format. Over the past year, a steadily increasing number of consumers took advantage of these offerings. The Bureau's website received more than 5 million unique views in the past year. The CFPB estimates that more than 3,750,000 of those were to areas of the site providing consumer tools, information, and assistance.

The Division supports one of the CFPB's signature campaigns, *Know Before You Owe*, which has begun to make the costs and risks of financial products and services easier to understand. Although consumers expect to be held responsible for their purchases and debts, they also deserve to be able to make informed choices based on long-term costs and risks of those products and services. *Know Before You Owe* encourages personal responsibility and smart decision-making through fair and effective representations of the key elements of the costs and risks of financial products and services. In 2011, the Bureau published prototype forms, tools, and contracts for mortgages, student loans, and credit cards that are designed to make important information easier to find.

The Office of Consumer Engagement and Office for Students recently entered the second phase of its *Know Before You Owe: Student Loans* project by releasing a beta version of a financial aid comparison tool for public comment. This online tool is designed to help students and families make better-informed decisions about student loans. The beta version drew upon publicly available data provided by government statistical agencies, including information on more than 7,500 schools and institutions, including vocational schools and community, state, and private colleges.

The tool also included a “Military Benefits Calculator” that can estimate education benefits for servicemembers, veterans, and their families. The calculator includes military tuition assistance and Post-9/11 GI Bill benefits. The Bureau is currently evaluating the feedback from the public to inform the development of the final version of the tool.

In addition, in February, the CFPB’s Consumer Engagement and Technology & Innovation teams released a new design for ConsumerFinance.gov, which streamlined the site’s information architecture. This new design has increased the ability of visitors to find information about the CFPB’s regulations, requests for information, and guidance for supervised entities within one click of the homepage.

In March, the Bureau released *Ask CFPB*, an interactive online tool that helps consumers find clear, unbiased answers to their financial questions. *Ask CFPB* currently contains more than 420 easy-to-read, plain-language entries written by the Bureau’s subject-matter experts. Consumers can view entries organized by “most helpful,” “most viewed,” or “recently updated.” The majority of the entries are focused on credit card and mortgage questions. In the coming months, the Bureau will expand the database to answer questions about a range of financial products and services, including student loans, vehicle loans, and checking and savings accounts. With this expansion, the *Ask CFPB* content will mirror the Consumer Response system, which is already answering consumer questions and taking complaints on these products and services.

The Bureau also helped bring attention to Financial Capability Month in April with a series of events throughout the country. Through events on Capitol Hill; in Chicago, Illinois; New York City; and Amarillo, Texas, Director Cordray and Bureau leadership engaged financial educators and leaders in the field, rural and community groups, consumers, and bankers about how to improve consumers’ financial literacy. In addition, the Assistant Director for the Office of Financial Education testified before Congress about financial capability.

As Vice-Chair of the Financial Literacy and Education Commission (FLEC), Director Cordray helped bring attention to the issue by emphasizing how important it is for consumers to have the ability to understand and control their finances and that this ability creates a path to economic independence and mobility.

The Bureau is committed to education that builds financial capability and that engages consumers at the right moment with information, tools, and skills to help them achieve their own financial goals. In keeping with that commitment, the Office of Financial Education helped educate people during tax time about opportunities to save a portion of

their tax refund by providing useful materials to Volunteer Income Tax Assistance (VITA) sites nationwide. The results of that initiative will help focus and inform future efforts to help consumers reach their savings goals.

Servicemembers

The CFPB's Office of Servicemember Affairs continues to reach out to servicemembers where they are, by visiting 27 military installations and National Guard units and participating in 18 town halls and 14 roundtables since October 2011. At these outreach events, Servicemember Affairs leadership and staff listened to servicemembers discuss the financial challenges they face, observed financial education training, and provided educational materials. In addition to the military units/installations visited, the Office participated in fifteen outreach events sponsored by external organizations seeking additional educational information about the Office and the CFPB. The Office used Military Saves Week in February as an opportunity to distribute a video message to all military units about the importance of saving for goals. Also in February, Assistant Director Holly Petraeus met with Pentagon officials, who asked the Office to assist in the creation of financial planning materials for all servicemembers leaving the military, an often difficult time of transition when such materials are particularly useful. The Office staff has delivered consumer financial education information to over 14,000 people since October 2011.

Building on its prior work with the U.S. Department of the Treasury (Treasury) and others to address the particular challenges that servicemembers often face in the mortgage markets, the Office continued its efforts to address the unique challenges presented by Permanent Change of Station (PCS) orders. In April and May, the Office worked with Treasury to secure changes to the Home Affordable Modification Program (HAMP) that will provide more opportunities for mortgage assistance to military homeowners. Under the announced changes to HAMP, as of June 1, military homeowners and other families who are permanently displaced by a move due to PCS orders may still qualify as owner-occupants for a HAMP mortgage modification. In June, the Bureau, along with the prudential regulators – the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System (Federal Reserve, Federal Reserve Board, or Federal Reserve System), the Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration (NCUA) – issued joint guidance to address mortgage servicer practices that may pose risks to homeowners who are serving in the military. The guidance is to ensure compliance with applicable consumer laws and regulations as they pertain to military homeowners who have received PCS orders.

Older Americans

The Division of Consumer Education and Engagement's Office for Older Americans has continued its outreach efforts around the country with its core constituency, key public officials, financial institutions, industry, advocates, and other stakeholders – including 81 events with more than 2,700 participants since October 2011. The Office's outreach work is helping to raise awareness of growing consumer financial challenges faced by older Americans and to bring various interests together to develop solutions on the local, state,

and national level. To assist with this work, the Office issued a Request for Information (RFI) about elder financial exploitation and other issues impacting seniors in June 2012. The Office also worked with the CFPB's Research, Markets and Regulations Division to issue a report and consumer guide about reverse mortgages, a loan product sold to homeowners aged 62 and older.

Students

Last fall, the Bureau launched its *Know Before You Owe: Student Loans* project to help students make informed decisions about the level of debt associated with choosing a college. The Bureau also continues to offer the Student Debt Repayment Assistant tool for graduates to help them better understand the existing programs to manage their student debt repayment options.

In cooperation with the U.S. Department of Education, the Bureau collected additional comment on a draft financial aid comparison tool. The final model format, to be prescribed by the Secretary of Education, will help students and families receive clear information on grants and loans when enrolling in an institution of higher education. In April, the President of the United States issued an Executive Order outlining principles that would require schools to provide the final version of the shopping sheet – to be prescribed by the Secretary of Education – to provide better information to recipients of military and veteran education benefits.

In March, the Bureau began to accept complaints from the public on student loans. The CFPB's Student Loan Ombudsman works with Consumer Response, the U.S. Department of Education, and institutions of higher education, lenders, and others to assist borrowers with complaints on private education loans and to address challenges in the student lending marketplace. The Student Loan Ombudsman will submit a report to Congress later this year. In preparation for this report, the Bureau published a Notice and Request for Information in June to collect comments on the nature of private student loan complaints received by institutions of higher education, state agencies, industry, non-profit organizations, and other interested parties.

FINANCIAL EMPOWERMENT

The Bureau launched its Office of Financial Empowerment in June 2012 to address the needs of consumers who traditionally have been underserved by the financial market. The Office began reaching out to community and asset building groups, cities and counties, and financial service providers. Since its inception, the Office has met with more than 25 stakeholder groups. These meetings helped inform the Office's goal to develop and provide innovative approaches that will help respond to lower-income and economically vulnerable consumers' immediate needs for transaction accounts and credit, as well as their longer-term needs for emergency savings and wealth building. In addition, on June 25, Director Cordray and Office leadership held a conference call to introduce the Office's work to more than 400 participants representing community organizations, banks and credit unions, academics and researchers, representatives from local and state government, coalitions, and others.

Regulations and Guidance

The Bureau is focusing intensively on implementing consumer protections required by the Dodd-Frank Act in anticipation of statutory deadlines in 2012 and 2013. In addition, the Bureau has issued a number of bulletins to provide guidance on regulatory matters and is analyzing public comments on potential projects to streamline regulations that it has inherited from other federal agencies.

Implementing Statutory Protections

As contemplated by the Dodd-Frank Act, the CFPB is in the process of issuing a comprehensive set of regulations to address deep flaws in the mortgage market that were revealed by the financial crisis. After months of preparation and outreach, including conducting several small business review panels, the Bureau expects over summer 2012 to issue proposed rules to address the following topics:

- Streamlining and integrating federal mortgage disclosures to ensure that consumers who have applied for a mortgage loan understand the terms of the transaction and to facilitate compliance by lenders and other financial services providers.
- Addressing widespread problems in the mortgage servicing industry by implementing Dodd-Frank Act requirements regarding periodic statements, force-placed insurance, prompt crediting of payments, responses to requests for pay-off amounts, and error resolutions. In addition, the Bureau plans to propose basic requirements to ensure that servicers maintain reasonable information management systems and reach out early to work with borrowers who are having trouble paying their loans.
- Refining existing rules regarding the compensation and qualification of mortgage loan originators, including brokers and loan officers, as well as simplifying the structure of upfront points and fees on certain loans.

- Implementing Dodd-Frank Act amendments to existing rules governing high-cost mortgage loans to apply the requirements to a broader group of mortgages and to increase consumer protections.
- Ensuring that consumers receive a copy of the appraisals conducted in connection with their mortgage loan applications.

The Bureau is also working on an interagency basis to implement certain other Dodd-Frank Act requirements regarding appraisals.

After the public comment periods end, the Bureau will work to finalize these proposals as well as two additional mortgage-related proposals that were issued by the Federal Reserve Board in 2011 to implement additional Dodd-Frank Act requirements regarding escrow accounts and lenders' obligations to assess borrowers' ability to repay mortgage loans, including certain protections from liability for "qualified mortgages." In May 2012, the Bureau reopened the comment period on the ability-to-repay rule to seek public feedback on certain information that the Bureau has received in connection with that rulemaking, as well as to request additional data.

The Bureau expects to finalize most of the mortgage rules by January 21, 2013, in accordance with certain statutory deadlines. Due to additional consumer testing and other factors, final rules regarding the integration of federal mortgage disclosures are expected to be issued later in 2013.

The Bureau is also working to implement other Dodd-Frank Act protections. In 2012, the Bureau issued new rules governing foreign money transfers (remittances), which previously have been largely excluded from federal consumer financial protection laws. Those rules, including new disclosures and error resolution procedures, will take effect in February 2013. The Bureau expects to issue a supplemental rule on remittances in summer 2012 to address certain issues on which it had sought additional public comment, in advance of the February 2013 implementation date. Additional rulemakings are contemplated concerning reporting of data regarding mortgage lending, lending to small businesses and women- and minority-owned businesses, and consumer access to their own transaction data.

In addition, the Bureau has begun to issue rules that relate to its supervisory authority.

It has proposed a rule that defines "larger participants" in the debt collection and consumer reporting markets, which will bring within the scope of the CFPB's supervisory authority debt collectors and consumer reporting agencies that meet certain annual receipt thresholds. This would be the CFPB's initial rule defining larger participants in nonbank markets and will be followed by a series of subsequent rulemakings to define larger participants in other markets.

The Bureau has also proposed a rule to establish procedures by which the CFPB may make any nonbank entity that the CFPB has reasonable cause to determine is posing a risk to consumers subject to its supervisory authority. The proposed rule would establish a process for the CFPB to give notice to the nonbank entities of such determinations and

would provide them with a reasonable opportunity to respond. The proposed rule would not impose new substantive consumer protection requirements on any nonbank entity.

Interpreting and Streamlining Inherited Regulations

The Bureau is working with consumer and industry stakeholders on interpreting and streamlining regulations to implement existing federal consumer financial protection laws. These regulations were issued previously by other federal financial services regulators and transferred to the Bureau in July 2011.

In 2012, the Bureau issued interpretive guidance on a variety of topics, including interpretation of regulations concerning mortgage loan originator compensation, licensing requirements for loan originators under the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act), and analysis of disparate impact under fair lending law.

In addition, the Bureau has been exploring possible initiatives to update, modify, or eliminate inherited regulatory requirements that may be outdated, unduly burdensome, or unnecessary. At the request of various stakeholders, the CFPB extended the comment period covering potential streamlining initiatives from March to June 2012. The Bureau is currently reviewing the comments received to plan follow-up action.

Finally, the CFPB has begun issuing updated housekeeping rules that establish procedures for the public to obtain information from the Bureau under the Freedom of Information Act, the Privacy Act of 1974, and in legal proceedings, and that provide for the confidential treatment of information that the Bureau generates and obtains in connection with the exercise of its authorities. The CFPB also promulgated supplemental ethics regulations for Bureau employees establishing restrictions on outside employment and business activities; prohibitions on the ownership of certain financial interests; restrictions on seeking, obtaining or renegotiating credit and indebtedness; prohibitions on recommendations concerning debt and equity interests; disqualification requirements based on credit or indebtedness; prohibitions on purchasing certain assets; and restrictions on participating in particular matters involving outside entities.

Supervision

The CFPB's supervision program seeks to ensure that large banks and other companies that provide financial products and services to consumers comply with federal consumer financial laws. The CFPB's supervision program has two parts. The large bank supervision program focuses on compliance with consumer protection laws and regulations by insured banks, thrifts, and credit unions with assets over \$10 billion, their affiliates, and service providers. The nonbank supervision program focuses on compliance with the same laws and regulations by thousands of other "nonbank" companies, including mortgage lenders and brokers, credit bureaus, payday lenders, and their service providers.

Supervisory Activities

The CFPB has launched its nonbank supervision program, the first federal program to supervise nonbank providers of consumer financial products and services. The CFPB commenced examinations of mortgage lenders, brokers and servicers as well as short-term, small dollar lenders, commonly referred to as payday lenders. These nonbank entities have cooperated in the examinations, which include information requests and on-site reviews. CFPB examiners continue to actively examine large banks in each of its four regions throughout the country.

The CFPB will soon issue a policy that gives supervised entities an opportunity to request review of a final, less than satisfactory, rating and the underlying supervisory determinations. The review would be conducted by CFPB officials from headquarters and from a CFPB region that was not involved in assigning the rating. This policy will support the goal of maintaining a supervisory program that is fair, data-driven and consistent.

The Director of the CFPB is a member of the Federal Financial Institutions Examination Council (FFIEC), a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of insured depository institutions. Additionally, employees of the CFPB actively participate in nine FFIEC task forces, committees, and working groups. The CFPB currently provides leadership for the FFIEC's Consumer Compliance Task Force.

Examination Manual, Procedures, and Other Supervisory Guidance

The CFPB originally issued its *Supervision and Examination Manual* on October 13, 2011. In January 2012, the CFPB issued two additions to the *Manual*. The *Mortgage Origination Examination Procedures* describe the types of information the Bureau's examiners will seek in order to review key mortgage originator activities, from initial advertisements and marketing practices to closing practices. The *Short-Term, Small-Dollar Lending Examination Procedures* address the types of information necessary to review key payday lending activities, from initial advertisements and marketing to collection practices.

The SAFE Act mandates a nationwide licensing and registration system for residential mortgage loan originators. On March 7, 2012, the CFPB issued interagency SAFE Act examination procedures for insured depository institutions. These procedures describe the types of information that the Bureau's examiners will gather to evaluate compliance by depository institutions with the SAFE Act's registration system requirements.

The CFPB will soon issue the second version of its *Supervision and Examination Manual*. Version 2.0 will replace outdated regulatory citations with the new CFPB citations, reflecting the fact that authority for federal consumer financial laws was transferred to the CFPB by the Dodd-Frank Act.

In addition, the CFPB issued bulletins in the past six months that provide supervised entities with guidance on a variety of issues. These include:

- Confidentiality protections that are provided to entities during the examination process;
- The CFPB's expectation that supervised entities will oversee their business relationships with service providers in a manner that ensures compliance with federal consumer financial laws; and
- Clarification that under the SAFE Act a state may grant a transitional loan originator license to an individual who holds a valid loan originator license from another state, as discussed further below.

Infrastructure and Technology

The CFPB has fully implemented its Supervisory Examination System (SES) 1.0, which records, tracks, and provides current information and data about its supervision and examination activities. Because this system was originally designed for the Office of Thrift Supervision, it is not fully capable of addressing all aspects of the CFPB's consumer financial protection mandate. As a result, the CFPB is planning and moving forward with development of SES 2.0, a more technologically sophisticated program that will have enhanced capabilities that focus on the unique needs and functions of the CFPB's consumer compliance supervisory program.

Enforcement

The CFPB aims to enforce the consumer protection laws within the Bureau's jurisdiction consistently and to support consumer-protection efforts nationwide by investigating potential violations both independently and in conjunction with other state and federal law enforcement agencies.

Conducting Investigations

Since the CFPB's launch, the Office of Enforcement has been conducting research and investigations of potential violations of federal consumer financial laws identified by CFPB staff, transferred to the Bureau by the prudential regulators and the U.S. Department of Housing and Urban Development (HUD), or referred to the Bureau by consumers and others. Enforcement has endeavored to focus its investigative resources on the violations of law that cause the greatest harm to consumers. The investigations currently underway span the full breadth of the Bureau's enforcement jurisdiction. Further detail about ongoing investigations will not generally be made public by the Bureau until a public enforcement action is filed.

Joint Task Force on Foreclosure Scams

In December 2011, the CFPB, the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and the U.S. Department of the Treasury announced the creation of a joint task force to combat scams targeted at homeowners seeking to apply for the Home Affordable Modification Program, a foreclosure-prevention program administered by Treasury. This joint task force aims to protect taxpayers by investigating and shutting down these scams and by providing education programs to vulnerable homeowners.

Residential Mortgage-Backed Securities Working Group

In January 2012, the CFPB joined the Residential Mortgage-Backed Securities (RMBS) Working Group, a group established by the Attorney General as a part of the Financial Fraud Enforcement Task Force (FFETF). The RMBS Working Group consists of a broad coalition of state and federal officials, including the U.S. Department of Justice, the U.S. Attorneys' Offices, the U.S. Securities and Exchange Commission, the New York State Attorney General's Office, the U.S. Department of HUD, the HUD's Office of Inspector General, the Federal Bureau of Investigation, the Federal Housing Finance Agency's Office of Inspector General, and other State Attorneys General. The working group and its members are focused on investigating potential false or misleading statements, deception, or other misconduct by market participants in the creation, packaging, and sale of mortgage-backed securities. The working group also collaborates on future and current investigations, pools resources, and streamlines processes to ensure that if fraud or misconduct has occurred justice is achieved for the victims. Within the working group, the CFPB is focusing its efforts on obtaining relief for consumers and promoting healthy consumer finance markets.

Whistleblower Hotline

In December 2011, the CFPB announced several ways in which individuals can alert the Bureau about potential violations of federal consumer financial laws. Current or former employees, contractors and vendors, and competitor companies may submit information or tips. People who submit tips may request confidentiality or even remain anonymous to the extent permitted by law.

Open Government

A key mission of the CFPB is to make consumer financial products and services more transparent in the consumer marketplace. The CFPB believes it should demonstrate that same level of commitment to transparency in its own activities. To accomplish this, the Bureau utilizes its website as the primary vehicle to share information on the operations and decisions that the CFPB undertakes every day. Recent examples over the last few months that illustrate the Bureau's commitment to openness include:

- Freedom of Information Act (FOIA)

The FOIA is a fundamental transparency law that gives consumers the statutory right to request information owned by the CFPB. A FOIA and Privacy Act Request Guidebook was created to provide specific information about submitting requests, fees, appeals, and more. The CFPB has also created an Index of Major Information Systems. This list highlights specific "systems" that may contain information sought under the FOIA and Privacy Act, and thus makes it easier for requestors to understand what information CFPB maintains.

- Leadership Calendars

The CFPB is committed to letting consumers know the daily schedules of its senior leadership. The monthly calendars of Director Richard Cordray, Deputy Director Raj Date, and the past Special Advisor to the Secretary of the Treasury Elizabeth Warren have been posted to the Bureau's website. The Bureau provides the calendars in multiple formats on a monthly basis in order to enhance their usefulness.

- Budget Updates

The CFPB publishes quarterly budget updates on its website at ConsumerFinance.gov/budget to keep Congress and the public informed about how the Bureau's funds are being spent. In addition, the Bureau has also published on its website a Fiscal Year (FY) 2013 budget in brief and budget justification, in addition to the Bureau's funding requests.

- Procurement

The CFPB posted the FY2011 Service Contract Inventory to its website. Website updates include a summary report of the CFPB's ten largest service contract obligations and special interest functions, as well as a worksheet that includes the inventory of awarded service contract transactions in excess of \$25,000.

- General Reports

The CFPB posts a variety of reports to illustrate the progress in specific areas of the Bureau's operations. Recent reports include the Bureau's compliance with the Plain Writing Act, a comprehensive update on Consumer Response from July through December 2011, and a summary of activities related to the administration of the Fair Debt Collection Practices Act.

- Guidance Updates

From time to time, the CFPB will post letters and other materials that provide guidance to industry and members of the public. The Bureau has provided additional guidance on its website about mortgage origination examination procedures; short-term, small-dollar lending examination procedures; and an interagency SAFE Act examination procedure for federally regulated depository institutions. Bulletins on transitional licensing of mortgage loan originators under the SAFE Act, lending discrimination, service providers, and payment of compensation to loan originators were also posted to the website.

APPENDIX A:

More About the CFPB

GENERAL INFORMATION:

Email Address: info@consumerfinance.gov

Phone Number: 202-435-7000

Mailing Address: Consumer Financial Protection Bureau

ATTN: Employee Name, Division, and/or Office Number

1700 G Street NW

Washington, DC 20552

CONSUMER RESPONSE/ COMPLAINTS:

Hours of Operation: 8 am - 8 pm EST

Toll Free #: 855-411-CFPB (2372)

Espanol: 855-411-CFPB (2372)

TTY/TDD: 855-729-CFPB (2372)

Fax #: 855-237-2392

Mailing Address: Consumer Financial Protection Bureau

PO Box 4503

Iowa City, Iowa 52244

WHISTLEBLOWERS:

Email: whistleblower@consumerfinance.gov

Toll Free #: 855-695-7974

PRESS & MEDIA REQUESTS:

Email: press@consumerfinance.gov

LEGISLATIVE AFFAIRS:

Phone: 202-435-7960

CFPB OMBUDSMAN'S OFFICE:

Email: CFPBOmbudsman@cfpb.gov

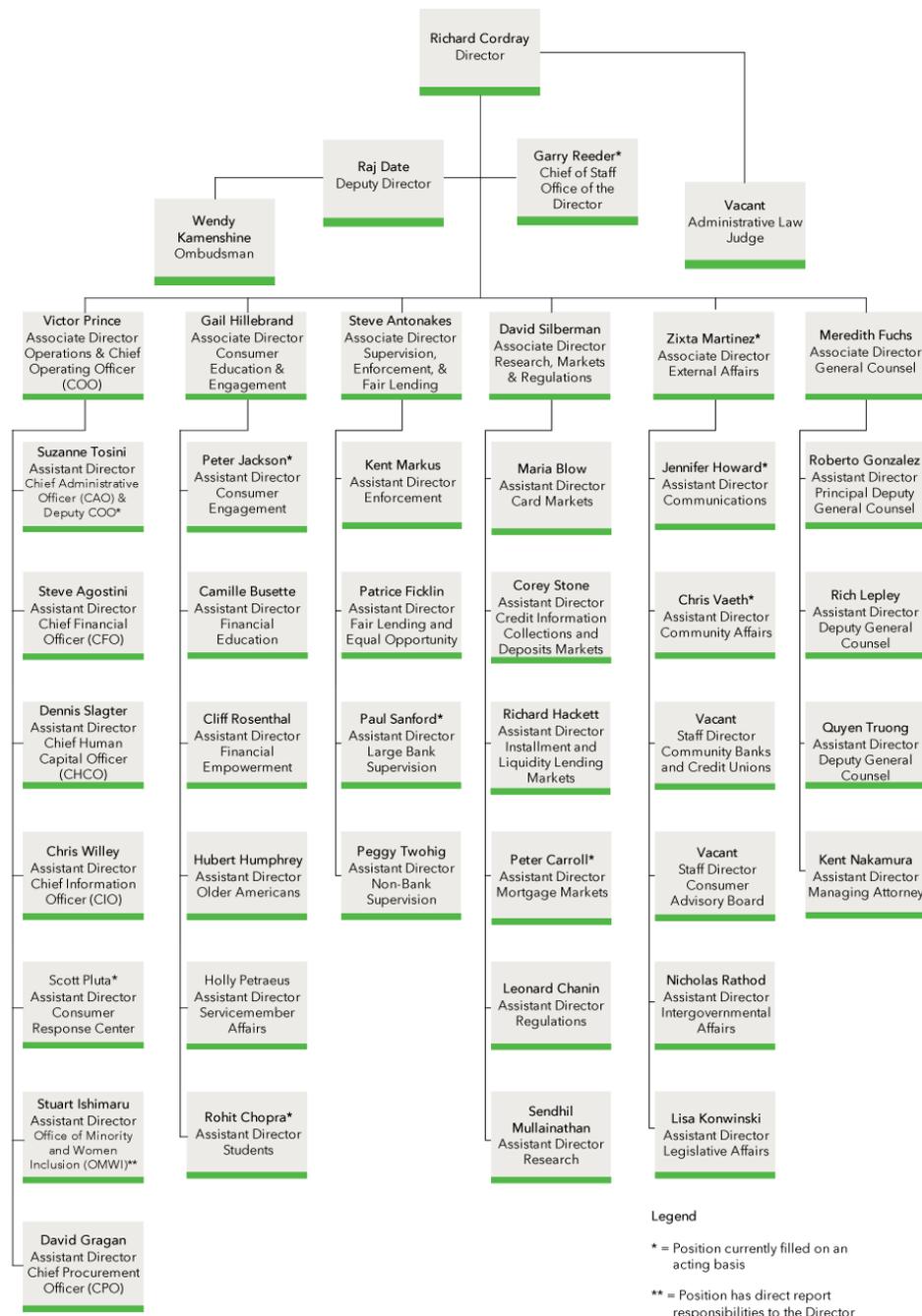
Webpage: www.ConsumerFinance.gov/ombudsman

Toll Free #: 855-830-7880

Fax Number: 202-435-7888

APPENDIX B:

CFPB Organizational Chart



APPENDIX C:

Significant Rules, Orders, and Initiatives

Over the period July 21, 2011 through June 30, 2012, the Bureau adopted the following significant rules and orders and conducted the following significant initiatives:

- Targeted review of inherited regulations and restatement of inherited regulations via interim final rules;
- Issuance of rules to implement Dodd-Frank Act protections concerning consumer remittance transfers to foreign countries;
- Interim final rules defining procedures for investigations, rules of practice for adjudication proceedings, and procedures for disclosure of records and information;
- Proposed Rule regarding defining “larger participants” in certain markets;
- Issued the Bureau’s *Supervision and Examination Manual*;
- Issued the *Short-Term, Small-Dollar Lending Examination Procedures*;
- Issued the *Mortgage Origination Examination Procedures*;
- Issued the *Mortgage Servicing Examination Procedures*;
- Notice and Opportunity to Respond and Advise process;
- Notice and Request for Information on checking account overdraft programs;
- Formal solicitation for nominations for CFPB’s Consumer Advisory Board;
- Release and testing of a draft periodic mortgage statement;
- With the U.S. Department of Defense, the Federal Trade Commission (FTC), and the National Association of Attorneys General, the development of a database to combat consumer financial fraud directed at military members, veterans, and their families;

- With the FDIC, the Federal Reserve, the OCC, and the NCUA, issued joint guidance to address mortgage servicer practices that may pose risks to homeowners who are serving in the military;
- Memoranda of Understanding (MOU) with the FTC to protect consumers and avoid duplication of federal law enforcement and regulatory efforts;
- Began to take complaints on credit cards, bank products and services, private student loans, and consumer loans, through the Consumer Response function;
- Launched *Ask CFPB*, an interactive online tool that helps consumers find clear, unbiased answers to their financial questions;
- Released a beta version of the Financial Aid Comparison (consumerfinance.gov/payingforcollege/) as part of *Know Before You Owe: Student Loans*, an interactive, online tool designed to help families plan for the costs of post-secondary education;
- Released a bulletin on third-party service providers to supervised entities;
- Released a compliance bulletin regarding the enforcement of Equal Credit Opportunity Act, and recognizing the disparate impact doctrine;
- Launched a public inquiry into how consumers and financial services companies are affected by arbitration and arbitration clauses;
- MOU with the prudential regulators to ensure the coordination of important aspects of the supervision of insured depository institutions with more than \$10 billion in assets and their affiliates;
- Released a report and consumer guide about reverse mortgages;
- Interim Final Rule providing for confidential treatment of information generated and obtained by the Bureau, and establishing procedures for obtaining information from the Bureau as permitted by law;
- Final Rule regarding confidential treatment of privileged information;
- Supplemental ethics regulations for CFPB employees; and
- Interim Final Rule ensuring nondiscrimination on the basis of disability in programs and activities undertaken by the Bureau;

In the next six months, the Bureau plans the following significant rules, orders, and other initiatives:

- Final rules to implement Dodd-Frank Act requirements defining lenders' obligations to assess borrowers' ability to repay mortgage loans, including certain protections from liability for "qualified mortgages;"
- Final rules to implement Dodd-Frank Act escrow requirements;
- Additional rules to provide further guidance to remittance transfer providers;
- Proposed integrated disclosures and accompanying rules for mortgage loans that satisfy the requirements of both the Truth in Lending Act and the Real Estate Settlement Procedures Act;
- Proposed rules to implement Dodd-Frank Act protections for the mortgage market, including provisions on loan originator compensation and qualification, restrictions on high-cost loans, servicing practices, provision of appraisal documentation to consumers, and (on an interagency basis) other appraisal practices;
- Participation in interagency processes to consider mortgage servicing standards;
- Propose rules to define the scope of the Bureau's nonbank supervision program;
- Final regulations based on certain interim final rules issued since July 21, 2011 including those that establish procedures for investigations and rules of practice for adjudication proceedings among others;
- Reports on private student loans and recommendations on best practices concerning financial advisors who work with older Americans, as contemplated in the Dodd-Frank Act;
- Continued expansion of the Bureau's capacity to handle consumer complaints with respect to all products and services within its authority;
- A pilot program to evaluate certain financial education programs in the field;
- Reports on various aspects of the Bureau's work and operations, including reports on Consumer Response, Financial Education, Fair Lending, and Human Capital among others, as contemplated in the Dodd-Frank Act; and
- First meeting of the Consumer Advisory Board.

APPENDIX D:

Published Reports

Over the period July 21, 2011 through June 30, 2012, the CFPB has published the following reports:

The CFPB has published the following reports:

- **July 21, 2011:** Developing Our Human Capital;
- **November 30, 2011:** Consumer Response interim report on CFPB's credit card complaint data;
- **December 9, 2011:** Financial Report of the CFPB – Fiscal Year 2011;
- **January 31, 2012:** Semi-Annual Report of the CFPB;
- **March 20, 2012:** Fair Debt Collection Practices Act;
- **March 31, 2012:** Consumer Response Annual Report;
- **April 13, 2012:** Plain Writing Compliance Report; and
- **June 28, 2012:** Reverse Mortgage Report.

APPENDIX E:

Congressional Testimony

Senior CFPB staff have testified before Congress on the following 21 occasions through June 30, 2012:

- **February 9, 2011:** Holly Petraeus before the House Committee on Veterans Affairs;
- **March 16, 2011:** Elizabeth Warren before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit;
- **April 12, 2011:** Holly Petraeus before the Senate Homeland Security & Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia;
- **May 24, 2011:** Elizabeth Warren before the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs;
- **July 7, 2011:** Raj Date before the House Financial Services Subcommittees on Financial Institutions and Consumer Credit and Oversight and Investigations;
- **July 13, 2011:** Kelly Cochran before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity;
- **July 14, 2011:** Elizabeth Warren before the House Oversight and Government Reform Committee;
- **July 28, 2011:** Dan Sokolov before the House Small Business Subcommittee on Investigations, Oversight and Regulations;
- **September 6, 2011:** Richard Cordray Nomination Hearing before the Senate Banking Committee;
- **November 2, 2011:** Raj Date before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit;

- **November 3, 2011:** Holly Petraeus before the Senate Banking Committee;
- **November 15, 2011:** Skip Humphrey before the Senate Banking Subcommittee on Financial Institutions and Consumer Protection;
- **January 24, 2012:** Richard Cordray before the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs;
- **January 31, 2012:** Richard Cordray before the Senate Banking Committee;
- **February 15, 2012:** Richard Cordray before the House Financial Services Subcommittee on Oversight and Investigations;
- **March 29, 2012:** Richard Cordray before the House Financial Services Committee;
- **April 26, 2012:** Camille Busette before the Senate Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia;
- **June 6, 2012:** Richard Cordray before the Senate Banking Committee;
- **June 6, 2012:** Gail Hillebrand before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit;
- **June 20, 2012:** Raj Date before the House Financial Services Subcommittee on Insurance, Housing, and Community Opportunity; and
- **June 26, 2012:** Holly Petraeus before the Senate Committee on Banking, Housing and Urban Affairs.

Written testimony submitted in connection with these appearances can be found on ConsumerFinance.gov.

APPENDIX F:

Speeches

Director Richard Cordray and Deputy Director Raj Date spoke at the following public events:

- **September 15, 2011:** Remarks by Raj Date at National Constitution Center in Philadelphia, PA;
- **September 20, 2011:** Remarks by Raj Date at American Banker's Regulatory Symposium in Washington, DC;
- **October 10, 2011:** Remarks by Raj Date at the Mortgage Bankers Association's 98th Annual Conference in Chicago, IL;
- **October 26, 2011:** Remarks by Raj Date in Minneapolis, MN;
- **December 1, 2011:** Remarks by Raj Date at Consumer Federation of America's Financial Services Conference in Washington, DC;
- **December 7, 2011:** Remarks by Raj Date in Cleveland, OH;
- **January 5, 2012:** Remarks by Richard Cordray at The Brookings Institution in Washington, DC;
- **January 17, 2012:** Remarks by Richard Cordray at FDIC Board of Directors in Washington, DC;
- **January 18, 2012:** Remarks by Richard Cordray at U.S. Conference of Mayors in Washington, DC;
- **January 19, 2012:** Remarks by Richard Cordray at Payday Loan Field Hearing in Birmingham, AL;
- **February 15, 2012:** Remarks by Richard Cordray at League of United Latin American Citizens Conference in Washington, DC;
- **February 22, 2012:** Remarks by Richard Cordray at CFPB Roundtable on Overdraft Practices in New York, NY;

- **March 6, 2012:** Remarks by Richard Cordray at National Association of Attorneys General in Washington, DC;
- **March 14, 2012:** Remarks by Richard Cordray at Independent Community Bankers of America National Convention in Nashville, TN;
- **March 16, 2012:** Remarks by Richard Cordray at Society of American Business Editors and Writers in Indianapolis, IN;
- **March 19, 2012:** Remarks by Richard Cordray at Credit Union National Association Governmental Affairs Conference in Washington, DC;
- **March 21, 2012:** Remarks by Richard Cordray at Consumer Bankers Association in Austin, TX;
- **March 28, 2012:** Remarks by Richard Cordray at U.S. Chamber of Commerce in Washington, DC;
- **April 10, 2012:** Remarks by Richard Cordray at Operation Hope in Washington, DC;
- **April 11, 2012:** Remarks by Richard Cordray on launch of the Financial Aid Comparison Shopper in Sioux Falls, SD;
- **April 18, 2012:** Remarks by Richard Cordray at the National Community Reinvestment Coalition in Washington, DC;
- **April 18, 2012:** Remarks by Richard Cordray at Jump\$tart in Washington, DC;
- **April 20, 2012:** Remarks by Raj Date at Greenlining Institute Conference in Los Angeles, CA;
- **May 3, 2012:** Remarks by Richard Cordray at 2012 Simon New York City Conference in New York, NY;
- **May 7, 2012:** Remarks by Raj Date at Mortgage Bankers Association National Secondary Market Conference in New York, NY;
- **May 10, 2012:** Remarks by Richard Cordray at White House Financial Summit in Washington, DC;
- **May 11, 2012:** Remarks by Richard Cordray at Michigan State University College of Law Commencement in East Lansing, MI;
- **May 23, 2012:** Remarks by Richard Cordray at CFPB Prepaid Cards Field Hearing in Durham, NC;

- **June 5, 2012:** Remarks by Richard Cordray at White House press briefing on student loan transparency in Washington, DC;
- **June 11, 2012:** Remarks by Raj Date at American Bankers Association Conference in Orlando, FL;
- **June 11, 2012:** Remarks by Richard Cordray at World Elder Abuse Awareness Day Event in Washington, DC;
- **June 15, 2012:** Remarks by Richard Cordray at American Constitution Society Conference in Washington, DC;
- **June 21, 2012:** Remarks by Richard Cordray at press conference on Military Permanent Change of Station (PCS) Guidance for Mortgage Servicers in Washington, DC; and
- **June 27, 2012:** Remarks by Richard Cordray on Reverse Mortgages Study in Washington, DC.

Remarks can be found on ConsumerFinance.gov.

APPENDIX G:

Financial Reports

The CFPB has published the following financial reports, which are all available at ConsumerFinance.gov/budget:

- **August 3, 2011:** CFO update for the third quarter of fiscal year 2011;
- **December 9, 2011:** Financial Report of the CFPB – Fiscal Year 2011;
- **December 30, 2011:** CFO update for the fourth quarter of fiscal year 2011;
- **January 20, 2012:** CFO update for the first quarter of fiscal year 2012; and
- **May 11, 2012:** CFO update for the second quarter of fiscal year 2012.²⁶

²⁶ In addition, the CFO update for the third quarter of fiscal year 2012 will be made available at ConsumerFinance.gov/budget.

APPENDIX H:

Budget Documents

The CFPB has published the following Budget Documents, which are all available at ConsumerFinance.gov/budget:

- **Fiscal Year 2013 Budget Justification;**
- **Fiscal Year 2013 Budget in Brief;**
- **Fiscal Year 2012 Congressional Budget Justification; and**
- **Fiscal Year 2012 Budget in Brief.**

Fiscal Year 2013 Budget Justification

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Section 1 – Purpose

1A – Mission Statement

To help consumer financial markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

1.1 – Resource Detail Table¹

(Dollars in thousands)

	2011		2012		2013		% Change
	FTE	Amount	FTE	Amount	FTE	Amount	
Budgetary Resources:							
Revenue/Offsetting Collections							
Transfers-in		161,850		340,300		447,688	32%
Total Revenue/Offsetting Collections		161,850		340,300		447,688	32%
Unobligated Balances, Start of Year		9,200		47,720		31,646	-34%
Recoveries of Prior Year Obligations							
Net Transfers							
Total Budgetary Resources Available		171,050		388,020		479,334	24%
Expenses/Obligations							
Supervision, Enforcement, and Fair Lending & Equal Opportunity	101	59,632	635	214,053	873	261,119	22%
Consumer Education and Engagement/Consumer Response	41	43,339	196	84,585	345	126,025	49%
Research, Markets and Regulations	36	20,359	111	57,736	141	60,544	5%
Total Expenses/Obligations	178	\$123,330	942	\$356,374	1,359	\$447,688	26%

1B – Mission, Priorities, and Context

The Consumer Financial Protection Bureau (“CFPB” or the “Bureau”) was established under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”).² To create a single point of accountability in the federal government for consumer financial protection, the Act consolidated many of the Federal consumer financial laws authorities previously shared by seven federal agencies³ into the CFPB and provided the CFPB with additional authorities. Among the Bureau’s tools are authorities to:

- Conduct rulemaking, supervision and enforcement with respect to the Federal consumer financial laws;
- Handle consumer complaints and inquiries;
- Promote financial education;
- Research consumer behavior; and
- Monitor financial markets for risks to consumers.

¹ Estimates are based on the best available information at the time the Budget was prepared and are subject to revision. Consistent with the presentation of the CFPB’s audited financial statements, the resource estimates in this volume, including staffing allocations, are displayed across three budget activities, with funding for the Bureau’s operations and executive management functions allocated among the three activities.

² P.L. 111-203, 124 Stat. 1955 (July 21, 2010)

³ As used throughout this document, the term “Federal consumer financial laws” has the meaning set forth in Section 1002(14) of the Act.

The CFPB is organized into six primary operating divisions:

1. **Supervision, Enforcement, and Fair Lending & Equal Opportunity:** Ensures compliance with and enforcement of the Federal consumer financial laws, including fair lending laws, by supervising market participants and bringing enforcement actions when appropriate.
2. **Research, Markets and Regulations:** Monitors consumer financial markets; improves understanding of consumer behavior and evaluates the benefits and costs of possible policy initiatives; as well as implements the Federal consumer financial laws through regulations, in coordination with the other parts of the Bureau where appropriate.
3. **Consumer Education and Engagement:** Empowers consumers to make financial decisions that are best for them through wide-ranging education efforts, including targeted outreach required by the Act to students, older Americans and servicemembers.
4. **General Counsel:** Responsible for the Bureau's compliance with all applicable laws and for providing legal advice to the Bureau's leadership and operating divisions.
5. **External Affairs:** Disseminates information about the Bureau's work and manages the Bureau's relationships with stakeholders in order to encourage understanding, participation, transparency and accountability.
6. **Chief Operating Officer:** Builds and sustains the CFPB's operational infrastructure to support the entire organization. The division also includes Consumer Response, which handles consumer complaints and inquiries related to consumer financial products and services.⁴

Strategic Goals & Priorities

Build a Great Institution.

The Bureau continues to build its operational capacity. As it does so, it must ensure that its internal infrastructure – ranging from its human capital operations to its technology and data infrastructure – will be able to support its work now and in the future. Key priorities in support of this strategic goal include:

- Recruit the most qualified employees;
- Build-out core supervision and enforcement capabilities;
- Coordinate supervision and other activities with federal and state agencies;
- Make critical investments in technology, data infrastructure and facilities;
- Expand the Bureau's capacity to receive and respond in a timely manner to consumer complaints for the full range of consumer financial products and services; and
- Build efficient and effective management processes.

⁴While Consumer Response is a function under the Bureau's Chief Operating Officer, for the purpose of budget presentation, funding for Consumer Response is grouped with the Bureau's Consumer Education and Engagement division, as Consumer Response is a generally regarded as a program rather than an operations function.

Deliver Tangible Value.

The Act endowed the Bureau with wide-ranging policy tools, and the Bureau must coordinate the use of those tools in a way to promote a consumer financial marketplace that works for consumers, responsible providers and the economy as a whole. Key priorities in support of this strategic goal include:

- Monitor and enforce compliance with the Federal consumer financial laws through supervision in order to protect consumers from illegal acts or practices;
- Protect honest businesses from competitors who use unscrupulous practices to gain an unfair advantage by using enforcement authority to address violations of Federal consumer financial laws in a range of markets;
- Promote fair lending compliance and education by working with federal agencies, State regulators, private industry, and fair lending, civil rights, and consumer and community advocates;
- Engage consumers in a timely way through innovative initiatives to educate them about financial issues and use consumer input, including consumer complaint and inquiry data, to identify needed policy changes with particular impact on students, older Americans and servicemembers, as required by the Act;
- Address challenges in the mortgage market and evaluate potential policy problems in a range of consumer finance markets;
- Simplify or update regulations that have become unnecessary, outmoded, overly burdensome, or are otherwise unduly difficult to understand and comply with;
- Produce original research to improve understanding of consumer behavior and market operations and practices to support the CFPB's policymaking and the general functioning of the market;
- Monitor various consumer financial markets for emerging risks, technological advances and other important developments; and
- Issue regulations that promote a fair, transparent, and competitive marketplace for consumer financial products and services after proper consideration of benefits and costs.

Accomplishments

Many consumer financial protection authorities transferred to the CFPB on July 21, 2011 (the "transfer date"). In the year leading up to the transfer date and since, Treasury and CFPB staff successfully completed projects critical to establishing key operations of the Bureau, including:

- Started on-site target reviews and examinations of the largest banks;
- Began investigating possible violations of the Federal consumer financial laws;
- Issued interim final rules governing adjudications and investigations and developed a policy to give subjects of an investigation notice and an opportunity to respond prior to the commencement of formal enforcement proceedings;
- Began accepting and facilitating the resolution of consumer complaints and inquiries concerning credit cards and residential mortgage loans;
- Initiated a referral process for troubled homeowners who contact the CFPB's Consumer Response Center;
- Launched the CFPB website, including a blog and interactive tools designed to support specific policy initiatives, and web pages for students, older Americans, and servicemembers;

- Developed the Supervision Manual, including specific mortgage servicing and examination procedures;
- Launched *Know Before You Owe*, a three-part campaign to improve the quality of information given to consumers who seek residential mortgages, credit cards and student loans;⁵
- Published a Notice and Request for Comment as a prelude to the Office of Nonbank Supervision's effort to define "larger participants" in certain nonbank markets;
- Held a conference to assess the impact of the Credit Card Accountability Responsibility and Disclosure Act (the CARD Act) and released related data from issuers and consumers;
- Gathered information via Notices and Requests for Information on (1) financial products and services tailored to servicemembers and their families and (2) a series of issues relating to private student loans from origination to servicing to collection;
- Released reports: "Building the CFPB"; "The Impact of Differences between Consumer- and Creditor-Purchased Credit Scores"; and a "Report on Remittance Transfers";
- Hired 663 employees by the end of FY 2011, many of whom transferred from the consumer protection divisions of the prudential regulators and other transferor agencies;
- Established the financial management and human resource infrastructure necessary to support the organization's administrative processes;
- Received positive performance ratings in the independent performance audit of CFPB operations and budget;
- Received an unqualified "clean" opinion from the Government Accountability Office on the Bureau's first annual audit of financial statements and an opinion that the Bureau maintained effective internal controls over financial reporting for FY 2011; and
- As required by Section 1067(b) of the Act, the Bureau developed and released three human capital plans in FY 2011: (1) "Recruitment and Retention Plan"; (2) "Training and Workforce Development Plan"; and (3) "Workforce Flexibilities Plan".

Challenges

While the CFPB's accomplishments are important, challenges the Bureau will face as it seeks to achieve its goals, include:

- Continuing to recruit the most qualified individuals over the next two years to support the diverse requirements of the Bureau; and
- Building processes the correct way so that strategies can be implemented effectively and priorities can be accomplished within established timeframes.

Funding Mechanism

Funding required to support CFPB operations is obtained primarily through transfers from the Board of Governors of the Federal Reserve System (the "Board of Governors"). The Act requires the CFPB to maintain an account with the Federal Reserve – "Bureau of Consumer Financial Protection Fund" (the "Bureau Fund"). Upon request from the CFPB, the Board of Governors transfers the funds into the Bureau Fund, which is maintained at the Federal Reserve

⁵ For further information, including links to many of the reports discussed herein, go to <http://www.consumerfinance.gov>.

Bank of New York (the “FRBNY”). The Act provides that these funds are not to be considered government funds or appropriated monies. Bureau funds that are not needed to finance the Bureau’s current operations are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. The CFPB anticipates requesting funds on a quarterly basis.

Transfers to the Bureau Fund are capped as follows (Sec. 1017 of the Act):

...the amount that shall be transferred to the Bureau in each fiscal year shall not exceed a fixed percentage of the total operating expenses of the Federal Reserve System, subject to an annual inflation adjustment, as reported in the Annual Report, 2009, of the Board of Governors, equal to:

- 1. 10 percent of such expenses in fiscal year 2011 [approximately \$498 million];*
- 2. 11 percent of such expenses in fiscal year 2012 [approximately \$548 million];*
- 3. 12 percent of such expenses in fiscal year 2013 [approximately \$598 million], and in each year thereafter.⁶*

If the Director were to determine that these non-appropriated funds authorized under the Act are insufficient to carry out the CFPB’s responsibilities, the Act provides the authority for the CFPB to also request appropriated funds, up to \$200 million, in FYs 2010-2014. Any request to secure funding through discretionary appropriations under this provision would be subject to the Congressional appropriations process.

The CFPB also collects filing fees from developers under the Interstate Land Sales Full Disclosure Act (“ILSA”).⁷ On July 21, 2011, this program was transferred to the CFPB from the Department of Housing and Urban Development pursuant to the Act. The CFPB continues to study the legal effects of the legislation on the transfer of these functions under the ILSA. The fees collected may be retained and are available until expended to cover all or part of the costs that the Bureau incurs for ILS program operations.

Pursuant to the Act, the CFPB is also authorized to collect civil penalties in any judicial or administrative action under the Federal consumer financial laws. The Act requires the CFPB to maintain a separate fund, known as the Consumer Financial Civil Penalty Fund (“Civil Penalty Fund”). Collections of civil penalties will be deposited into the Civil Penalty Fund, which will be maintained at the FRBNY. Per the Act, such funds will be available for payments to victims of Federal consumer financial laws violations, and, if victims cannot be located or payments are not practicable, the Bureau may use such funds for consumer education and financial literacy programs.

⁶ Pursuant to the Act, the maximum amount that can be transferred from the Board of Governors in FY 2013 shall be adjusted annually using the percent increase in the employment cost index for total compensation for State and local government workers for the 12-month period ending on September 30 of the year preceding the transfer.

⁷ In 1968, Congress enacted this statute, which is patterned after the Securities Law of 1933 and requires land developers to register subdivisions of 100 or more non-exempt lots and to provide each purchaser with a disclosure document called a Property Report. The Property Report contains relevant information about the subdivision and must be delivered to each purchaser before the signing of the contract or agreement. The ILS program protects consumers from fraud and abuse in the sale or lease of land.

Section 2 – Budget Adjustments and Appropriations Language

Table 2.1 Budget Adjustments Table

(Dollars in thousands)

	FTE	Amount
FY 2011 Actual	178	123,330
FY 2012 Estimate	942	356,374
Net FY 2013 Program Changes:		
Supervision, Enforcement, and Fair Lending & Equal Opportunity	238	47,066
Consumer Education and Engagement/Consumer Response	149	41,440
Research, Markets and Regulations	30	2,808
Subtotal FY 2013 Net Program Changes	417	91,314
Total FY 2013 Estimate	1,359	447,688

Note: Consistent with the presentation of the CFPB's audited financial statements, resource estimates, including staffing allocations, are displayed across three budget activities, with funding for the Bureau's operations and executive management functions allocated among the three activities.

2A – Budget Increases and Decreases Description

Net Program Increases.....\$91,314,000/ +417 FTE

Supervision, Enforcement, and Fair Lending & Equal Opportunity +47,066,000/ +238 FTE

The CFPB will make critical investments in core supervisory and enforcement capabilities to ensure that the Bureau is positioned to monitor compliance with and enforce the Federal consumer financial laws. Resources will support continued hiring, professional development and travel of field examination, Enforcement and Fair Lending & Equal Opportunity staff; the build-out of core infrastructure necessary to manage the examination process (i.e. risk monitoring, examination scoping, report generation); and the initiation of investigations and enforcement actions. Funding will also allow the CFPB to continue the use of technology that supports a more targeted, risk-based review of loans and entities, which promotes compliance and the efficient use of limited resources. The Budget also supports the CFPB's work to design and implement a system to collect and analyze demographic data about small business loans as required by amendments to the Equal Credit Opportunity Act, and provides for the continued collection and analysis of demographic data as required by the Home Mortgage Disclosure Act.

Consumer Education and Engagement/Consumer Response.....+41,440,000/ +149 FTE

The Act established several offices within the CFPB to support targeted outreach, including Financial Education, Older Americans, Servicemember Affairs, and Students. The Budget provides funding to support additional staff and outreach activities within these and other consumer engagement offices, which will allow the Bureau to comply with several statutory mandates. These mandates include the development and implementation of work consistent with the National Strategy for Financial Literacy; initiatives for servicemembers and their families; activities to facilitate the financial literacy of older Americans; and initiatives to assist student loan borrowers in resolving complaints related to private student loans and to collect and analyze

information on the private student loan marketplace.⁸ The Budget also includes funding to continue building the organization's capacity to handle consumer complaints related to credit cards, mortgages and other financial products regulated by the Bureau in a timely manner, as required by the Act.⁹

Research, Markets and Regulations.....+2,808,000/ +30 FTE

The Budget provides resources to expand expertise in research, markets and regulation offices, and support the use of data assets that allow the Bureau to comply with research, rulemaking, supervision and education mandates, including statutory requirements to analyze and report on the following: (1) developments in markets for consumer financial products or services; (2) access to fair and affordable credit; (3) consumer awareness, understanding and use of disclosures and communications regarding consumer financial products and services; (4) consumer awareness and understanding of costs, risks, and benefits of consumer financial products and services; (5) consumer behavior with respect to consumer financial products and services; and (6) experiences of traditionally underserved consumers.¹⁰ Resources will also support the Bureau's consideration of the potential benefits and costs to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services in its rulemakings.¹¹ The CFPB is coordinating with other federal agencies, including through the Financial Stability Oversight Council, to ensure the most efficient use of data and avoid duplication.

2.2 – Operating Levels Table

(Dollars in thousands)

	FY 2011	FY 2012	FY 2013
	Actual	Estimate	Estimate
FTE	178	942	1,359
Object Classification			
11 Personnel Compensation	22,225	105,988	163,055
12 Personnel Benefits	26,154	37,096	57,069
21 Travel	2,180	20,814	32,167
22 Transportation of Things	316	785	828
23 Rent, Communications, and Utilities	160	18,965	16,587
24 Printing and Reproduction	8	499	864
25 Other Services	68,703	130,074	124,090
26 Supplies and Materials	1,180	4,712	4,121
31 Equipment	2,405	22,440	8,907
32 Land and Structures	0	15,000	40,000
Total	123,330	356,374	447,688

⁸ Sections 1013 and 1035 of the Act.

⁹ Section 1013 of the Act.

¹⁰ *Ibid.*

¹¹ Section 1022 of the Act.

2B – Appropriations Language and Explanation of Changes –
The CFPB is not requesting any appropriations from Congress.

2C – Appropriations Language and Explanation of Changes –
The CFPB currently has no legislative proposals.

Section 3 – Performance Plan and Report¹²

The CFPB's priority for FY 2011 was to build its staff and capacity to the point where it could begin formal operations on the transfer date. That priority was consistent with Section 1061 of the Act, which provided for the transfer of certain consumer financial protection responsibilities from seven existing agencies to the Bureau on that date. Some of the CFPB's first operating activities included:

- The CFPB sent introductory letters to the CEOs of the depository institutions – generally large banks and their affiliates as defined in the Act – that are subject to CFPB supervision. These letters marked the beginning of the CFPB's regular communications with the institutions it supervises and outlined the Bureau's approach to supervision.
- Consumer Response began accepting credit card complaints through a toll-free number and a web portal. The CFPB also began referring distressed homeowners to housing counselors via the Homeowner's HOPE hotline.
- The CFPB published interim final rules in the following areas: implementing the Act's amendments to the Alternative Mortgage Transactions Parity Act; creating records and information procedures to implement the Privacy Act and the Freedom of Information Act; establishing the CFPB's rules for investigations and adjudications of potential violations of the Federal consumer financial laws; and establishing a process by which parties may seek testimony or records from the CFPB for use in litigation.

The CFPB is now in the process of developing a robust set of performance measures to track the Bureau's progress toward achieving its strategic goals in FY 2012 and beyond. In the discussion below, the Bureau is reporting performance results from FY 2011 and preliminary measures that have been informed by the practices of the prudential regulators and the strategic goals of the Bureau. The CFPB will use FY 2012 to collect baseline data that will inform target-setting in the future. The CFPB will continue to modify and develop additional measures during FYs 2012 and 2013.

3A: Supervision, Enforcement, and Fair Lending & Equal Opportunity

Budget Activity

The CFPB's Supervision, Enforcement, and Fair Lending & Equal Opportunity Division oversees depository and non-depository institutions for compliance with the Federal consumer financial laws and brings enforcement actions against those institutions, where appropriate, in order to protect consumers from illegal acts or practices and to protect honest businesses from unscrupulous competitors. The division is comprised of the following offices:

¹² The goal owner for all three CFPB budget activities is Richard Cordray, CFPB Director.

- The Offices of Large Bank and Nonbank Supervision are responsible for examining both depository institutions and non-depository institutions, and addressing adverse findings through supervisory oversight.
- The Office of Enforcement investigates potential violations of Federal consumer financial laws and, where appropriate, pursues enforcement actions against those who violate these laws.
- The Office of Fair Lending & Equal Opportunity leads the Bureau's efforts to ensure fair, equitable, and nondiscriminatory access to credit for both individuals and communities through supervisory oversight and enforcement of federal fair lending laws, and outreach to civil rights, community, and industry groups.

3.1.1- Performance Plan and Report Table

Measures/Indicators	FY 2012	FY 2013
Supervision activities (examinations, target reviews, or horizontal reviews) opened during the fiscal year	Baseline	TBD
Enforcement matters (investigations or cases) opened during the fiscal year	Baseline	TBD
Fair lending matters (examinations, target reviews, horizontal reviews, investigations or cases) opened during the fiscal year	Baseline	TBD

Measures/Indicators

1. Supervision activities (examinations, target reviews, or horizontal reviews) opened during the fiscal year

The CFPB will conduct examinations, target reviews or horizontal reviews of the entities over which it has supervisory authority. Included in this figure are a number of entities that will be under a continuous supervision program due to the size and complexity of the entity. The results of these activities will be subject to a rigorous internal review process to ensure consistent, fair, and balanced outcomes that protect consumers. As a new indicator in FY 2012, the Bureau will collect information on the number of supervisory activities throughout the fiscal year in order to assess performance against strategic goals.

2. Enforcement matters (investigations or cases) opened during the fiscal year

The CFPB aims to consistently enforce the Federal consumer financial laws and support consumer protection efforts nationwide by investigating alleged violations both independently and in conjunction with other federal and state law enforcement agencies. This indicator will track the historical number of matters opened by the Office of

Enforcement in furtherance of that effort. The total number of matters does not necessarily correlate with impact, efficiency or performance of the Office; therefore additional metrics will be developed based on the information learned over the Office's first years of operations.

3. Fair lending matters (examinations, target Reviews, horizontal reviews, investigations, or cases) opened during the fiscal year

The CFPB is committed to ensuring fair, equitable, and nondiscriminatory access to credit for both individuals and communities. During its early operations, the CFPB will track the fair lending supervisory activities and enforcement matters opened during the fiscal year, and will use this metric to measure baseline capacity. Additional measures will be developed over time to reflect the outcomes of examinations, investigations, and cases and to assess performance against strategic goals.

Strategies

In FYs 2012 and 2013 the CFPB will continue to build its supervision and enforcement capacity. It will build this capacity by issuing various required rulemakings to support supervisory activities, refining its supervision and enforcement policies and procedures, establishing a framework for supervisory cooperation with fellow regulators and extending the reach of its supervisory and enforcement activities as capacity increases. This effort will be accomplished through strategic investments in staff, technology, internal processes such as project management, quality control and other operations infrastructure; partnerships with fellow regulators and law enforcement agencies; and continued hiring and training of CFPB staff.

Results

Examples of key accomplishments in support of supervision activities include:

- **Started on-site examinations.** The examination staff has begun on-site supervision activities at the largest institutions, and also begun examination of several other institutions in each of the Bureau's four operating regions. In addition, a review of a number of reports required from mortgage servicers is underway to assess risk of noncompliance.
- **Released the Supervision and Examination Manual.** To fulfill its statutory mandate to assess compliance with the Federal consumer financial laws, the CFPB released the first edition of the CFPB Supervision and Examination Manual, which outlines the Bureau's policies and procedures for supervising entities that offer consumer financial products or services. The Manual includes a separate section on policies and procedures for supervising mortgage servicers.
- **Published a Notice and Request for Comment as prelude to the Office of Nonbank Supervision's rulemaking to define "larger participants" in certain nonbank markets.** On June 29, 2011, the CFPB published a Notice and Request for Comment ("Notice"), requesting input on how its rulemaking should define a "larger participant." Public comments on the questions listed in the Notice will inform the definition of this term, which in turn will define generally the coverage of the CFPB's nonbank supervision in certain markets.

- **Enforcement Procedures and Investigations.** The CFPB has issued interim final rules setting forth its rules of investigation and adjudication, as well as the process for states to notify the CFPB of certain pending actions. In addition, the Bureau has established a process for handling tips from whistleblowers and for providing subjects of an investigation with notice and an opportunity to respond prior to the commencement of formal enforcement proceedings. Working collaboratively with supervision, fair lending and other Bureau staff, the Office of Enforcement has also begun investigating potential violations of Federal consumer financial laws in matters transferred from the prudential regulators and matters commenced by its own staff.
- **Fair Lending Procedures and Examinations.** The CFPB has started fair lending exams of the largest banks and is working on several fair lending investigations transferred from other agencies. As part of the Bureau's Supervision and Examination Manual, the CFPB released policies and procedures for examinations involving fair lending laws, including the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act.

3B: Consumer Education and Engagement/Consumer Response

Budget Activity

The Consumer Education and Engagement Division (CEE) and Consumer Response strive to enhance the ability of consumers to make financial decisions consistent with their personal financial goals. CEE has the following six offices:

- The Office of Consumer Engagement creates an interactive, informative relationship between consumers and the Bureau to link consumers to information targeted to particular types of financial decisions and to use consumer input to help inform the Bureau's policymaking.
- The Office of Financial Education educates and empowers consumers to make better-informed financial decisions through a variety of activities, including determining the most effective financial education practices, providing access to tools and information relevant to making particular financial choices, and enhancing access to services to improve financial literacy.
- The Office for Older Americans helps improve financial literacy among Americans 62 and over and protect them against illegal acts and practices through outreach, education and specific initiatives, such as monitoring certifications of financial advisors who advise seniors. The Office also monitors complaints submitted by older Americans to Consumer Response.
- The Office of Servicemember Affairs works to improve consumer financial protection measures for servicemembers and their families. This involves partnering with the Department of Defense to ensure that servicemembers and their families receive financial education that is relevant to their specific needs, monitoring complaints submitted by servicemembers and their families to Consumer Response and escalating certain

complaints for expedited resolution, and coordinating efforts of federal and state agencies on financial issues related to servicemembers and their families.

- The Office of Students works to enhance the financial decision-making capability of students by increasing awareness about the financial impact of borrowing to finance higher education. That includes providing information and tools to help students understand the risk from student loans and other financial products, identifying policy and marketplace issues with special impact on students and providing escalation for expedited resolution of complaints submitted by private student loan borrowers to Consumer Response.
- The Office of Financial Empowerment will work to improve the financial stability of lower-income consumers by providing opportunities to access financial products and services, promoting improved financial capability and enhancing opportunities to build assets.

Consumer Response, in accordance with statutory requirements, supports the capacity to receive consumer complaints relating to consumer financial products and services (“consumer complaints” or “complaints”) over the telephone or through a portal on its website. Consumer Response facilitates the resolution of consumer complaints according to the following process. After taking in a complaint, Consumer Response refers the complaint to the named financial institution. The financial institution provides a response to the consumer complaint. Consumer Response prioritizes for investigation complaints for which the financial institution offered no relief and complaints where the consumer has disputed some part of the relief offered by the institution.

3.1.2 – Performance Plan and Report Table

Measures	FY 2012	FY 2013
Targeted populations reached by digital content, decision tools, educational materials and resources, and outreach work	Baseline	TBD
Percentage of complaints closed within 60 days	Baseline	TBD

Measures

1. Targeted populations reached by digital content, decision tools, educational materials and resources, and outreach work

This measure assesses the Bureau’s ability to reach targeted populations, with a special focus on issues in the financial services marketplace for servicemembers and their families, students, older Americans, and traditionally underserved lower-income consumers. The CFPB engages consumers in four principal ways: (1) offerings in online or other digital

formats; (2) tools to provide needed information to consumers at relevant times; (3) educational materials and resources; and (4) raising awareness of the issues facing consumers through various approaches, including in person direct outreach to consumers and through partners and others.

2. Percentage of consumer complaints closed within 60 days

This measure demonstrates Consumer Response's efficiency in investigating and closing out consumer complaints (following closure by the financial institution). Targets will be set in the future as the Bureau continues to collect baseline data on response times for credit card complaints, as well as other products and services that will be launched in FY 2012.

Strategies

In FYs 2012 and 2013, the CFPB will continue to engage the public through outreach and events, including working groups, convenings, and military summits; education and engagement initiatives, including new financial education campaigns and the development of informational tools; and developing and disseminating timely and targeted information about specific financial decisions, with a particular focus on students, older Americans and servicemembers.

The CFPB will also continue to build the capacity of the Consumer Response function in order to receive and respond to consumer complaints and inquiries related to consumer financial products and services in a timely manner. At various intervals, the Bureau will expand the types of complaints and inquiries that it will receive until it is accepting complaints and inquiries for all consumer financial products and services.

Results

In order to engage consumers, Bureau staff traveled throughout the country to listen to and learn from industry and consumer groups:

- **Consumer, Community and Civil Rights Advocates.** Between September and December 2011, through the efforts of the Office of Community Affairs, the CFPB hosted three major fair lending/consumer protection roundtables in Philadelphia, Minneapolis and Cleveland. The CFPB also hosted public town hall events in each of these cities to learn from consumers about their experiences. The CFPB staff has met consistently with advocates about access to credit in home lending and other types of lending, and the Mortgage Markets team hosted a one-day conference which brought together academics and other stakeholders to discuss these issues with respect to mortgage lending. The CFPB External Affairs staff has also led dozens of meetings, phone calls, and speaking engagements with stakeholders on a range of consumer protection, fair lending and access to credit issues.
- **Servicemembers and Military Families.** Since January 2011, senior staff from the Office of Servicemember Affairs have visited many military bases across the country to discuss with servicemembers and their families and financial counselors the unique financial circumstances and challenges that affect military communities. In addition, the Office of Servicemember Affairs has testified about these issues at several Congressional hearings. Working with other federal agencies, the Bureau successfully helped secure a streamlined mortgage foreclosure assistance process for servicemembers and helped

military consumers recoup thousands of dollars in fees and penalties from their credit card companies.

- **Students.** The Office of Students, along with other CFPB divisions including Research, Markets and Regulations, worked with the Department of Education to develop a proposed college financial aid assistance form that would help students and parents understand the debt burden that results from choosing a particular college. There were 14,083 unique visits to the proposed form on the Bureau's website, and 1,206 comments from the public on the content of the form.
- **Financial Education and Engagement.** The CFPB, through its Offices of Financial Education and Consumer Engagement, began developing educational content for its website, including content for the knowledge base system to provide consumers with an interactive Q and A platform. Also through the Office of Financial Education, the CFPB began work on a pilot program that will evaluate certain financial education programs in the field, provide feedback about the results to other program providers, and help inform and advance the field of financial literacy. Consumer Education and Engagement leadership spoke to community financial education and service providers at a variety of forums in Ohio, Montana, Massachusetts, and Illinois.
- **Older Americans.** Senior staff from the Office for Older Americans testified at the Senate Banking Subcommittee on Financial Institutions and Consumer Protection on senior lending issues, and have met with community educators and service providers at a variety of forums in Washington, DC, California, Florida, Maine, Massachusetts, and Minnesota.

On July 21, 2011, Consumer Response began operations with an exclusive focus on credit card inquiries and complaints and planned to expand the types of complaints it handled over time as its operating capacity increased.

- **Credit Card Complaints.** Inquiries and complaints are received by mail, fax, telephone, the Bureau website, the online chat function on the website, and referral from other agencies. The CFPB's United States-based call centers handle calls with little or no wait times, provide services for the hearing- and speech-impaired, and have the ability to assist the public in 187 languages.

The Consumer Response inquiry and complaint system has received thousands of credit card complaints since beginning operations. The Bureau released an initial report on the first three months of credit card complaints. The report, which is available on the CFPB's website, provides an analysis of the type of complaints received and how they were handled.

3C: Research, Markets and Regulations

Budget Activity

The Research, Markets and Regulations (RMR) Division is responsible for monitoring consumer financial markets; improving understanding of consumer behavior and evaluating the benefits

and costs of possible policy initiatives; as well as implementing the Federal consumer financial laws through regulations, in coordination with the other parts of the Bureau where appropriate. Before the Bureau acts on its own initiative, it will carefully gather evidence about particular practices, products or trends from a wide variety of sources. The offices within this division are staffed with professionals selected for their strong analytic skills and subject matter expertise. The division includes the following offices:

- The Research Office supports policy, supervision, enforcement, and education functions of the Bureau with data analysis, conducts empirical research to shed new light on consumer behavior and market operations and practices, and evaluates benefits and costs of potential regulations.
- The Markets Teams provide the Bureau’s other operating divisions with current market intelligence and analysis about major consumer financial markets. There are four market teams: Card and Prepaid; Deposit, Payment, and Credit Information; Installment Lending; and Mortgage.
- The Regulations Office works, in coordination with other parts of the Bureau, to ensure that rules implementing the Federal consumer financial laws are issued and interpreted in an informed, fair and efficient manner in accordance with the law.

3.1.3 – Performance Plan and Report Table

Measures	FY 2012	FY 2013
Percentage of the mortgage market monitored through data	Baseline	TBD
Percentage of the credit card market monitored through data	Baseline	TBD
Reports published about specific consumer financial products	4	5

Measures

1. Percentage of the mortgage market monitored through data

This measure reflects the CFPB’s efforts to monitor trends and emerging risks in the mortgage markets. The Bureau is investing in data not just in aggregate but rather at the level of individual consumer transactions. To the extent the CFPB will be using sampling that is representative of the larger population, this measure and future targets will represent the larger population covered.

2. Percentage of the credit card market monitored through data

This measure reflects the CFPB’s efforts to monitor trends and emerging risks in the consumer credit card market. The Bureau is investing in data not just in aggregate but rather at the level of individual consumer transactions. To the extent the CFPB will be using

sampling that is representative of the larger population, this measure and future targets will represent the larger population covered.

3. Reports published about specific consumer financial products

This measure reflects the Bureau's work to inform its own policymaking and to improve the quality of public information about consumer and firm behavior and consumer financial products and services. In FYs 2012 and 2013, in addition to reports on important consumer finance subjects like prepaid card use and patterns, the CFPB will produce a report on private student lending, which is required by the Act¹³, as well as updates to reports published in FY 2011 on remittances¹⁴ and credit information¹⁵, which were required by the Act. The Bureau has established a target of five reports in FY 2013.

Strategies

In FYs 2012 and 2013, the CFPB will continue to acquire the data necessary to properly monitor the mortgage and credit card markets for emerging risks, technological advances and other important developments, and to provide support to other functions within the Bureau.

The Bureau will produce original research in key areas related to consumer financial products and services, including consumer behavior and decision-making, the impact of regulation, and incentives for firms and consumers. These reports will improve understanding of consumer behavior and market operations and practices to support the CFPB's policymaking and the general functioning of the market.

Results

Accomplishments to support market monitoring include:

- **Established a process for collecting mortgage data.** The CFPB reached a memorandum of understanding with other regulatory agencies to continue the collection and processing of Home Mortgage Disclosure Act data. This loan-level mortgage data will inform the CFPB's understanding of the mortgage market and bolster the CFPB's fair lending oversight.

Key reports from FY 2011 include:

- **Report on Using Remittance History for Credit Scores and Remittance Exchange Rates.** On July 20, 2011, the CFPB fulfilled one of its statutory mandates under the Act by issuing a report analyzing remittance transfers. The report studied how exchange rates used in remittance transfers are disclosed to consumers and the potential for using remittance histories to enhance the credit scores of consumers. As a follow-up to the report, the CFPB has obtained additional data to evaluate the predictive value of using remittance history in credit scoring and will produce a second report on this subject.

¹³ Section 1077 of the Act.

¹⁴ Section 1073 of the Act.

¹⁵ Section 1078 of the Act.

- **Report on Credit Scores.** On July 19, 2011, the CFPB issued a report required by the Act that examines the differences between credit scores sold to consumers and scores used by lenders to make credit decisions. The CFPB's report covers the process of developing various credit scoring models, the differences among scoring models that may produce multiple scores for the same consumer, creditors' use of different scoring models in the marketplace, availability of certain types of scores for purchase by consumers, and the consumer impact of differences between the credit scores provided to creditors and those provided to consumers.

The report also discusses the general lack of information about credit scoring. As a follow-up to the report, the CFPB will obtain and analyze data that shed further light on differences in scores and the significance of related concerns. To help educate consumers, the CFPB also posted advice on its website about how to improve their credit score.

- **Analysis in connection with CARD Act Conference.** In February 2011, the CFPB held a conference on the first anniversary of the effective date of many provisions of the Credit Card Accountability Responsibility and Disclosure Act – the CARD Act. The CFPB's conference brought together industry representatives, consumer advocates, academics, government experts, and others for a review of data on how the CARD Act, coupled with the recession and its aftermath, have affected supply, demand and pricing within the credit card marketplace. To prepare for this event, the CFPB undertook a voluntary survey of the nine largest card issuers, representing approximately 90 percent of the market and a consumer survey. Prior to the event, data from the industry and consumer surveys were made public on the Bureau's website.

Verification and Validation of Performance Data

As the CFPB collects baseline data for its measures in FY 2012, and develops additional measures to report on in the future, the Bureau will strive to ensure that the information reported in performance documents and the processes used to develop that information is complete and reliable. As an example of existing validation and verification processes, the Bureau is subject to an annual independent audit of operations and budget, as required by Sec. 1573 of Public Law 112-10, which includes a review of the CFPB's performance-based budgeting processes.

Additional information on the CFPB performance will be posted online at consumerfinance.gov.

Section 4 – Supplemental Information

4A – Capital Investment Strategy

The CFPB's capital investment strategy is focused on achieving the following goals:

- **Providing Meaningful Governance and Oversight.** The Investment Review Board (IRB) is the executive advisory body at the Bureau that provides the executive and technological leadership to ensure all capital investment decisions align with the CFPB's mission and strategic goals. The IRB reviews capital investments using best practices for assessing return on investment and alignment with strategic goals. Further, the CFPB uses a dashboard, modeled on the Federal IT Dashboard, to monitor and assess its key investments. The Bureau is in the process of developing a robust capital investment plan.
- **Building a 21st Century Infrastructure.** The CFPB's IT infrastructure strategy is focused on cloud-based solutions, open source solutions, and shared services wherever possible to balance risk, cost, and desired functionality. The CFPB will continue to migrate off of the Department of the Treasury infrastructure for network and desktop computing, establishing its own, independent technology and facilities infrastructure. Additionally, the CFPB will develop and acquire operations support systems to provide necessary capabilities to all divisions. The CFPB will also continue to remain compliant with all security requirements to protect its information assets and secure the public trust.
- **Creating Engaging Online Experiences.** The CFPB is reaching out to the public using 21st century tools. Whether collecting and responding to consumer complaints and inquiries, soliciting feedback on potential regulations, or empowering consumers through financial education, the CFPB is committed to designing and building a powerful consumerfinance.gov website. The CFPB will continue to build meaningful, engaging, and informative content, tools and experiences online to ensure that consumers are empowered to take more control of their financial lives. In addition, the CFPB will provide data, content, open source code and application programming interfaces for external use.
- **Enabling a Data Centric Organization.** The CFPB is focused on data-driven decision making and the use of advanced analytics to inform supervision and enforcement activities, market monitoring, and policy development. The CFPB will acquire a broad range of financial market data and will provide data-driven analysis, reporting and data sharing, to comply with statutory requirements.
- **Developing the Best IT team.** The success of the CFPB's technology investments is dependent on building a deep pool of IT talent within the Bureau. The CFPB's focus on innovative and industry leading technologies and practices will serve to attract and retain the high quality personnel necessary to design, build, and maintain critical technology assets.

- **Headquarters Modernization.** The CFPB is consolidating its staff in the DC Metro area into one headquarters building to ensure the most efficient use of space. The CFPB will initiate a capital improvement plan that upgrades the condition of the building, which has not undergone any major renovations since it was constructed in 1976, and in which most of the building systems have reached the end of their lifecycle. The Bureau is currently in the design and development phase of this rehabilitation project. Once a design plan is finalized, the Bureau will seek competitive proposals from industry. Improvements will likely include replacement of aging mechanical and electrical systems; installation of energy efficient lighting; elevator upgrades; repairs to the parking garage decks; updates to main lobby and office space; and repairs to the exterior courtyard and sidewalks.

4B – Human Capital Strategy

As required by Section 1067(b) of the Act, the Bureau developed and released three human capital plans in FY 2011: (1) “Recruitment and Retention Plan”; (2) “Training and Workforce Development Plan”; and (3) “Workforce Flexibilities Plan”. The CFPB’s Chief Human Capital Office (CHCO) is responsible for leading the development and execution of the Bureau’s human capital strategy. This strategy includes the following goals:

- Build world-class expertise in competencies essential to the CFPB’s mission. These include, but are not limited to, financial and statistical data analyses, effective use of information technology, bank and nonbank supervision, financial education and outreach, business operations, research, law and administrative support.
- Develop a leadership culture that aligns with the CFPB’s mission and core organizational values, ensure effective development of the leadership skills required by that culture and prepare for the succession of leadership talent.
- Implement the CFPB Diversity Plan for hiring and retaining staff in groups that are underrepresented in particular occupational categories.
- Enrich the business, administrative, and leadership skills and capabilities needed throughout the Bureau to ensure successful mission accomplishment and sound management practices.
- Ensure the nationwide CFPB workforce has a strong organizational identity, is committed to the CFPB mission and strategic objectives and displays the principles and values central to the CFPB culture.
- Develop the core skills and attributes needed across the workforce to foster innovation and creativity in pursuit of the CFPB’s mission and goals, encourage the effective use of technology in business processes and ensure a cohesive and collaborative organizational culture.
- Establish policies that will provide all employees with the opportunities to move, as appropriate, across and within occupations in order to maximize their contributions to mission accomplishment based on personal commitment to developmental opportunities and to exceptional performance.
- Develop innovative hiring and outreach programs to attract talented and skilled candidates from diverse backgrounds.
- Build a culture and brand of “Best Place to Serve” that will enable the CFPB to recruit and retain employees committed to public service.

The CFPB will actively manage and improve upon these plans, using the following strategies:

- Refine goals and planned actions as the workforce comes on board, mission activities expand, and new needs and issues are identified;
- Define metrics and indicators for monitoring progress in achieving the human capital goals identified;
- Collect and analyze human capital data relevant to these metrics in order to understand the impact of initiatives and identify where adjustments are needed;
- Engage managers and employees in reacting to human capital data and in helping to refine plans to ensure the CFPB is building and implementing a successful organization;
- Continue to report to the Congress annually on progress made and refinements needed to human capital plans; and
- Integrate these plans into a complete Strategic Human Capital Plan and Human Capital Accountability Report for submission to the U.S. Office of Personnel Management.

Accomplishments

The CFPB established the tools and processes needed to attract, hire, develop, and retain the human capital needed to build an agency responsible for protecting consumers of financial products and services, and to date has:

- Designed the CFPB organization and developed comprehensive job analyses;
- Established systems for job announcements and candidate screenings;
- Developed a compensation program, including job evaluation and classification systems;
- Acquired HR and payroll systems and services;
- Developed benefits policies and negotiated for provision of benefits services;
- Negotiated employee transfers with related agencies;
- Launched on-boarding and orientation training to engage new staff; and
- Provided comprehensive examination and consumer response training.

Challenges

While the CFPB is proud of all of these accomplishments there will be challenges ahead, including:

- Maintaining the pace of the CFPB's recruitment strategies in order to hire the talented and diverse staff for the remaining positions needed to fulfill our responsibilities under the Act.
- Acquiring highly advanced skills in a number of specialized financial, statistical, legal, and business areas. Recruiting efforts to date have focused on building the core organizational leadership and infrastructure necessary to stand up the CFPB and begin operations. Longer-term recruiting efforts need to focus on acquiring the many specialized competencies necessary to fully round out the workforce and position the organization for success.

Fiscal Year 2013 Budget in Brief

Consumer Financial Protection Bureau

Program Summary by Budget Activity

(Dollars in thousands)

	2011		2012		2013		% Change
	Actual	Estimates	Estimates	Estimates	Estimates	Change	
	FTE	Amount	FTE	Amount	FTE	Amount	
Supervision, Enforcement, and Fair Lending & Equal Opportunity	101	59,632	635	214,053	873	261,119	22%
Consumer Education and Engagement/Consumer Response	41	43,339	196	84,585	345	126,025	49%
Research, Markets and Regulations	36	20,359	111	57,736	141	60,544	5%
Total Expenses/Obligations	178	\$123,330	942	\$356,374	1,359	\$447,688	26%

Note: Estimates are based on the best available information at the time the Budget was prepared and are subject to revision. Consistent with the presentation of the CFPB's audited financial statements, the resource estimates in this volume, including staffing allocations, are displayed across three budget activities, with funding for the Bureau's operations and executive management functions allocated among the three activities.

Background

The Consumer Financial Protection Bureau ("CFPB" or the "Bureau") was established under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act").¹ To create a single point of accountability in the federal government for consumer financial protection, the Act consolidated many of the authorities previously shared by seven federal agencies under the Federal consumer financial laws² into the CFPB and provided the CFPB with additional authorities. Among the Bureau's tools are authorities to:

- Conduct rulemaking, supervision and enforcement with respect to the Federal consumer financial laws;
- Handle consumer complaints and inquiries;
- Promote financial education;
- Research consumer behavior; and
- Monitor financial markets for risks to consumers.

The CFPB receives a mandatory transfer of funding from the Federal Reserve System in an amount determined by the Director of the

¹ P.L. 111-203, 124 Stat. 1955 (July 21, 2010)

² As used throughout this document, the term "Federal consumer financial laws" has the meaning set forth in Section 1002(14) of the Act.

CFPB to be necessary to fund Bureau operations, subject to limits established in the Act. The CFPB is also authorized to request up to \$200 million in discretionary appropriations in Fiscal Years (FY) 2010-2014 if the amount transferred by the Federal Reserve is not sufficient. Any request to secure funding through discretionary appropriations under this provision would be subject to the Congressional appropriations process. The CFPB is not requesting a discretionary appropriation in FYs 2012 or 2013.

Priorities

In support of the CFPB's strategic goals, the Bureau's key priorities for FYs 2012 and 2013 include:

- Recruit the most qualified employees;
- Build-out core supervision and enforcement capabilities;
- Coordinate supervision and other activities with federal and state agencies;
- Make critical investments in technology, data infrastructure and facilities;
- Expand the Bureau's capacity to receive and respond in a timely manner to consumer complaints for the full range of consumer financial products and services;
- Build efficient and effective management processes;

- Monitor and enforce compliance with the Federal consumer financial laws through supervision in order to protect consumers from illegal acts or practices;
- Protect honest businesses from competitors who use unscrupulous practices to gain an unfair advantage by addressing potential violations of Federal consumer financial laws in a range of markets;
- Promote fair lending compliance and education by working with federal agencies, State regulators, private industry, and fair lending, civil rights, and consumer and community advocates;
- Engage consumers in a timely way through innovative initiatives to educate them about financial issues and use consumer input, including consumer complaint and inquiry data, to identify needed policy changes with particular impact on students, older Americans and servicemembers, as required by the Act;
- Address challenges in the mortgage market and evaluate potential policy problems in a range of consumer finance markets;
- Simplify or update regulations that have become unnecessary, outmoded, overly burdensome, or are otherwise unduly difficult to understand and comply with;
- Produce original research to improve understanding of consumer behavior and market operations and practices to support the CFPB's policymaking and the general functioning of the market;
- Monitor various consumer financial markets for emerging risks, technological advances and other important developments; and
- Issue regulations that promote a fair, transparent, and competitive marketplace for consumer financial products and services after proper consideration of benefits and costs.

CFPB FY 2013 Budget Highlights

(Dollars in thousands)

Budget Adjustment Table	FTE	Amount
FY 2011 Actual	178	123,330
FY 2012 Estimate	942	356,374
Net FY 2013 Program Changes:		
Supervision, Enforcement, and Fair Lending & Equal Opportunity	238	47,066
Consumer Education and Engagement/Consumer Response	149	41,440
Research, Markets and Regulations	30	2,808
Subtotal FY 2013 Net Program Changes	417	91,314
Total FY 2013 Estimate	1,359	\$447,688

FY 2013 Budget Adjustments

Net Program Increases +\$91,314,000/ +417 FTE

Supervision, Enforcement, and Fair Lending & Equal Opportunity +\$47,066,000/ +238 FTE

The CFPB will make critical investments in core supervisory and enforcement capabilities to ensure that the Bureau is positioned to monitor compliance with and enforce the Federal consumer financial laws. Resources will support continued hiring, professional development and travel of field examination, Enforcement and Fair Lending & Equal Opportunity staff; the build-out of core infrastructure necessary to manage the examination process (i.e. risk monitoring, examination scoping, report generation); and the initiation of investigations and enforcement actions. Funding will also allow the CFPB to continue the use of technology that supports a more targeted, risk-based review of loans and entities, which promotes compliance and the efficient use of limited resources.

Consumer Education and Engagement/ Consumer Response +\$41,440,000/ +149 FTE

The Act established several offices within the CFPB to support targeted outreach, including Financial Education, Older Americans, Servicemember Affairs, and Students. The Budget provides funding to support additional staff and outreach activities within these and

other consumer engagement offices, which will allow the Bureau to comply with several statutory mandates. These mandates include the development and implementation of work consistent with the National Strategy for Financial Literacy; initiatives for servicemembers and their families; activities to facilitate the financial literacy of older Americans; and initiatives to assist student loan borrowers in resolving complaints related to private student loans and to collect and analyze information on the private student loan marketplace. The Budget also includes funding to continue building the organization's capacity to handle consumer complaints related to credit cards, mortgages and other financial products regulated by the Bureau in a timely manner, as required by the Act.

Research, Markets and Regulations
+\$2,808,000/ +30 FTE

The Budget provides resources to expand expertise in research, markets and regulation offices, and support the use of data assets that allow the Bureau to comply with research, rulemaking, supervision and education mandates, including statutory requirements to analyze and report on the following: (1) developments in markets for consumer financial products or services; (2) access to fair and affordable credit; (3) consumer awareness, understanding and use of disclosures and communications regarding consumer financial products and services; (4) consumer awareness and understanding of costs, risks, and benefits of consumer financial products and services; (5) consumer behavior with respect to consumer financial products and services; and (6) experiences of traditionally underserved consumers. Resources will also support the Bureau's consideration of the potential benefits and costs to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services in its rulemakings. The CFPB is

coordinating with other federal agencies, including through the Financial Stability Oversight Council, to ensure the most efficient use of data and avoid duplication.

Explanation of Budget Activities

Supervision, Enforcement, and Fair Lending & Equal Opportunity (\$261,119,000)

The CFPB's Supervision, Enforcement, and Fair Lending & Equal Opportunity Division oversees depository and non-depository institutions for compliance with the Federal consumer financial laws and brings enforcement actions against those institutions, where appropriate, to address violations of law and in order to protect consumers from illegal acts or practices and to protect honest businesses from unscrupulous competitors.

Consumer Education and Engagement/ Consumer Response (\$126,025,000)

The Consumer Education and Engagement Division and Consumer Response strive to enhance the ability of consumers to make financial decisions consistent with their personal financial goals. In accordance with statutory requirements, the Bureau maintains the capacity to receive consumer complaints relating to consumer financial products and services over the telephone or through a portal on its website and to facilitate their resolution.

Research, Markets and Regulations
(\$60,544,000)

The Research, Markets and Regulations Division is responsible for monitoring consumer financial markets, improving understanding of consumer behavior and evaluating the benefits and costs of potential policies; as well as implementing the Federal consumer financial laws through regulations, in coordination with other parts of the Bureau, where appropriate. Before the Bureau acts on its own initiative, it will carefully gather evidence about particular practices, products or trends from a wide variety of sources.

CFPB Performance by Budget Activity

Budget Activity	Performance Measure/Indicator	FY 2012	FY 2013
Supervision, Enforcement, and Fair Lending & Equal Opportunity	Supervision activities (examinations, target reviews, or horizontal reviews) opened during the fiscal year	Baseline	TBD
Consumer Education and Engagement/Consumer Response	Percent of complaints closed within 60 Days	Baseline	TBD
Research, Markets and Regulations	Percent of the mortgage market monitored through data	Baseline	TBD

Description of Performance

Overall Process for FYs 2012 and 2013

The CFPB’s priority for FY 2011 was to build its staff and capacity to the point where it could begin formal operations on the transfer date. That priority was consistent with Section 1061 of the Act, which provided for the transfer of certain consumer financial protection responsibilities from seven existing agencies to the Bureau by the transfer date – July 21, 2011. In the year leading up to the transfer date and since, Treasury and CFPB staff successfully completed projects critical to establishing key operations of the Bureau, including:

- Started on-site examinations of the largest banks;
- Began investigating possible violations of Federal consumer financial laws;
- Began accepting and facilitating the resolution of consumer complaints and inquiries concerning credit cards and residential mortgage loans;

The CFPB is now in the process of developing a robust set of performance measures to track the Bureau’s progress toward achieving its strategic goals in FY 2012 and beyond. The CFPB will use FY 2012 to collect baseline data that will inform target-setting in the future. The CFPB will continue to modify and develop additional measures during FYs 2012 and 2013.

Supervision activities (examinations, targets reviews, or horizontal reviews) opened during the fiscal year

The CFPB will conduct examinations, target review, or horizontal reviews of the entities over which it has supervisory authority. Included in this figure are a number of entities that will be under a continuous supervision program due to the size and complexity of the entity. The results of these activities will be subject to a rigorous internal review process to ensure consistent, fair, and balanced outcomes that protect consumers. As a new indicator in FY 2012, the Bureau will collect information on the number of supervisory activities throughout the fiscal year in order to assess performance against strategic goals.

Percent of complaints closed within 60 Days

This measure demonstrates Consumer Response’s efficiency in investigating and closing out consumer complaints (following closure by the financial institution). Targets will be set in the future as the Bureau continues to collect baseline data on response times for credit card complaints, as well as other products and services that will be launched in FY 2012.

Percent of the mortgage market monitored through data

This measure reflects the CFPB’s efforts to monitor trends and emerging risks in the mortgage markets. The Bureau is investing in data not just in aggregate but rather at the level of particular consumer transactions.

Fiscal Year 2012 Congressional Budget Justification

Overview

Mission Statement

To make markets for consumer financial products and services work for Americans by promoting transparency and consumer choice and preventing abusive and deceptive financial practices.

Program Summary by Budget Activity

Dollars in Thousands

	FY 2010	FY 2011	FY 2012	Change FY10 to FY12	
	Actual	Estimated	Estimated	\$ Change	% Change
Consumer Financial Protection Bureau	\$9,200	\$142,825	\$329,045	\$186,220	130%
Total Resources	\$9,200	\$142,825	\$329,045	\$186,220	130%
Total FTE	0	342	1,225	883	258%

CFPB - 1

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CFPB-2

Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

The *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (Dodd-Frank Act) established the Bureau of Consumer Financial Protection (CFPB or Bureau) as an independent bureau within the Federal Reserve System and made it responsible for protecting consumers from abusive financial services practices. The Secretary of the Treasury is authorized to perform certain functions of the Bureau until the Director of the Bureau is appointed. On the designated transfer date, July 21, 2011, certain consumer protection authorities will transfer to the Bureau from seven existing federal agencies.

Once fully established, the CFPB will have important authorities under the Dodd-Frank Act and other consumer laws to look out for consumers as they borrow money or use other financial services. Among other things, the new consumer agency will:

- Conduct rule-making, supervision, and enforcement for Federal consumer financial protection laws;
- Restrict unfair, deceptive, or abusive acts or practices;
- Create a center to take consumer complaints;
- Promote financial education;
- Research consumer behavior;
- Monitor financial markets for new risks to consumers; and
- Enforce laws that outlaw discrimination and other unfair treatment in consumer finance.

The CFPB plans to have six primary divisions: Supervision and Enforcement; Consumer Engagement and Education; Research, Markets, and Regulations; External Affairs; General Counsel; and Chief Operating Officer.

The CFPB is funded by authorized transfers from the Federal Reserve System, subject to limits established in the Dodd-Frank Act. The CFPB is also authorized to request up to \$200 million in discretionary appropriations if the amount transferred by the Federal Reserve System is not sufficient. The CFPB is not requesting a discretionary appropriation in FY 2011 or FY 2012.

CFPB-3

1B – Program History and Future Outlook

Consumer Financial Protection Bureau

The Department of the Treasury is responsible for setting up the new agency, and, on September 17, 2010, President Obama and Treasury Secretary Geithner named Elizabeth Warren as Assistant to the President and Special Advisor to the Secretary of the Treasury on the CFPB. The CFPB implementation team includes full-time Treasury employees and detailees from Treasury bureaus and other federal agencies.

Leading up to the July 21, 2011 transfer date, the CFPB implementation team is:

- Meeting with consumer groups and financial services companies to ensure the Bureau's work targets real problems people encounter in the marketplace;
- Setting up and training the teams that will be responsible for supervising and enforcing Federal consumer financial laws;
- Laying the groundwork for the Bureau to write new rules required by the Dodd-Frank Act;
- Developing a website and toll-free hotline for consumers; and
- Preparing to open offices to assist specific groups of consumers, including offices for Service member Affairs and Financial Protection for Older Americans, as specifically required under the Dodd-Frank Act.

CFPB-4

Section 2 – Budget Adjustments and Appropriation Language

2.2 – Operating Levels Table

Dollars in Thousands

Consumer Financial Protection Bureau	FY 2010 Actual	FY 2011 Estimated	FY 2012 Estimated
FTE	-	342	1,225
Object Classification			
11.1 Full-Time Permanent Positions	\$0	\$44,027	\$167,549
12.0 Personnel Benefits	\$0	\$14,601	\$58,642
21.0 Travel	\$0	\$3,422	\$12,273
22.0 Transportation of things	\$0	\$1,000	\$875
23.1 Rental Payments to GSA	\$0	\$7,360	\$22,080
23.3 Communications, Utilities, & Mi	\$0	\$2,896	\$8,688
25.0 Contractual Services	\$0	\$56,059	\$48,907
26.0 Supplies and Materials	\$0	\$766	\$2,510
31.0 Equipment	\$0	\$4,593	\$7,522
225.1 Reimbursable Obligations	\$9,200	\$8,101	\$0
Total Budget Authority	\$9,200	\$142,825	\$329,045
Budget Activities:			
Consumer Financial Protection Bureau	\$9,200	\$142,825	\$329,045
Total Budget Authority	\$9,200	\$142,825	\$329,045

2.3 – Resource Detail Table

Dollars in Thousands

	FY 2010 Actual		FY 2011 Estimated		FY 2012 Estimated		% Change FY 2011 to FY 2012	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Budgetary Resources:								
Revenue / Offsetting Collections								
Transfers-in		\$18,400		\$133,625		\$329,045		146%
Total Revenue / Offsetting Collections		\$18,400		\$133,625		\$329,045		146%
Unobligated balances, Start of year		\$0		\$9,200		\$0		-100%
Recoveries of prior year obligations		0		0		0		0%
Net transfers (includes capital transfers)		0		0		0		0%
Total Budgetary Resources Available		\$18,400		\$142,825		\$329,045		130%
Expenses/Obligations								
Consumer Financial Protection Bureau	0	\$9,200	342	\$142,825	1,225	\$329,045	258	130%
Total Expenses / Obligations	0	\$9,200	342	\$142,825	1,225	\$329,045	258	130%

CFPB-5

The CFPB budget estimates are based on the best available information at the time the Budget was prepared. As planning continues on the design and operations of the CFPB, predicting future costs is challenging. Nevertheless, the Bureau is focused on measured and deliberate growth over 2011 and 2012 as it judiciously deploys resources during the implementation process.

One of the largest cost elements in the CFPB budget is personnel costs, constituting 44 percent of the estimated budget in FY 2011 and 69 percent of total costs by the end of FY 2012. Another significant cost is contracted services needed for key systems and services to create and support the Bureau as it grows. The budget consists of several other types of expenses that are consistent with running a federal financial regulatory agency, such as rent, travel costs, and reimbursable detailed staff. For some of these estimates, CFPB has predicted specific future costs. In other areas, benchmarks from other Federal financial regulators have been used.

2B – Appropriations Language and Explanation of Changes

CFPB is not requesting any appropriations from Congress.

CFPB-6

Section 3 – Budget and Performance Plan

CFPB is currently working on developing a strategic plan for agency operations. There are no specific measures for managing CFPB performance at this time. Additional information on CFPB is available on www.treasury.gov and www.consumerfinance.gov.

CFPB-7

Fiscal Year 2012 Budget in Brief

Consumer Financial Protection Bureau

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2010	FY 2011	FY 2012		
	Actual	Estimated	Estimated	\$ Change	% Change
Consumer Financial Protection Bureau	\$9,200	\$142,825	\$329,045	\$186,220	130%
Total Cost of Operations	\$9,200	\$142,825	\$329,045	\$186,220	130%

Summary

The *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (Dodd-Frank Act) established the Bureau of Consumer Financial Protection (CFPB or Bureau) as an independent bureau within the Federal Reserve System and made it responsible for protecting consumers from abusive financial services practices. The Secretary of the Treasury is authorized to perform certain functions of the Bureau until the Director of the Bureau is appointed. On the designated transfer date, July 21, 2011, certain consumer protection authorities will transfer to the Bureau from seven existing federal agencies.

Once fully established, the CFPB will have important authorities under the Dodd-Frank Act and other consumer laws to look out for consumers as they borrow money or use other financial services. Among other things, the new consumer agency will:

- Conduct rule-making, supervision, and enforcement for Federal consumer financial protection laws;
- Restrict unfair, deceptive, or abusive acts or practices;
- Create a center to take consumer complaints;
- Promote financial education;
- Research consumer behavior;

- Monitor financial markets for new risks to consumers; and
- Enforce laws that outlaw discrimination and other unfair treatment in consumer finance.

The CFPB plans to have six primary divisions: Supervision and Enforcement; Consumer Engagement and Education; Research, Markets, and Regulations; External Affairs; General Counsel; and Chief Operating Officer.

The CFPB is funded by authorized transfers from the Federal Reserve System, subject to limits established in the Dodd-Frank Act. The CFPB is also authorized to request up to \$200 million in discretionary appropriations if the amount transferred by the Federal Reserve System is not sufficient. The CFPB is not requesting a discretionary appropriation in FY 2011 or FY 2012.

APPENDIX I:

Funding Requests and Acknowledgements

The CFPB has published the following funding requests to the Federal Reserve Board, which are all available at ConsumerFinance.gov/budget:

- **September 28, 2011:** Funding Request to the Federal Reserve Board;
- **October 21, 2011:** Funding Acknowledgement from the Federal Reserve Board;
- **December 23, 2011:** Funding Request to the Federal Reserve Board;
- **January 6, 2012:** Funding Acknowledgement from the Federal Reserve Board;
- **March 30, 2012:** Funding Request to the Federal Reserve Board; and
- **April 5, 2012:** Funding Acknowledgement from the Federal Reserve Board.²⁷

²⁷ Additional quarterly funding requests to the Federal Reserve Board and the corresponding funding acknowledgements from the Federal Reserve Board will be made available at ConsumerFinance.gov/budget.

Funding Request to the Federal Reserve

SEPTEMBER 28, 2011



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

William Mitchell, Chief Financial Officer
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Funds Transfer Request, FY 2012, Quarter 1

Dear Mr. Mitchell:

Pursuant to sections 1017(a)(1) of the Consumer Financial Protection Act ("CFP Act"), we request that the Board of Governors of the Federal Reserve System ("Board") transfer to the Bureau of Consumer Financial Protection ("Bureau") the amount of \$94,281,564, which is the amount determined by the Bureau to be necessary to carry out the authorities of the Bureau under Federal consumer financial law and the CFP Act for Quarter 1, Fiscal Year 2012 (October 1, 2011 through December 31, 2011). The CFP Act requires the Board to transfer to the Bureau each quarter the amount determined by the Bureau to be necessary to carry out the authorities of the Bureau under the Act. The Treasury Department and the Bureau will track and account for these funds to ensure that they are used solely for these purposes.

Please deposit the funds in the Bureau of Consumer Financial Protection Fund established at the Federal Reserve Bank of New York (the "Bureau Fund"), as soon as possible after receipt of this letter. Disbursement instructions to transfer funding from the Bureau Fund into the Treasury General Account (ABA number 021030004 for credit to ALC number 9585000) will be made separately, as will investment direction.

We will be making the second quarterly funds transfer request for fiscal year 2012 on or before December 31, 2011, of amounts determined by the Bureau to be necessary to carry out the authorities of the Bureau under Federal consumer financial law and the CFP Act through the end of the second quarter in fiscal year 2012 (March 31, 2012). Per the CFP Act, that request will take into account other sums made available to the Bureau from the current fiscal year.

Sincerely,

Dan Tangherlini
Assistant Secretary for Management and CFO
Department of the Treasury

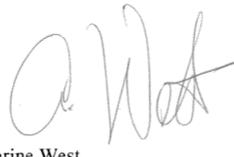
9/28/2011

Date

Adewale Adeyemo
Chief of Staff
Consumer Financial Protection Bureau

09/26/11

Date

 9/26/2011

Catherine West
Chief Operating Officer
Consumer Financial Protection Bureau

 9/27/2011

Len Kennedy
General Counsel
Consumer Financial Protection Bureau

cc: Craig Delaney
Brenda Richards

Funding Acknowledgement from the Federal Reserve Board

OCTOBER 21, 2011



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

MANAGEMENT DIVISION

October 21, 2011

Dan Tangherlini
Assistant Secretary for Management and CFO
Department of the Treasury
Washington, D.C.

Re: Transition Funding Request

Dear Mr. Tangherlini:

This is to inform you that the funds you requested in your letter dated September 28, 2011, on behalf of the Bureau of Consumer Financial Protection ("Bureau") were deposited into the Bureau of Consumer Financial Protection Fund ("Bureau Fund"), located at the Federal Reserve Bank of New York, on October 7, 2011. The amount of this transfer (\$94,281,564) shall count against the funding cap imposed on the Bureau for fiscal year 2012 under section 1017(a)(2) of the Dodd-Frank Act.

Please do not hesitate to contact me if you have any questions or concerns about the Bureau Fund or future funding requests.

Sincerely,

A handwritten signature in blue ink that reads "William L. Mitchell".

William L. Mitchell
Chief Financial Officer

Funding Request to the Federal Reserve

OCTOBER 21, 2011



1801 L Street NW, Washington, DC 20036

William Mitchell, Chief Financial Officer
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Funds Transfer Request, FY 2012, Quarter 2

Dear Mr. Mitchell:

Pursuant to section 1017(a)(1) of the Consumer Financial Protection Act ("CFP Act"), we request that the Board of Governors of the Federal Reserve System ("Board") transfer to the Bureau of Consumer Financial Protection ("Bureau") the amount of \$63,900,000, which is the amount determined by the Bureau to be necessary to carry out the authorities of the Bureau under Federal consumer financial law and the CFP Act for Quarter 2, Fiscal Year 2012 (January 1, 2012 through March 31, 2012). The CFP Act requires the Board to transfer to the Bureau each quarter the amount determined by the Bureau to be necessary to carry out the authorities of the Bureau under the Act. The Treasury Department and the Bureau will track and account for these funds to ensure that they are used solely for these purposes.

This amount represents approximately 19% of our total estimated FY 12 budget of \$329,045,000, as provided to Congress and which is available on our website at <http://www.consumerfinance.gov/wp-content/uploads/2011/02/CFPB-2012-CJ.pdf>. Over half of this amount will cover projected personnel and travel costs. Other major expense categories include obligations and expenditures related to IT and general administrative support services; contracts and other support services for specific program functions (e.g., data resources and studies; case and content management systems); and additional Bureau-wide costs (e.g., rent; security; communications; utilities).

Please deposit the funds in the Bureau of Consumer Financial Protection Fund established at the Federal Reserve Bank of New York (the "Bureau Fund"), as soon as possible after receipt of this letter. Disbursement instructions to transfer funding from the Bureau Fund into the Treasury

consumerfinance.gov

General Account (ABA number 021030004 for credit to ALC number 9585000) will be made separately, as will investment direction.

Sincerely,



Stephen Agostini Date *12.20.11*
Chief Financial Officer
Consumer Financial Protection Bureau



Elizabeth Reilly Date *12-23-11*
Acting Deputy Chief Financial Officer
Consumer Financial Protection Bureau

cc: Craig Delaney
Brenda Richards

Funding Acknowledgement from the Federal Reserve Board

JANUARY 6, 2012



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

MANAGEMENT DIVISION

January 6, 2012

Stephen Agostini
Chief Financial Officer
Consumer Financial Protection Bureau
Washington, D.C.

Re: Transition Funding Request

Dear Mr. Agostini:

This is to inform you that the funds you requested in your letter sent on December 23, 2011, on behalf of the Bureau of Consumer Financial Protection were deposited into the Bureau of Consumer Financial Protection Fund, located at the Federal Reserve Bank of New York, on January 6, 2012. Please do not hesitate to contact me if you have any questions or concerns about the Bureau Fund or future funding requests.

Sincerely,

A handwritten signature in blue ink that reads "William L. Mitchell".

William L. Mitchell
Chief Financial Officer

Funding Request to the Federal Reserve

JANUARY 6, 2012



March 30, 2012

William Mitchell
Chief Financial Officer
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Funds Transfer Request - FY 2012, Quarter 3

Dear Mr. Mitchell:

Section 1017(a)(1) of the Consumer Financial Protection Act ("Act") requires the Board of Governors of the Federal Reserve System ("Board") to transfer to the Bureau of Consumer Financial Protection ("Bureau") each quarter the amount determined by the Director to be reasonably necessary to carry out the authorities of the Bureau under Federal consumer financial law and the Act. I have determined that \$99,500,000 is the amount necessary to carry out the authorities of the Bureau for FY 2012, Quarter 3, and I request that the Board transfer this amount to the Bureau immediately. The Bureau's budget is available on its website.

Please deposit the funds in the Bureau of Consumer Financial Protection Fund established at the Federal Reserve Bank of New York ("Bureau Fund"), as soon as possible after receipt of this letter. Disbursement instructions to transfer funding from the Bureau Fund into the Treasury General Account (ABA number 021030004 for credit to ALC number 9585000) will be made separately, as will investment direction.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Cordray", is positioned above the printed name.

Richard Cordray
Director

cc: Craig Delaney
Brenda Richards

Funding Acknowledgement from the Federal Reserve Board

APRIL 5, 2012



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

MANAGEMENT DIVISION

April 5, 2012

Stephen Agostini
Chief Financial Officer
Consumer Financial Protection Bureau
Washington, D.C.

Re: Transition Funding Request

Dear Mr. Agostini:

This is to inform you that the funds requested in Director Cordray's letter sent on March 30, 2012, on behalf of the Bureau of Consumer Financial Protection were deposited into the Bureau of Consumer Financial Protection Fund, located at the Federal Reserve Bank of New York, on April 4, 2012. Please do not hesitate to contact me if you have any questions or concerns about the Bureau Fund or future funding requests.

Sincerely,

A handwritten signature in black ink that reads "William L. Mitchell".

William L. Mitchell
Chief Financial Officer

APPENDIX J:

Defined Terms

Defined Term

APR	Annual Percentage Rate
Bureau	The Consumer Financial Protection Bureau
CFPB	The Consumer Financial Protection Bureau
COO	Chief Operating Officer
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act
FDIC	The Federal Deposit Insurance Corporation
Federal Reserve	The Board of Governors of the Federal Reserve System
Federal Reserve Board	The Board of Governors of the Federal Reserve System
Federal Reserve System	The Board of Governors of the Federal Reserve System
FFETF	Financial Fraud Enforcement Task Force
FFIEC	Federal Financial Institutions Examination Council
FIRREA	The Financial Institutions Reform, Recovery, and Enforcement Act
FLEC	Financial Literacy and Education Commission
FOIA	Freedom of Information Act
FTC	The Federal Trade Commission
FY	Fiscal year
HAMP	Home Affordable Modification Program
HUD	The U.S. Department of Housing and Urban Development
MOU	Memorandum of understanding
NCUA	The National Credit Union Administration
OCC	The Office of the Comptroller of the Currency
OHC	Office of Human Capital
OMWI	Office of Minority and Women Inclusion
OTS	The Office of Thrift Supervision
PCS	Permanent change of station
SAFE Act	The Secure and Fair Enforcement for Mortgage Licensing Act
Treasury	The Department of the Treasury
VITA	Volunteer Income Tax Assistance