SPRING 2019

Semi-Annual Report of the Bureau of Consumer Financial Protection

Message from the Director

I am pleased to present the Consumer Financial Protection Bureau's (Bureau) Semi-Annual Report to Congress for the period October 1, 2018 to March 31, 2019.

On day one as Director last December, I launched a listening tour. Now more than eight months into this job, I have met with more than 750 consumer groups, consumers, state and local government officials, military personnel, academics, non-profits, faith leaders, financial institutions, and former and current Bureau officials. Ongoing engagement, and transparent, robust discussions help the Bureau carry out our mission

We are using all of our tools—education, regulation, supervision, and enforcement—to protect consumers and prevent harm. That starts by empowering consumers to make informed decisions. That continues with smart regulation and fostering a culture of compliance through supervision.

We continue to seek the most effective means to use the tools provided by Congress to ensure compliance with the Dodd-Frank Act and other consumer protection statutes. And that includes vigorous and even-handed enforcement and focusing on prevention of harm. The importance of having access to financial products and services that meet individual needs, and the Bureau's potential to foster financial well-being for Americans is significant and should be maximized. I am committed to strengthening the consumer financial marketplace by providing financial institutions clear "rules of the road" that allow them to offer consumers a range of high-quality, innovative financial services and products.

I am proud of the work that is highlighted in this report and thank the Bureau staff who have been instrumental in leading these efforts. We will continue to build on our efforts going forward to prevent consumer harm and ensure that consumers are protected.

Sincerely,

Kathleen L. Kraninger

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

During the reporting period, the Bureau released two Quarterly Consumer Credit Trends (qCCT) reports that focus on problems consumers may experience in obtaining consumer financial products or services and choices consumers make when shopping for such products or services. Both reports use a longitudinal, nationally-representative sample of approximately five million de-identified credit records from one of the three nationwide consumer reporting agencies. The Bureau also published a research brief that looks at the common challenges consumers encounter with bill payments.

1.1 Natural Disasters and Credit Reporting

Natural disasters can cause substantial property destruction and personal injury, including the loss of life. Importantly, natural disasters can also result in negative shocks to household finances, such as lost income and major unexpected expenses (e.g., home or automobile repair costs).[1] As a result, many financial institutions offer financial relief or assistance that often includes payment relief for customers affected by natural disasters.

During the reporting period, the Bureau released the qCCT report *Natural Disasters and Credit Reporting* about how natural disasters affect consumers' credit reports and potentially their

[1] *One recent study of the economic effects of natural disasters on consumers and households estimates that checking account inflows fall by 20 percent and outflows fall by more than 30 percent after a natural disaster. See J.P. Morgan Chase & Co. Institute (2018), "Weathering the Storm: The Financial Impacts of Hurricanes Harvey and Irma on One Million Households." Available at https://institute.jpmorganchase.com/institute/research/cities-local-communities/report-weathering-the-storm. Another study finds a general increase in consumers' credit utilization after an event and, for some groups, an increase in bankruptcies. See Tran, B. and T. Sheldon (2018), "Same storm, different disasters: Consumer credit access, income inequality, and natural disaster recovery." Available at https://www.aeaweb.org/conference/2018/preliminary/paper/KaN3Ar6t.*

financial well-being and ability to access financial products or services in the future. It provides information on how financial institutions furnish information on natural disaster assistance to credit reporting agencies. The report documents the prevalence of natural disaster comment codes in credit records to shed light on current practices for natural disaster reporting. The report also focuses on Hurricane Harvey, which made landfall on August 25, 2017, near Houston, Texas. Hurricane Harvey is tied with Hurricane Katrina as the costliest hurricane in U.S. history with roughly $125 billion in damages[2] and roughly 373,000 individuals requesting Federal Emergency Management Agency (FEMA) assistance.

Key findings include:

- In 2017, roughly 8.3 percent of consumer credit reports included this comment code at least once. This estimate is comparable to FEMA estimates that disasters affected roughly eight percent of U.S. residents in 2017.[3] Among tradelines that received this comment code, the code was present for two months, on average.
- In the Houston-The Woodlands-Sugar Land, TX, metropolitan statistical area[4] nearly 40 percent of consumers with a credit report received the natural disaster comment code on at least one of their credit tradelines after Hurricane Harvey.
- Mortgage accounts were the most common type of tradeline to receive the natural disaster comment code.
- Tradelines that received the natural disaster comment code are associated with higher median balances and higher rates of delinquency prior to the hurricane.

In addition to this report, the Bureau provides financial education material on the financial aspects of preparing before a disaster.[5]

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[2] *See National Hurricane Center (2018), "Costliest U.S. tropical cyclones tables updated." Available at https://www.nhc.noaa.gov/news/UpdatedCostliest.pdf.*

[3] *See FEMA Release HQ-17-191 (2017), "FEMA Reflects on Historic Year." Available at https://www.fema.gov/news-release/2017/12/29/fema-reflects-historic-year.*

[4] *The Office of Management and Budget defines the Houston-The Woodlands-Sugarland, TX metropolitan statistical area to include nine counties: Harris, Fort Bend, Montgomery, Brazoria, Galveston, Liberty, Waller, Chambers, and Austin.*

[5] *https://www.consumerfinance.gov/consumer-tools/disasters-and-emergencies/.*

1.2 First-time Homebuying Servicemembers

When buying a house, servicemembers have the option of taking out a home loan guaranteed by the U.S. Department of Veterans Affairs (VA). VA-guaranteed home loans differ from other mortgages in several ways, including allowing purchases without a down payment and without mortgage insurance. They also provide stronger loan-servicing protections than many other mortgages. Servicemembers may also choose mortgage products open to non-servicemembers, such as a conventional loan or a loan regulated by a different government agency like the Federal Housing Administration (FHA) or the U.S. Department of Agriculture (USDA).

The Bureau published a qCCT report *Mortgages to First-time Homebuying Servicemembers* that describes mortgages to servicemembers who are first-time homebuyers, focusing on how their home loan choices have evolved from 2006 to 2016. Prior Bureau work has documented that home purchases were primarily financed with conventional loans during the housing boom, followed by a rise in the share of nonconventional home-purchase mortgages in the years following the collapse of the housing market. This report focuses specifically on VA loans and finds a similar increase in the share of VA loans during the housing crisis. This increase persisted through at least 2017, in contrast to a decline in nonconventional loans among non-servicemembers in recent years.

Key findings include:

- The share of first-time homebuying servicemembers using VA mortgages increased, from 30 percent before 2007 to 63 percent in 2009. Among non-servicemember first-time homebuyers there was a parallel increase in the use of FHA and USDA mortgages. However, whereas non-servicemembers' reliance on FHA/USDA mortgages declined after 2009, servicemembers' reliance on VA loans continued to increase, reaching 78 percent by 2016.

- The greater share of VA loans among servicemembers was part of a larger shift among consumers (both servicemembers and non-servicemembers) away from conventional to government-guaranteed mortgages between 2006 and 2009. Conventional mortgages—that is, non-government-guaranteed mortgages—were about 60 percent of loans among first-time homebuying servicemembers in 2006 and 2007, but this share declined to 13 percent by 2016. By comparison, the conventional loan share among non-servicemembers fell from almost 90 percent before 2008 to 41 percent in 2009, then went back up to 60 percent in 2016. The combined share of FHA and USDA mortgages to these borrowers increased and then decreased accordingly.

- The median loan amount for first-time homebuying servicemembers with a VA loan increased in nominal dollars from $156,000 in 2006 to $212,000 in 2016, closely tracking

> the median value of conventional home loans taken out by non-servicemembers. By contrast, the median loan amounts in nominal dollars for servicemembers who used conventional or FHA/USDA mortgages during this period were lower in value compared to VA loans and increased at a slower pace, growing from $130,000 in 2006 to $150,000 in 2016.

In addition to this report, servicemembers and veterans, as well as the general public, can make use of the Bureau's Buying a House tool,[6] which provides information and action steps throughout the homebuying process related to shopping for, applying for, and closing on a home mortgage.

1.3 Consumer Insights on Paying Bills

Bureau research has shown that having control over day-to-day, month-to-month finances is an important element of financial well-being.[7] Still, many consumers struggle to make ends meet. In the Bureau's 2015 national survey on financial well-being, 43 percent of people reported that covering expenses and bills in a typical month is somewhat or very difficult.[8] Some of these challenges may stem from factors that can be addressed, at least partially, through financial education to help consumers learn new skills and use new tools.

The Bureau published a research brief, *Consumer Insights on Paying Bills*, that looks at the common challenges related to bill payment. The brief describes Bureau research on ways to help consumers better manage their cash flow and bills. This research found that suggesting consumers do something as simple as changing bill due dates to align with income flow could help some consumers better manage their cash flow. In cases where billers can't accommodate these requests, consumers can take other steps that begin with understanding their cash flow and bill schedule.

This approach builds on one of the Bureau's five principles for effective financial education. This principle—Make it easy to make good decisions and follow through—suggests that tools and approaches that make it easier for consumers to pay bills on time can help them move towards financial well-being.

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[6] *https://www.consumerfinance.gov/owning-a-home/*.

[7] *Consumer Financial Protection Bureau, Financial well-being: The goal of financial education (2015), https://www.consumerfinance.gov/data-research/research-reports/financial-well-being/*.

[8] *Consumer Financial Protection Bureau, Financial well-being in America (2017), https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-america/*.

2. Justification of the budget request of the previous year

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

2.1 Fiscal year 2019 spending through the end of the second quarter of FY 2019

2.1.1 Bureau fund

As of March 31, 2019, the end of the second quarter of Fiscal Year (FY) 2019, the Bureau had spent approximately $281.9 million in FY 2019 funds[9] to carry out the authorities of the Bureau under Federal financial consumer law. The Bureau spent approximately $154.9 million on employee compensation and benefits for the 1,452 Bureau employees who were on board by the end of the quarter.

TABLE 1: FY 2019 SPENDING BY EXPENSE CATEGORY

Expense Category	Fiscal Year 2019
Personnel Compensation	112,678,000
Benefit Compensation	41,973,000
Benefit Compensation – former employees	207,000
Travel	7,693,000
Transportation of Things	110,000

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

Rents, Communications, Utilities & Misc.	8,605,000
Printing and Reproduction	1,602,000
Other Contractual Services	94,119,000
Supplies & Materials	1,932,000
Equipment	11,844,000
Land and Structures	1,088,000
Total (as of March 31, 2019)	**$ 281,851,000**

2.1.2 FY 2019 Funds Transfers Received from the Federal Reserve

The Bureau is funded principally by transfers from the Federal Reserve System, up to the limits set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). As of March 31, 2019, the Bureau had received the following transfers for FY 2019. The amounts and dates of the transfers are shown below.

TABLE 2: FUND TRANSFERS

Funds Transferred	Date
$172.9M	October 01, 2018
$122.8M	January 02, 2019
$295.7M	**Total**

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

Copies of the Bureau's quarterly funds transfer requests are available online at www.consumerfinance.gov/about-us/budget-strategy/funds-transfer-requests/.

3. List of the significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year and the plan of the Bureau for rules, orders, or other initiatives to be undertaken during the upcoming period[10]

3.1 Significant rules[11]

The Bureau did not adopt significant final rules or orders during the preceding year. The Bureau issued two significant notices of proposed rulemaking:

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

[11] *The statutory requirement under 1016(c)(3) calls for the Bureau to report a list of the significant rules and orders adopted by the Bureau. This list includes significant notices of proposed rulemakings.*

- Payday, Vehicle Title, and Certain High-Cost Installment Loans[12]
- Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date[13]

3.2 Less significant rules[14]

- Final Rule: Federal Mortgage Disclosure Requirements under the Truth in Lending Act (Regulation Z)[15]
- Final Rule: Amendment to the Annual Privacy Notice Requirement Under the Gramm-Leach-Bliley Act (Regulation P)[16]
- Final Rule: Partial Exemptions from the Requirements of the Home Mortgage Disclosure Act under the Economic Growth, Regulatory Relief, and Consumer Protection Act (Regulation C)[17]
- Final Rule: Summaries of Rights Under the Fair Credit Reporting Act (Regulation V)[18]

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[12] *https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/payday-vehicle-title-and-certain-high-cost-installment-loans/.*

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

[14] *This list includes less significant rules, and it is not comprehensive. This list may exclude non-major rules, proposed rules, procedural rules, and other miscellaneous routine rules such as annual threshold adjustments. More information about the Bureau's rulemaking activities is available in the Unified Agenda at https://www.reginfo.gov/public/, and on the Bureau's public website at https://www.consumerfinance.gov/policy-compliance/rulemaking/.*

[15] *https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/federal-mortgage-disclosure-requirements-under-truth-lending-act-regulation-z/.*

[16] *https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/amendment-annual-privacy-notice-requirement-under-gramm-leach-bliley-act/.*

[17] *https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/partial-exemptions-from-requirements-of-home-mortgage-disclosure-act-under-regulation-c/.*

[18] *https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/summaries-rights-under-fair-credit-reporting-act-regulation-v/.*

- Final Rule: Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold[19]
- Final Rule: Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold[20]
- Final Rule: Civil Penalty Inflation Adjustments[21]
- Final Rule: Technical Specifications for Submissions to the Prepaid Account Agreements Database[22]

3.3 Significant initiatives

- *Final Policy Guidance: Disclosure of Loan-Level HMDA Data.*[23] In December 2018, the Bureau issued final policy guidance describing modifications that the Bureau intends to apply to the loan-level data that financial institutions report under the Home Mortgage Disclosure Act (HMDA) and Regulation C before the data are disclosed to the public. These modifications are made if the Bureau's disclosure of the unmodified data would create risks to applicant and borrower privacy that are not justified by the benefits of such disclosure to the public.
- *Advance Notice of Proposed Rulemaking: Residential Property Assessed Clean Energy.*[24] Section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amends the Truth in Lending Act (TILA) to mandate that the Bureau prescribe certain regulations relating to "Property Assessed Clean Energy" (PACE) financing. In March 2019, the Bureau issued an Advance Notice of Proposed Rulemaking on PACE

[19] https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/home-mortgage-disclosure-regulation-c-adjustment-asset-size-exemption-threshold/.

[20] https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-act-regulation-z-adjustment-asset-size-exemption-threshold/.

[21] https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/civil-penalty-inflation-annual-adjustments/.

[22] https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/technical-specifications-submissions-prepaid-account-agreements-database/.

[23] https://www.consumerfinance.gov/documents/7051/HMDA_Disclosure_FPG_--_Final_12.21.2018_for_website_with_date.pdf.

[24] https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/advance-notice-proposed-rulemaking-residential-property-assessed-clean-energy-financing/.

financing to facilitate the Bureau's rulemaking process. As defined in EGRRCPA Section 307, PACE financing results in a tax assessment on a consumer's real property and covers the costs of home improvements. The required regulations must carry out the purposes of TILA's ability-to-repay (ATR) requirements, currently in place for residential mortgage loans, with respect to PACE financing, and apply TILA's general civil liability provision for violations of the ATR requirements the Bureau will prescribe for PACE financing. The EGRRCPA directs that such requirements account for the unique nature of PACE financing.

- *Assessments of Significant Rules.* Section 1022(d) of the Dodd-Frank Act requires the Bureau to conduct an assessment of each significant rule or order adopted by the Bureau under Federal consumer financial law.
    - *Remittance Rule assessment report.*[25] In October 2018, the Bureau published the findings of the assessment of the Remittance Rule, which took effect on October 28, 2013. In general, the Remittance Rule gave certain protections to consumers that send remittance transfers from the United States to another country.
    - *Ability to Repay and Qualified Mortgage Rule assessment report.*[26] The Bureau issued the Ability to Repay and Qualified Mortgage Rule in January 2013 to implement provisions of the Dodd-Frank Act that require lenders, before making a residential mortgage loan, to make a reasonable and good faith determination based on verified and documented information that the consumer has a reasonable ability to repay the loan. The rule took effect in January 2014. The assessment, issued in January 2019, used a range of data sources, including a unique data set the Bureau assembled for purposes of this assessment, to comprehensively examine the extent to which the rule has affected consumers' access to credit and the cost of credit.
    - *2013 Real Estate Settlement Procedures Act (RESPA) Mortgage Servicing Rule assessment report.*[27] The Bureau issued the RESPA Mortgage Servicing Rule in January 2013 to implement certain provisions of the Dodd-Frank Act imposing new obligations on mortgage servicers who are generally responsible for billing borrowers for amounts due, collecting payments, disbursing funds, and providing customer service. The rule also added new protections which the Bureau deemed appropriate or

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[25] *https://www.consumerfinance.gov/documents/7561/bcfp_remittance-rule-assessment_report_corrected_2019-03.pdf.*

[26] *https://files.consumerfinance.gov/f/documents/cfpb_ability-to-repay-qualified-mortgage_assessment-report.pdf.*

[27] *https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-rule-assessment_report.pdf.*

necessary to carry out the consumer protection purposes of RESPA. This rule took effect in January 2014. The assessment, issued in January 2019, used a range of data, including a unique data set the Bureau assembled, to examine how the rule has affected the experiences and outcomes for consumers, with a particular focus on those who fall behind on their mortgage payments.

- *Trial Disclosure Programs.*[28] In September 2018, the Bureau proposed the creation of Disclosure Sandbox through revisions to its 2013 Policy on Trial Disclosure Programs. The Bureau voluntarily sought public comment during a 30-day comment period and received approximately 30 distinct comment letters from a broad array of stakeholders, including consumer advocacy groups and civil rights organizations, industry trade associations and individual financial service providers, and state attorneys general and associations of state regulatory agencies. The Bureau determined that the proposed revisions were necessary because the Bureau had not permitted a single trial disclosure program under the 2013 Policy.

- *No-Action Letters and Product Sandbox.*[29] In December 2018, the Bureau proposed (i) revising its 2016 Policy on No-Action Letters and (ii) the creation of a Product Sandbox. The Bureau voluntarily sought public comment during a 60-day comment period and received approximately 30 distinct comment letters from a broad array of stakeholders, including consumer advocacy groups and civil rights organizations, industry trade associations and individual financial service providers, and state attorneys general and associations of state regulatory agencies. The Bureau determined that revisions to the 2016 were necessary because the Bureau had issued only one no-action letter under the 2016 Policy. The Bureau proposed the Product Sandbox to address stakeholder demand for forms of compliance assistance that provide greater protection from liability than is provided by no-action letters.

- *Start Small, Save Up Initiative.*[30] On February 25, 2019, in conjunction with America Saves Week, the Bureau launched the Start Small, Save Up campaign. The purpose of the campaign is to increase people's financial well-being by increasing people's opportunities to save and empower them to realize their personal savings goals, starting with a focus on emergency savings. The campaign will employ partnerships to distribute educational

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[28] https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/policy-encourage-trial-disclosure-programs/.

[29] https://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/policy-no-action-letters-and-bcfp-product-sandbox/.

[30] https://www.consumerfinance.gov/start-small-save-up/.

materials and conduct research as well as drive and measure outcomes toward more savings.

- *Suspicious Activity Reports on Elder Financial Exploitation.* In February 2019, the Bureau released a report about key facts, trends, and patterns revealed in Suspicious Activity Reports—or SARs—filed by banks, credit unions, and other financial services providers regarding suspected elder financial exploitation. The Bureau analyzed 180,000 elder financial exploitation SARs filed with the federal Financial Crimes Enforcement Network (FinCEN) from 2013 to 2017, involving more than $6 billion in funds subject to actual, attempted, or suspected fraud. This first-ever public analysis provides a chance to better understand elder fraud and to find ways to improve prevention and response. The Bureau has made this information widely available to financial services providers, law enforcement, and persons working in adult protective services.

- *Classroom Activities for Teaching the Building Blocks of Financial Capability.* In December 2018, the Bureau launched a set of activities for high school teachers to incorporate lessons into the classroom that support the development of financial skills. These activities are based on the building blocks for youth to develop financial capability in adulthood. Children and youth need to develop all three of the interconnected building blocks to support financial capability in adulthood. The building blocks are executive function; financial habits and norms; and financial knowledge and decision-making skills. The searchable teacher platform on consumerfinance.gov includes 105 specific classroom activities for high school teachers to use with their students.[31] The Bureau is currently developing classroom activities for use by middle school teachers with their students.

- *Consumer Education Milestones.* Early in calendar year 2019, Ask CFPB reached 25 million lifetime unique users. Ask CFPB offers easy-to-understand explanations and actions consumers can take on topics ranging from debt collection to credit reports to mortgages. In the same period, the Bureau reached 25 million print publications delivered, covering financial education topics ranging from budgeting and bill paying to avoiding fraud against seniors.

- *Your Money, Your Goals.* In FY 2019, the Bureau's financial empowerment program for front-line staff and volunteers entered its seventh year. Your Money, Your Goals provides a suite of financial empowerment tools and resources that frontline staff and volunteers can use to build their own financial skills and confidence and to start money conversations with the people they serve. The Bureau uses a train-the-trainer model and provides direct training and technical assistance to help an annual cohort of organizations build capacity to

[31] https://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/.

integrate Your Money, Your Goals tools and information into their work. From 2013 through March 2019, more than 25,000 front line staff and volunteers have been trained to use Your Money, Your Goals, and conservative estimates indicate that the program has been used with more than one million consumers. The suite of materials now includes the core toolkit and training materials; companion guides that focus on money topics specific to Native communities, people with criminal records, and people with disabilities; and three issue-focused booklets, "Debt getting in your way," "Want credit to work for you?" and "Behind on bills?"

- *Memorandum of Understanding (MOU) with the Federal Trade Commission (FTC).*[32] The CFPB and the FTC have reauthorized their MOU. The agreement reflects the ongoing coordination between the two agencies under the terms of the Consumer Financial Protection Act and is designed to coordinate efforts to protect consumers and avoid duplication of federal law enforcement and regulatory efforts.

- *Director's Listening Tour*. From her confirmation through March 31, Director Kraninger conducted an extensive listening tour with the full range of Bureau stakeholders, including Members of Congress, fellow federal and state government principals, servicemembers, the media, former and current Board and Council members, and many others. Listening sessions included five January roundtables with faith groups, consumer groups, mortgage trades, large institution trades, as well as community banks and credit unions in Washington, DC. In the Bureau's regional offices in San Francisco, CA; Chicago, IL; and New York, NY, Director Kraninger also hosted seven listening sessions with diverse Bureau stakeholders and completed seven site visits to view operations at fintech, debt collection, and payment processing sites as well as a site visit to Consumer Reports. The Bureau publishes the Director's schedule on its website, which would provide additional details about the Director's engagements summarized above.[33]

- *Enhancements to the Bureau's Advisory Committees*.

  - On March 21, 2019, the Bureau announced a series of enhancements to its advisory committee program.[34] Effective FY 2020, the committees will expand their focus to broad policy matters and increase the frequency of in-person meetings from two times a year to three times a year.

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[32] https://files.consumerfinance.gov/f/documents/cfpb_ftc_memo-of-understanding_2019-02.pdf.

[33] https://www.consumerfinance.gov/about-us/the-bureau/leadership-calendar/.

[34] https://www.consumerfinance.gov/about-us/newsroom/cfpb-announces-enhancements-advisory-committees-and-opening-member-applications/.

- The Consumer Advisory Board (CAB), Community Bank Advisory Council (CBAC), and Credit Union Advisory Council (CUAC) will continue their joint public meetings. The Advisory Research Council (ARC) will meet separately, in-person and twice a year. Additionally, the ARC was elevated to a Director-level advisory committee. The membership terms for the committees were extended from a one-year term to two-year terms, and the terms were staggered.
- In addition to a Chair, each committee will be assigned a Vice-Chair. Both the Chair and the Vice-Chair will serve a one-year term in their respective positions, with the Vice-Chair assuming the Chair the following year. The Bureau also announced the opening of the application window for new advisory committee members.

- *Guidance Documents*. The Bureau also issued the following bulletins and other guidance documents over the past year:[35]
    - Summer 2018 *Supervisory Highlights*[36]
    - Winter 2019 *Supervisory Highlights*[37]
    - Bulletin 2018-01: Changes to Types of Supervisory Communications[38]
    - Statement on Supervisory Practices regarding Financial Institutions and Consumers Affected by a Major Disaster or Emergency[39]
    - Interagency Statement Clarifying the Role of Supervisory Guidance[40]
    - Prepaid Account Examination Procedures[41]

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[35] *The Bureau posts many documents relating to compliance and guidance on its website at https://www.consumerfinance.gov/policy-compliance/guidance/.*

[36] *https://files.consumerfinance.gov/f/documents/bcfp_supervisory-highlights_issue-17_2018-09.pdf.*

[37] *https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-18_032019.pdf.*

[38] *https://files.consumerfinance.gov/f/documents/bcfp_bulletin-2018-01_changes-to-supervisory-communications.pdf.*

[39] *https://files.consumerfinance.gov/f/documents/bcfp_statement-on-supervisory-practices_disaster-emergency.pdf.*

[40] *https://files.consumerfinance.gov/f/documents/interagency-statement_role-of-supervisory-guidance.pdf.*

[41] *https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_prepaid-account-exam-procedures.pdf.*

- Short-Term, Small-Dollar Lending Examination Procedures[42]
- TILA Examination Procedures[43]
- Electronic Fund Transfer Act (EFTA) Examination Procedures[44]
- CFPB Supervision and Examination Process[45]
- Examination Report Template[46]
- Supervisory Letter Template[47]
- Examination Scope Summary Template[48]

3.4 Plan for upcoming initiatives

- *Home Mortgage Disclosure Act Data Release*. In August 2019, on behalf of the Federal Financial Institutions Examination Council (FFIEC), the Bureau will release data on mortgage lending transactions at U.S. financial institutions covered by HMDA.[49] Covered institutions include banks, savings associations, credit unions, and mortgage companies.

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[42] *https://files.consumerfinance.gov/f/documents/cfpb_payday_manual_revisions.pdf*.

[43] *https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_tila-exam-procedures_2019-03.pdf*.

[44] *https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_efta-exam-procedures-incl-remittances_2019-03.pdf*.

[45] *https://files.consumerfinance.gov/f/documents/cfpb_examination-process-section.pdf*.

[46] *https://files.consumerfinance.gov/f/documents/cfpb_examination-report_template.pdf*.

[47] *https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_supervisory-letter_template.pdf*.

[48] *https://files.consumerfinance.gov/f/documents/201703_cfpb_Scope-Summary-Template.pdf*.

[49] *Additional activity has occurred with this matter since the end of this reporting period. On August 30, 2019, the Bureau released the Home Mortgage Disclosure Act (HMDA) data along with two Data Point articles. One Data Point article is the second in an annual series of Bureau articles describing mortgage market activity over time. It summarizes the historical data points in the 2018 HMDA data, as well as recent trends in mortgage and housing markets. The other Data Point article introduces the new and revised data points in the 2018 HMDA data and provides some initial observations about the nation's mortgage market in 2018 based on those new or revised data points. More information can be found here:https://www.consumerfinance.gov/data-research/research-reports/data-point-2018-mortgage-market-activity-and-trends/ and https://www.consumerfinance.gov/data-research/research-reports/introducing-new-revised-data-points-hmda/.*

The loan-level HMDA data covering 2018 lending activity will include lending activity submitted to the Bureau through August 2019.

The data will include a total of 48 data points providing information about the applicants, the property securing the loan or proposed to secure the loan in the case of non-originated applications, the transaction, and identifiers. Many of the data points are available for the first time in the 2018 HMDA data. Certain smaller-volume financial institutions are not required to report all of these data, pursuant to the EGRRCPA.

- *Credit Card Market Report.* Every two years, the Bureau reports on the state of the consumer credit card market.[50] The report for 2019 will cover how consumers use cards, the price they pay for using them, the availability of credit cards, the practices used by credit card companies and debt collectors, academic literature on the possible effects of the Credit Card Accountability Responsibility and Disclosure Act (CARD Act), and innovation in the credit card market.[51]
- *Start Small, Save Up Initiative.* As part of the Bureau's Start Small, Save Up initiative, the Bureau formed a Research and Evaluation Working Group whose purpose is to enhance the evidence base of the Start Small, Save Up campaign by executing a plan to collect, analyze, and report on data that will provide insight into current innovations in the savings space, with the goal of identifying promising strategies to encourage saving. To this end, the Research and Evaluation Working Group has already begun to engage in a variety of research-related activities, including cataloguing promising evidence-based strategies and innovations related to consumers' savings, engaging with potential external industry research and data partners on savings programs, and leveraging the Bureau's existing "Making Ends Meet" consumer survey to learn more about savings and financial well-being.
- *Consumer Complaint Database.* In March 2018, the Bureau sought input on its public reporting practices of consumer complaint information and its Consumer Complaint Database. In response to this request, the Bureau received more than 25,000 comments, including comments from individuals, trade associations, and community groups, among others. Since receipt of those comments, the Bureau has engaged with stakeholders

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[50] *In 2009, the Credit Card Accountability Responsibility and Disclosure Act (CARD Act) made substantial changes to the legal requirements applicable to the credit card market, with Section 502 of the CARD Act also requiring that a report be issued every two years with respect to the market.*

[51] *Additional activity has occurred with this matter since the end of this reporting period. On August 27, 2019, the Bureau released its fourth biennial report on the state of the credit card market for the period of 2017–2018. More information can be found here: https://www.consumerfinance.gov/data-research/research-reports/the-consumer-credit-market-2019/.*

regarding features of the Database, analyzed how the Bureau currently presents this information to the public, and explored ways to ensure that it presents complaint information fairly.[52]

- *Misadventures in Money Management for Active Duty Servicemembers*. The Bureau plans to make Misadventures in Money Management (MiMM) available for all active duty servicemembers. MiMM is an online training that engages servicemembers with real life financial choices in a fun and interactive manner and provides just-in-time, financial curriculum.

  The storyline used throughout the MiMM educational program centers around a fictional group of young people who all sign up for military service, each of them facing a different financial issue as they enter into the military. MiMM covers topics including consumer financial decision-making, choosing a financial institution, understanding protections under the Servicemembers Civil Relief Act, avoiding impulse purchases, and understanding how debt can affect a military career. Previously, MiMM was only available to future servicemembers in a delayed entry program and those in a Reserve Officer Training Corps (ROTC) program.[53]

- *Savings Booklet*. The Bureau plans to release the fourth issue-focused booklet in the Your Money, Your Goals suite of financial empowerment tools. "Building your savings? Start with small goals" will provide eight tools to help consumers plan for short-term and long-term goals. The booklet is meant to be used in conjunction with one-on-one financial counseling or coaching received through a case manager or other service provider, but it can also be used by individuals on their own as they think about how to start and keep saving.[54]

- *Outreach*. The Director anticipates engaging with a broad range of the Bureau's stakeholders during the next several months. She plans to deliver an inaugural speech in Washington, DC, which will kick-off the Bureau's foundational Savings Initiative, Start Small, Save Up, followed by speaking engagements in Los Angeles, CA; Denver, CO; San Antonio, TX; New Orleans, LA; and Chicago, IL. She will also participate in a wide array of

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[52] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://www.consumerfinance.gov/about-us/newsroom/director-kraningers-speech-national-consumer-empowerment-conference/.*

[53] *Additional activity has occurred with this matter since the end of this reporting period. MiMM became available for all active duty servicemembers on May 23, 2019.*

[54] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://www.consumerfinance.gov/about-us/blog/start-saving-today-our-new-savings-booklet-and-email-boot-camp/.*

events and meetings with Bureau stakeholders in the aforementioned cities as well as Austin, TX; Asheville, NC; Bristol, TN; and Milwaukee, WI. The Bureau intends to engage in policy events including a fielding hearing on debt collection in Philadelphia, PA, and rollout of revised innovation policies in Atlanta, GA. In Washington, DC, the Bureau also plans to host an inaugural Hill Day with Members of Congress.

- *Bureau Symposia Series*. Director Kraninger will announce a symposia series that explores consumer protection in today's dynamic financial services marketplace. The series is aimed at stimulating a proactive and transparent dialogue to assist the Bureau in its policy development process. Future symposia series topics include the meaning of abusive acts or practices under Section 1031 of the Dodd-Frank Act, behavioral law and economics, Section 1071 of the Dodd-Frank Act, disparate impact and the Equal Credit Opportunity Act (ECOA), cost-benefit analysis, and consumer authorized financial data sharing. The symposia series will be open to the public and webcast on the Bureau's website.[55]
- *Guidance Documents*.
    - ECOA Baseline Review Examination Procedures[56]
    - HMDA Examination Procedures[57]
    - Statement on Collection of Demographic Information by Community Development Financial Institutions[58]
    - Automobile Finance Examination Procedures[59]

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

[56] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_ecoa-baseline-exam-procedures_2019-04.pdf.*

[57] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_hmda-exam-procedures_2019-04.pdf.*

[58] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://files.consumerfinance.gov/f/documents/20190627_cfpb_statement-on-collection-demographic-information.pdf.*

[59] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://files.consumerfinance.gov/f/documents/201908_cfpb_automobile-finance-examination-procedures.pdf.*

- Summer 2019 *Supervisory Highlights*[60]
- Annual Report to Congress on the TILA, EFTA, and CARD Act[61]

3.5 Plan for upcoming rules

The Bureau published its Spring 2019 Rulemaking Agenda as part of the Spring 2019 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by the Office of Management and Budget.[62] As an independent regulatory agency, the Bureau voluntarily participates in the Unified Agenda. The Unified Agenda lists the regulatory matters that the Bureau reasonably anticipates having under consideration during the period from May 1, 2019, to April 30, 2020.[63]

The Bureau is considering further prioritization and planning of the Bureau's rulemaking activities, both with regard to substantive projects and modifications to the processes that the Bureau uses to develop and review regulations. The Bureau expects the Fall 2019 Agenda to issue a more comprehensive statement of priorities to reflect its ongoing statutorily mandated market monitoring and the Bureau's other activities discussed above.

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

Pre-rulemaking initiatives, as reflected in the Bureau's Spring 2019 Unified Agenda:

- *Business Lending Data (Regulation B).* Consistent with undertaking rulemaking to implement the EGRRCPA, the Bureau is working to develop rules to implement Section 1071 of the Dodd-Frank Act. Section 1071 amended the ECOA to require financial institutions to collect, report, and make public certain information concerning credit applications made by women-owned, minority-owned, and small businesses. The Bureau

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[60] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-19_092019.pdf.*

[61] *In production at the time of publishing.*

[62] *https://www.consumerfinance.gov/about-us/blog/spring-2019-rulemaking-agenda/.*

[63] *https://www.reginfo.gov/public/do/eAgendaMain?operation=OPERATION_GET_AGENCY_RULE_LIST&currentPub=true&showStage=active&agencyCd=3170.*

expects that it will be able to resume pre-rulemaking activities on the Section 1071 project within this next year. In November 2019, the Bureau plans to conduct a symposium on small business loan data collection.

- *Higher-Priced Mortgage Loan Escrow Exemption.* Prior to the enactment of the Dodd-Frank Act, the Federal Reserve Board (Board) issued a rule requiring the establishment of escrow accounts for payment of property taxes and insurance payments for certain "higher-priced mortgage loans," a category which the Board defined to include what it deemed to be subprime loans. Pursuant to the Dodd-Frank Act, the Bureau in 2013 issued a rule creating an exemption from the escrow requirement for creditors with under $2 billion in assets and meeting other criteria. Section 108 of the EGRRCPA amended 15 U.S.C. 1639d to direct the Bureau to conduct a rulemaking to exempt from the escrow requirement loans made by certain creditors with assets of $10 billion or less and meeting other criteria. The Bureau plans to publish a notice of proposed rulemaking during FY 2020 concerning this exemption.

- *Remittance Transfers*. Section 1073 of the Dodd-Frank Act contains an exception to disclosure requirements for international remittance transfers that permits insured depository institutions and insured credit unions in certain circumstances to estimate certain pricing information. As mandated by statute, this exception will expire on July 21, 2020. The Bureau is now considering appropriate steps, which may include rulemaking, related to the expiration of the exception and other potential remittance transfer issues. In its consideration of next steps, the Bureau is also taking account of stakeholder feedback that it received both during and after the assessment process, mentioned above.[64]

- *Home Mortgage Disclosure Act (Regulation C) Data Collection and Reporting Requirements*. The Bureau announced in December 2017, that it intends to open a rulemaking to reconsider various aspects of a 2015 final rule that amended regulations implementing HMDA. The Bureau expects to issue in 2019 an Advance Notice of Proposed Rulemaking to consider adjustments to certain data points reported under HMDA that were added or revised by the 2015 final rule. The Bureau's goal in gathering this information is to ensure that the data collection and reporting requirements established in the 2015 HMDA Rule appropriately balance the benefits and burdens associated with data

[64] *Additional activity has occurred with this matter since the end of this reporting period. In April, the Bureau issued a Request for Information (RFI) on its Remittance Rule. The RFI includes a consideration of issues discussed in the Bureau's assessment of the Rule, which examined if the Rule had been effective in achieving its goals. More information can be found here: https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-request-information-remittance-rule/.*

collection and reporting. The information received will help the Bureau determine whether to formulate a proposed rule relating any of the data points from the 2015 final rule.[65]

Proposed rules for the upcoming period, as reflected in the Bureau's Spring 2019 Unified Agenda:

- *Debt Collection Rule*. The Bureau has been engaged in research and pre-rulemaking activities regarding debt-collection practices. The Bureau released an outline of proposals under consideration in July 2016, concerning practices by companies that are debt collectors under the Fair Debt Collection Practices Act (FDCPA), in advance of convening a panel in August 2016, under the Small Business Regulatory Enforcement Fairness Act in conjunction with the Office of Management and Budget and the Small Business Administration's Chief Counsel for Advocacy to consult with representatives of small businesses that might be affected by the rulemaking.[66]

- *Home Mortgage Disclosure Act (Regulation C)*. The Bureau expects to issue a Notice of Proposed Rulemaking in spring 2019 to follow up on a previous temporary adjustment to the thresholds for collecting and reporting data with respect to open-end lines of credit and to seek comment on adjustments to these thresholds as well as to the thresholds for collecting and reporting data with respect to closed-end mortgage loans, and to incorporate an interpretive and procedural rule that it issued in August 2018 to clarify partial HMDA exemptions created by the EGRRCPA.[67]

- *Public Release of Home Mortgage Disclosure Act Data*. This rule will facilitate further implementation of a statutory directive in the Dodd-Frank Act that the Bureau modify or require modification of the public HMDA data for the purpose of protecting consumer privacy interests. Commencing a notice-and-comment rulemaking will enable the Bureau to adopt a more definitive approach to disclosing HMDA data to the public in future years

[65] *Additional activity has occurred with this matter since the end of this reporting period. In May 2019, the Bureau issued an Advance Notice of Proposed Rulemaking that solicits comments about the costs and benefits of collecting and reporting the data points the 2015 HMDA Rule added to Regulation C and certain preexisting data points that the 2015 HMDA Rule revised. In June, the Bureau extended the comment period. More information can be found here: https://www.consumerfinance.gov/about-us/newsroom/bureau-proposes-changes-hmda-rules/.*

https://www.consumerfinance.gov/about-us/newsroom/bureau-extends-comment-period-anpr-hmda-data-points/.

[66] *Additional activity has occurred with this matter since the end of this reporting period. In May 2019, the Bureau issued a Notice of Proposed Rulemaking to address such issues as communication practices and consumer disclosures. More information can be found here: https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/debt-collection-practices-regulation-f/.*

[67] *Additional activity has occurred with this matter since the end of this reporting period. In May 2019, the Bureau issued a Notice of Proposed Rulemaking to increase the threshold for reporting data about open-end and closed-end mortgage loans. More information can be found here: https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/home-mortgage-disclosure-regulation-c/; https://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/home-mortgage-disclosure-regulation-c-data-points-and-coverage-extension-comment-period/.*

after considering new information concerning the privacy risks and benefits of disclosure of the HMDA data.

Final rules for the upcoming period as reflected in the Bureau's Spring 2019 Unified Agenda:

- *Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date*. The Bureau announced in 2018 that it intended to open a rulemaking to reconsider its 2017 rule titled Payday, Vehicle Title, and Certain High-Cost Installment Loans. The rule has a compliance date in August 2019. The Bureau issued a Notice of Proposed Rulemaking in February 2019 that proposed to delay the compliance date for provisions of the rule concerning the underwriting of covered short-term and longer-term balloon payment loans for 15 months to allow the Bureau adequate opportunity to review comments on its main rulemaking and to make any changes to those provisions before affected entities bear additional costs and experience related market effects associated with implementing and complying with them. The postponement would also account for potential implementation challenges that had not been anticipated at the time of the 2017 rule.[68]
- *The Expedited Funds Availability Act (Regulation CC)*. The Expedited Funds Availability Act (EFA Act), implemented by Regulation CC, governs availability of funds after a check deposit and check collection and return processes. The Bureau worked with the Board to issue jointly a proposal for implementing the statutory requirement to adjust for inflation the dollar amounts in the EFA Act and to reflect certain amendments to the statute by the EGRRCPA. The agencies also sought new or updated comments concerning the issues raised in the Board's March 2011 proposal that are subject to the Bureau's joint rulemaking authority; the Bureau will review this information before considering whether and how to proceed concerning these issues. In addition, the Bureau will work with the Board to issue jointly a final rule by June 2019 to implement the statutory requirement to adjust for inflation the dollar amounts in the EFA Act and to reflect certain amendments to the statute by the EGRRCPA.

[68] *Additional activity has occurred with this matter since the end of this reporting period. https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/payday-vehicle-title-and-certain-high-cost-installment-loans-delay-compliance-date-correcting-amendments/.*

4. Analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year

During the period April 1, 2018, through March 31, 2019, the Bureau received approximately 321,200 consumer complaints.[69] This is an approximate two percent decrease from the prior reporting period.[70] Consumers submitted approximately 82 percent of these complaints through the Bureau's website and five percent via telephone calls. Referrals from other state and federal agencies accounted for eight percent of complaints. Consumers submitted the remainder of complaints by mail, email, and fax. The Bureau does not verify all the facts alleged in complaints, but takes steps to confirm a commercial relationship between the consumer and the company. The Bureau sent approximately 257,300 (or 80 percent) of complaints received to companies for review and response.[71] Companies responded to approximately 95 percent of complaints that the Bureau sent to them for response during the period. The remaining complaints were either pending response from the company at the end of the period or did not receive a response. Company responses include descriptions of steps taken or that will be taken in response to the consumer's complaint, communications received from the consumer, any follow-up actions or planned follow-

[69] *All data are current through March 31, 2019. This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. The Bureau does not verify all the facts alleged in complaints, but takes steps to confirm a commercial relationship between the consumer and the company. For more information on our complaint process refer to the Bureau's website at https://www.consumerfinance.gov/complaint/process.*

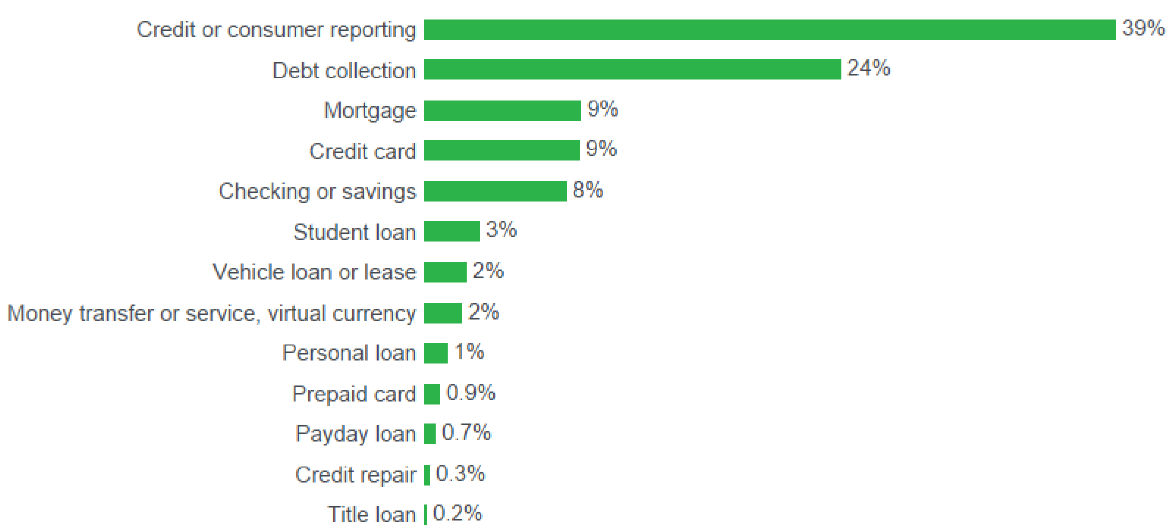
[70] *The prior reporting period, October 1, 2017, to September 30, 2018, reported 329,000 consumer complaints. See Consumer Fin. Prot. Bureau, Semi-Annual Report Fall 2018 (Feb. 2019), available at https://www.consumerfinance.gov/documents/7266/cfpb_semi-annual-report-to-congress_fall-2018.pdf.*

[71] *The Bureau referred 14 percent of the complaints it received to other regulatory agencies and found four percent to be incomplete. At the end of this period, 0.5 percent of complaints were pending with the consumer and 0.6 percent were pending with the Bureau. Percentages in this section of the report may not sum to 100 percent due to rounding.*

up actions, and a categorization of the response. Companies' responses describe a range of relief. Examples of relief include: mortgage foreclosure alternatives that help consumers keep their home; stopping unwanted calls from debt collectors; correcting consumers' credit reports; restoring or adjusting a credit line; correcting account information, including information on credit reports; and addressing formerly unmet customer service issues. Ninety-eight percent of companies' responses to complaints were timely.

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

FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT



Consumer Response analyzes consumer complaints, company responses, and consumer feedback to accomplish two primary goals. First, these analyses enable Consumer Response to assess the accuracy, completeness, and timeliness of company responses. Second, these analyses ensure that the Bureau, other regulators, consumers, and the marketplace have reliable and useful information about consumer financial products and services. Consumer Response uses a variety of approaches to analyze consumer complaints, including cohort and text analytics, to identify trends and possible consumer harm.

The Bureau uses insights gathered from complaint data and analyses to help understand problems consumers are experiencing in the marketplace and the impact of those experiences on their lives, to develop tools to educate and empower people to know their rights and protect themselves, to scope and prioritize examinations and ask targeted questions when examining companies' records and practices, and to inform enforcement investigations to help stop unfair practices as the Bureau identifies them. The Bureau also shares consumer complaint information with prudential regulators, the FTC, other federal agencies, and state agencies[72] and publishes complaint data and reports to ensure other regulators, consumers, and the marketplace have the complaint information needed to improve the functioning of the consumer financial markets for such products and services.[73]

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[72] *Dodd-Frank Act § 1013(b)(3)(D).*

[73] *From April 1, 2018, to March 31, 2019, the Bureau published four special topic complaint reports about servicemembers, mortgages, debt collection, and complaints from the 50-states and the District of Columbia. The Bureau also publishes the Consumer Response Annual Report, which provides a more detailed analysis of complaints. These reports can be viewed at https://www.consumerfinance.gov/data-research/research-reports.*

5. List, with a brief statement of the issues, of the public supervisory and enforcement actions to which the Bureau was a party during the preceding year

5.1 Supervisory activities

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

5.2 Enforcement activities[74]

The Bureau was a party in the following public enforcement actions from April 1, 2018, through March 31, 2019, detailed as follows and listed in descending chronological order by filing or issue date. This section also identifies those actions involving Office of Administrative Adjudication Orders with respect to covered persons that are not credit unions or depository institutions.

In the Matter of CMM, LLC, et al. (collectively d/b/a Cash Tyme) (File No. 2019-BCFP-0004) (not a credit union or depository institution). On February 5, 2019, the Bureau issued a consent order against CMM, LLC, and its wholly owned subsidiaries, which operate under the name of Cash Tyme, a payday retail lender with outlets in seven states. The Bureau found that Cash Tyme violated the Consumer Financial Protection Act of 2010 (CFPA) by failing to take adequate steps to

[74] *Enforcement activity summaries are current as of March 31, 2019, and do not include activities that occurred after the reporting period.*

prevent unauthorized charges to consumers; failing to promptly monitor, identify, correct and refund overpayments; making collection calls to third parties that disclosed or risked disclosing debts to third parties; misrepresenting that it collected third-party references from borrowers for verification purposes when it was using such information for marketing purposes; and displaying signage advertising unavailable services. The Bureau also found that Cash Tyme violated the Gramm-Leach-Bliley Act and Regulation P by failing to provide initial privacy notices to consumers. Finally, the Bureau found that Cash Tyme violated the TILA and Regulation Z by failing to include a payday loan fee charged to Kentucky consumers in the annual percentage rate (APR) in loan contracts and advertisements; rounding APRs to whole numbers in advertisements; and by publishing advertisements that included example APR and payment amounts based on example terms of repayment without disclosing the corresponding repayment terms used to calculate the APR. The Bureau's order requires Cash Tyme to ensure that all consumers who made overpayments would receive refunds and imposes a civil money penalty of $100,000. The requirements of the order also include prohibitions on Cash Tyme using reference information collected in connection with loan applications for any reason other than underwriting, and on transferring or selling any such reference information to third parties.

In the Matter of Enova International, Inc. (File No. 2019-CFPB-0003) (not a credit union or depository institution). On January 25, 2019, the Bureau issued a consent order against Enova International Inc. The Bureau found that Enova violated the CFPA by debiting consumers' bank accounts without authorization. The Bureau also found that Enova failed to honor loan extensions it granted to consumers. Under the terms of the consent order, Enova is barred from making or initiating electronic fund transfers without valid authorization. The order also imposes a civil money penalty of $3.2 million.

In the Matter of Mark Corbett (File No. 2019-BCFP-0002) (not a credit union or depository institution). On January 23, 2019, the Bureau issued a consent order against Mark Corbett. The Bureau found that Corbett violated the CFPA by misrepresenting to consumers that the contracts he facilitated were valid and enforceable when, in fact, the contracts were void because veterans' pension payments are unassignable under federal law; misrepresenting to consumers that the offered product was a purchase of payments and not a high-interest credit offer; misrepresenting to consumers when they would receive their funds; and failing to disclose to consumers the applicable interest rate on the credit offer. The Bureau's order permanently bans Corbett from brokering, offering, or arranging agreements between veterans and third parties under which the veteran purports to sell a future right to an income stream from the veteran's pension. The order also required Corbett to pay a civil money penalty of $1 because of his demonstrated inability to pay.

Bureau of Consumer Financial Protection v. Sterling Jewelers, Inc. (S.D.N.Y No. 19-cv-0448 LGS). On January 16, 2019, the Bureau and the People of the State of New York filed a joint complaint and proposed stipulated final judgment and order against Sterling Jewelers, Inc., which the district court entered on February 7, 2019. The Bureau's and the State's joint complaint alleged that Sterling violated the CFPA by opening store credit-card accounts without customer consent; enrolling customers in payment-protection insurance without their consent; and misrepresenting to consumers the financing terms associated with the credit-card accounts. The Bureau also alleged that Sterling violated the TILA by signing customers up for credit-card accounts without having received an oral or written request or application from them. Under the settlement, Sterling is required to pay a $10 million civil money penalty to the Bureau and a $1 million civil money penalty to the State of New York. The settlement also includes injunctive relief designed to prevent the continuation of the claimed illegal conduct.

In the Matter of USAA Federal Savings Bank (File No. 2019-BCFP-0001). On January 3, 2019, the Bureau issued a consent order against USAA. The Bureau found that USAA violated the CFPA and the EFTA. The Bureau found that USAA violated the EFTA by failing to honor consumers' requests to stop preauthorized electronic fund transfers, and failing to initiate and complete reasonable error resolution investigations. The Bureau found that USAA violated the CFPA by unfairly reopening bank accounts that previously had been closed by consumers. The order requires USAA to comply with the EFTA and the CFPA, and orders USAA to pay $12.2 million in restitution to certain consumers who were denied a reasonable error resolution investigation, and pay a $3.5 million civil money penalty.

In the Matter of State Farm Bank, FSB (File No. 2018-BCFP-0009). On December 6, 2018, the Bureau issued a consent order against State Farm Bank, FSB. The Bureau found that State Farm Bank violated the Fair Credit Reporting Act (FCRA), Regulation V, and the CFPA by obtaining consumer reports without a permissible purpose; furnishing to consumer reporting agencies (CRAs) information about consumers' credit that the bank knew or had reasonable cause to believe was inaccurate; failing to promptly update or correct information furnished to CRAs; furnishing information to CRAs without providing notice that the information was disputed by the consumer; and failing to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information provided to CRAs. The Bureau's order requires State Farm Bank to not violate the FCRA or Regulation V and to implement and maintain reasonable written policies, procedures, and processes to address the practices at issue in the consent order and prevent future violations.

Bureau of Consumer Financial Protection v. Village Capital and Investment, LLC (D. Nev. No. 2:18-cv-02304). On December 4, 2018, the Bureau filed a complaint and proposed stipulated final judgment and order against Village Capital and Investment, LLC, which the district court entered on December 21, 2018. The Bureau alleged that Village Capital violated the CFPA by misleading veterans regarding its Interest Rate Reduction Refinancing Loans—loans that allow veterans to refinance their mortgages at lower interest rates with a loan guaranteed by the Department of Veterans Affairs. Specifically, the Bureau alleged that Village Capital misled veterans by overstating the benefits of refinancing. The order requires Village Capital to pay $268,869 in redress to consumers and a civil money penalty of $260,000. The order also prohibits Village Capital from misrepresenting the terms or benefits of mortgage refinancing.

In the Matter of Santander Consumer USA Inc. (File No. 2018-BCFP-0008) (not a credit union or depository institution). On November 19, 2018, the Bureau issued a consent order against Santander Consumer USA Inc. The Bureau found that Santander engaged in deceptive acts and practices in violation of the CFPA by (1) not properly describing the benefits and limitations of its S-GUARD GAP product, an optional add-on product offered in connection with auto loans; and (2) failing to properly disclose the impact on consumers of obtaining a loan extension. Under the terms of the consent order, Santander must provide approximately $9.29 million in restitution to certain consumers, pay a $2.5 million civil money penalty, and clearly and prominently disclose the terms of its loan extensions and add-on product, among other provisions.

In the Matter of Cash Express, LLC (File No. 2018-CFPB-0007) (not a credit union or depository institution). On October 24, 2018, the Bureau issued a consent order against Cash Express LLC. The Bureau found that Cash Express violated the CFPA by deceptively threatening in collection letters that it would take legal action against consumers, even though the debts were past the date for suing on legal claims, and it was not Cash Express's practice to file lawsuits against these consumers. The Bureau also found that Cash Express violated the CFPA by misrepresenting that it might report negative credit information to consumer reporting agencies for late or missed payments, when the company did not actually report this information. The Bureau also found that Cash Express violated the CFPA by abusively withholding funds during check-cashing transactions to satisfy outstanding amounts on prior loans, without disclosing this practice to the consumer during the initiation of the transaction. Under the terms of the consent order, Cash Express and its subsidiaries are barred from taking check cashing proceeds to pay off previous debts unless consumers consent in writing. Cash Express is further barred from making misrepresentations about its consumer reporting activities and its intention or likelihood of filing suit to collect a debt. The order requires Cash Express to pay approximately $32,000 in restitution to consumers and imposes a civil money penalty of $200,000.

In the Matter of Bluestem Brands, Inc.; Bluestem Enterprises, Inc.; and Bluestem Sales, Inc., d/b/a Fingerhut and Gettington.com (File No. 2018-BCFP-0006) (not a credit union or depository institution). On October 4, 2018, the Bureau issued a consent order against Bluestem Brands, Inc., and its subsidiaries. The Bureau found that Bluestem violated the CFPA by unfairly delaying the transfer of payments that customers had made to the Bluestem companies on charged-off accounts to the third-party debt buyers that had purchased those accounts. These delays were likely to subject customers to misleading collection activity, including collection activity on accounts that they had completely paid off. The Bureau's order requires Bluestem to improve its processes to timely identify and forward customer payments on accounts that are sold to third-party debt buyers. Bluestem is also required to improve its process to prevent consumers from making payments by phone or on the companies' websites on sold accounts, and to notify customers who make payments to Bluestem on sold accounts that their accounts have been sold. The order also requires Bluestem to pay a civil money penalty of $200,000.

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

In the Matter of Triton Management Group, Inc.; TMS Group, Inc. d/b/a Always Money; EFS, Inc. d/b/a Quik Pawn Shop; Three Rivers Investment, Inc. d/b/a Always Money (File No. 2018-CFPB-0005) (not a credit union or depository institution). On July 19, 2018, the Bureau issued a consent order against Triton, TMS Group, EFS, and Three Rivers (collectively, Triton). The Bureau found that Triton deceived Mississippi consumers in violation of the CFPA, and violated the disclosure requirements of the TILA by failing to disclose properly the finance charges associated with their auto title loans. The Bureau also found that Triton used advertisements that failed to disclose the APR and other information required by the TILA. Under the terms of the consent order, Triton and its subsidiaries are barred from misrepresenting the costs and other terms of their loans. The order enters a judgment of $1,522,298 against Triton, which represents the undisclosed finance charges consumers paid on their Triton loans. Full payment of this amount is suspended subject to Triton's paying $500,000 to affected consumers. The order also imposes a $1 civil money penalty.

In the Matter of National Credit Adjusters, LLC and Bradley Hochstein (File No. 2018-BCFP-0004) (not a credit union or depository institution). On July 13, 2018, the Bureau issued a consent order against National Credit Adjusters, LLC and its former CEO and part-owner, Bradley Hochstein. The Bureau found that National Credit Adjusters and Hochstein engaged in unfair and deceptive acts and practices in the collection and sale of consumer debt and provided substantial assistance to the unfair and deceptive acts and practices of others in violation of the CFPA. The Bureau also found that National Credit Adjusters engaged in unfair and deceptive acts and practices in violation of the FDCPA. The Bureau's order imposes a civil money penalty of $3 million against National Credit Adjusters and $3 million against Hochstein. Full payment of those amounts is suspended subject to compliance with other requirements and National Credit Adjusters paying a $500,000 civil money penalty and Hochstein paying a $300,000 civil money penalty. The Bureau's order also imposes injunctive relief and prohibits Hochstein from working for, or providing certain services to, any individual or business that collects, buys, or sells consumer debt.

In the Matter of Citibank, N.A. (File No. 2018-BCFP-0003). On June 29, 2018, the Bureau issued a consent order against Citibank, N.A. The Bureau found that Citibank violated the TILA, as implemented by Regulation Z, by failing to reevaluate and reduce the annual percentage rates for certain consumer credit card accounts consistent with the requirements of Regulation Z, and by failing to have reasonable written policies and procedures in place to conduct APR reevaluations consistent with the requirements of Regulation Z. The Bureau's order requires injunctive relief and for Citibank to pay $335 million in restitution to consumers.

In the Matter of Security Group Inc., Security Finance Corporation of Spartanburg, Professional Financial Services Corp., et al. (File No. 2018-CFPB-0002) (not a credit union or depository institution). On June 13, 2018, the Bureau issued a consent order against Security Group, Inc., an installment lending company, and its operating subsidiaries (SGI). The Bureau found that SGI engaged in unfair debt collection acts and practices, including with respect to in-person collection visits and collection calls to consumers' workplaces and references. The Bureau found that SGI's improper collection attempts included physically preventing consumers from leaving their homes and visiting and calling consumers' places of work while knowing that those contacts could endanger the consumers' employment. The Bureau also found that SGI's furnishing practices violated the FCRA. The Bureau's order requires SGI to cease in-person collection visits, comply with the FCRA, and pay a civil penalty of $5 million.

In the Matter of Wells Fargo Bank, N.A. (File No. 2018-BCFP-0001). On April 20, 2018, the Bureau issued a consent order against Wells Fargo Bank, N.A. The Bureau found that Wells Fargo engaged in unfair acts and practices in the way it administered a mandatory insurance program related to its auto loans and in how it charged certain borrowers for mortgage interest rate-lock extensions, in violation of the CFPA. The Bureau's order required Wells Fargo to remediate harmed consumers and undertake certain activities related to its risk management and compliance management. The Bureau also assessed a $1 billion civil money penalty against the bank and credited the $500 million penalty collected by the Office of the Comptroller of the Currency (OCC) toward the satisfaction of its fine.

Consumer Financial Protection Bureau v. Think Finance, LLC f/k/a Think Finance, Inc., et al. (D. Mont. No. 17-cv-0127); In re Think Finance, LLC, et al., (Bankr. N.D. Tex. No. 17-33964). On November 15, 2017, the Bureau filed a complaint against Think Finance and its wholly owned subsidiaries. The Bureau alleges that they collect debts that were not legally owed. Specifically, the Bureau alleges that Think Finance collects on loans that are void ab initio under state laws governing interest rate caps or the licensing of lenders. The Bureau alleges that Think Finance made deceptive demands and took money from consumers' bank accounts for debts that were not legally owed, in violation of federal law. The Bureau seeks restitution, injunctive relief, and a civil money penalty. On April 24, 2018, the defendants filed a motion to dismiss, which the court denied on August 3, 2018. Defendants filed an answer on August 31, 2018. The Bureau also filed a proof of claim in the Think Finance bankruptcy case. Both matters remain pending.

Consumer Financial Protection Bureau v. Freedom Debt Relief, LLC and Andrew Housser (N.D. Cal. No. 17-cv-6484). On November 8, 2017, the Bureau filed a complaint against Freedom Debt Relief, the nation's largest debt-settlement services provider, and its co-CEO Andrew Housser. The Bureau alleges that they deceive consumers and charge unlawful advance fees. The Bureau alleges that Freedom misleads consumers about its ability to negotiate settlements with all creditors, misleads consumers about the circumstances under which it charges fees and in some cases, charges fees in the absence of a settlement. The Bureau is seeking compensation for harmed consumers, civil money penalties, and an injunction against Freedom and Housser to halt their allegedly unlawful conduct.

Consumer Financial Protection Bureau v. Federal Debt Assistance Association, LLC, Financial Document Assistance Administration, Inc., Clear Solutions, Inc., Robert Pantoulis, David Piccione, and Vincent Piccione (D. Md. No. 17-cv-2997). On October 12, 2017, the Bureau filed a complaint against two companies operating under the name "FDAA," a service provider, and their owners. The Bureau alleged that defendants falsely present FDAA as being affiliated with the federal government. The Bureau also alleged that FDAA's so-called "debt validation" programs violated the law by falsely promising to eliminate consumers' debts and improve their credit scores in exchange for thousands of dollars in advance fees. The court entered default judgment against all of the defendants on May 22, 2018, after they failed to respond to the Bureau's lawsuit. The court's order bans the defendants from providing debt-relief or credit-repair services to consumers, requires them to pay $4.9 million in redress to consumers, and imposes a civil money penalty of $16 million.

Consumer Financial Protection Bureau v. The National Collegiate Master Student Loan Trust, et al. (D. Del. No. 17-cv-1323). On September 18, 2017, the Bureau filed a complaint and proposed consent judgment against several National Collegiate Student Loan Trusts (collectively, "NCSLT"). The Bureau alleges that NCSLT brought debt collection lawsuits for private student loan debt that the companies could not prove was owed or was too old to sue over; that they filed false and misleading affidavits or provided false and misleading testimony; and that they falsely claimed that affidavits were sworn before a notary. The proposed consent judgment against the NCSLT would require an independent audit of all 800,000 student loans in the NCSLT portfolio. It would also prohibit the NCSLT, and any company it hires, from attempting to collect, reporting negative credit information, or filing lawsuits on any loan the audit shows is unverified or invalid. In addition, it would require the NCSLT to pay at least $19.1 million, which would include redress to consumers, disgorgement, and a civil money penalty. Soon after the Bureau's filing, several entities moved to intervene to object to the proposed consent judgment. The judge granted the intervention motions, and the parties are currently engaged in discovery. The case remains pending.

Consumer Financial Protection Bureau v. Ocwen Financial Corporation, Ocwen Mortgage Servicing, Inc., and Ocwen Loan Servicing, LLC (S.D. Fla. No. 17-cv-90495). On April 20, 2017, the Bureau filed a complaint against mortgage loan servicer Ocwen Financial Corporation and its subsidiaries. The Bureau alleges that they used inaccurate and incomplete information to service loans, misrepresented to borrowers that their loans had certain amounts due, illegally foreclosed on homeowners that were performing on agreements on loss mitigation options, enrolled and charged consumers for add-on products without their consent, failed to adequately investigate and respond to borrower complaints, and engaged in other conduct in violation of the CFPA, TILA, FDCPA, RESPA, and Homeowners Protection Act (HPA). On June 23, 2017, Ocwen moved to dismiss. The court has not yet ruled on that motion. The case remains pending.

Consumer Financial Protection Bureau v. Weltman, Weinberg & Reis Co., L.P.A. (N.D. Ohio No. 1:17-cv-0817). On April 17, 2017, the Bureau filed a complaint against the debt collection law firm Weltman, Weinberg & Reis Co., L.P.A. The Bureau alleged that the law firm sent collection letters that misrepresented that attorneys were meaningfully involved in collecting the debt. A trial with an advisory jury was held beginning May 1, 2018. The advisory jury found that the Bureau had proved by a preponderance of the evidence that the law firm's collection letter contained false, deceptive, or misleading representations in connection with the collection of a debt, but found that the Bureau had not proved that the law firm's lawyers were not meaningfully involved in the debt collection process. The court declined to adopt the advisory jury's first finding, accepted the advisory jury's second finding, and entered judgment in favor of the law firm on July 25, 2018.

Consumer Financial Protection Bureau v. RD Legal Funding, LLC, RD Legal Finance, LLC, and RD Legal Funding Partners, LP, and Roni Dersovitz (S.D.N.Y. No. 1:17-cv-0890). On February 7, 2017, the Bureau and the New York Attorney General filed a complaint against RD Legal Funding, LLC, two related entities, and the companies' founder and owner, Roni Dersovitz. The Bureau alleges that they made misrepresentations to potential borrowers, and engaged in abusive practices in connection with cash advances on settlement payouts from victim-compensation funds and lawsuit settlements. The lawsuit seeks monetary relief, disgorgement, and civil money penalties. On May 15, 2017, the defendants filed a motion to dismiss the Bureau's complaint, which the Bureau opposed. On June 21, 2018, the court issued an opinion concluding that the defendants are subject to the CFPA's prohibitions and that the complaint properly pleaded claims against all of them. The court held, however that the for-cause removal provision that applies to the Bureau's Director violates the constitutional separation of powers and cannot be severed from the remainder of Title X of the Dodd-Frank Act. Based on that conclusion, the court ultimately dismissed the entire case.

The parties' appeals are now pending before the United States Court of Appeals for the Second Circuit.

Consumer Financial Protection Bureau v. Vincent Howard, Lawrence W. Williamson, Howard Law, P.C., The Williamson Law Firm, LLC, and Williamson & Howard, LLP (C.D. Cal. No. 17-cv-0161). On January 30, 2017, the Bureau filed a complaint against a number of law firms and attorneys. The Bureau alleged that they violated the Telemarketing Sales Rule (TSR) by: (1) charging consumers upfront fees for debt relief services; (2) misrepresenting that consumers would not be charged upfront fees for debt relief services when, in fact, they were; and (3) providing substantial assistance to Morgan Drexen and Walter Ledda while knowing or consciously avoiding knowing that Morgan Drexen and Ledda were engaging in these violations. The Bureau also alleged that Howard Law, P.C., the Williamson Law Firm, LLC, and Williamson & Howard, LLP, as well as attorneys Vincent Howard and Lawrence Williamson, ran this debt relief operation along with Morgan Drexen, Inc., which shut down in 2015 following the Bureau's lawsuit against that company. The defendants filed a motion to dismiss, which the court denied on March 30, 2017. The defendants then asserted two counterclaims. The court dismissed those claims with prejudice on December 19, 2017. On March 27, 2019, the court entered a consent judgment resolving the Bureau's claims. Under the consent judgment, the defendants are permanently banned from telemarketing any consumer financial product or service or otherwise offering or providing debt relief services. The judgment imposes a $40 million civil money penalty and orders the defendants to pay redress in the amount of $35,256,275. The money judgment and civil money penalty are suspended, provided that certain conditions are met.

Consumer Financial Protection Bureau v. TCF National Bank (D. Minn. No. 17-cv-0166). On January 19, 2017, the Bureau filed a complaint against TCF National Bank. The Bureau alleged that that TCF misled consumers about overdraft services in violation of Regulation E and the CFPA. Specifically, the Bureau alleged that TCF designed its application process to obscure the overdraft fees on one-time debt purchases and ATM withdrawals and make overdraft services seem mandatory for new customers to open an account. On September 8, 2017, the court granted TCF's motion to dismiss the Bureau's EFTA claims, but denied the motion to dismiss the Bureau's claims for deceptive and abusive acts or practices. On August 1, 2018, the court accepted a settlement between the Bureau and TCF. TCF agreed to pay $25 million in restitution to customers who were charged overdraft fees and also agreed to an injunction to prevent future violations. The settlement also imposed a civil money penalty of $5 million. The penalty was adjusted to account for a $3 million penalty imposed by the OCC.

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

Consumer Financial Protection Bureau v. Access Funding, LLC, Access Holding, LLC, Reliance Funding, LLC, Lee Jundanian, Raffi Boghosian, Michael Borkowski, and Charles Smith (D. Md. No. 1:16-cv-3759). On November 21, 2016, the Bureau filed a complaint against Access Funding, LLC, Access Holding, LLC, Reliance Funding, LLC, three of the companies' principals—Lee Jundanian, Raffi Boghosian, and Michael Borkowski—and a Maryland attorney, Charles Smith. The Bureau alleges that they deceptively induced individuals to enter into settlement funding agreements, in which the individuals agreed to receive an immediate lump sum payment in exchange for significantly higher future settlement payments. The Bureau also alleges that the companies and their principals steered consumers to receive "independent advice" from Smith, who was paid directly by Access Funding and indicated to consumers that the transactions required very little scrutiny. The Bureau further alleges that Access Funding advanced money to some consumers and represented to those consumers that the advances obligated them to go forward with transactions even if they realized that the transactions were not in their best interests. On September 13, 2017, the court granted defendants' motions to dismiss counts I–IV, arising out of Smith's conduct, on the grounds that he had attorney-client relationships with the consumers in question. The court denied the defendants' motions to dismiss the Bureau's claim relating to the advances Access Funding offered consumers. The court granted the Bureau's motion to file an amended complaint alleging Smith did not have attorney-client relationships with the consumers in question. Defendants again filed motions to dismiss, which the court denied. The defendants filed a motion for partial summary judgment, which the court denied on January 18, 2019. The case remains pending.

Consumer Financial Protection Bureau v. Northern Resolution Group (W.D.N.Y. No. 16-cv-0880). On November 2, 2016, the Bureau, in partnership with the New York Attorney General, filed a complaint against debt collectors Northern Resolution Group, LLC, Douglas MacKinnon, Mark Gray, Enhanced Acquisitions, LLC, and Delray Capital, LLC. The Bureau alleges that Douglas MacKinnon and Mark Gray operate a network of companies that harass, threaten, and deceive consumers across the nation into paying inflated debts or amounts they may not owe. The complaint seeks injunctive relief, restitution, and the imposition of penalties against the companies and partners. The defendants asserted counterclaims against the Bureau and New York, which the court dismissed on January 8, 2018. The case remains pending.

Consumer Financial Protection Bureau v. All American Check Cashing, Inc., Mid-State Finance, Inc., and Michael E. Gray (S.D. Miss. No. 16-cv-0356). On May 11, 2016, the Bureau filed a complaint against two companies, All American Check Cashing, Inc. and Mid-State Finance, Inc., which offer check-cashing services and payday loans, and their president and sole owner, Michael Gray. The Bureau alleges that All American tried to keep consumers from learning how much they would be charged to cash a check and used deceptive tactics to stop consumers from backing out of transactions. The Bureau also alleges that All American made deceptive statements about the benefits of its high-cost payday loans and failed to provide refunds after consumers made overpayments on their loans. The Bureau's lawsuit seeks injunctive relief, restitution, and the imposition of a civil money penalty. On July 15, 2016, the court denied defendants' motion for a more definite statement. The defendants moved for judgment on the pleadings on May 24, 2017, and the Bureau moved for summary judgment on August 4, 2017. The court has not yet ruled on the Bureau's summary judgment motion. On March 21, 2018, the court denied the defendants' motion for judgment on the pleadings, and on March 26, 2018, the defendants moved to certify that denial for interlocutory appeal. The next day, the court granted the defendants' motion in part, holding that interlocutory appeal was justified with respect to defendants' constitutional challenge to the Bureau's statutory structure. On April 24, 2018, the court of appeals granted the defendants' petition for permission to appeal the district court's interlocutory order. The district court action has been stayed pending the appeal. The United States Court of Appeals for the Fifth Circuit heard oral arguments in the appeal on March 12, 2019, and has not yet issued a decision.

Consumer Financial Protection Bureau v. D and D Marketing, Inc., d/b/a T3Leads, Grigor Demirchyan, and Marina Demirchyan (C.D. Cal. No. 15-cv-9692); Consumer Financial Protection Bureau v. Dmitry Fomichev (C.D. Cal. No. 16-cv-2724); and Consumer Financial Protection Bureau v. Davit Gasparyan a/k/a David Gasparyan (C.D. Cal. No. 16-cv-2725). On December 17, 2015, the Bureau filed a complaint against T3Leads and its then current executives, Grigor Demirchyan and Marina Demirchyan. The Bureau alleged that T3 engaged in unfair and abusive acts and practices in the sale of consumer-loan applications to small-dollar lenders and others acting unlawfully, and in operating a loan-application network that prevented consumers from understanding the material risks, costs, or conditions of their loans; the Bureau further alleged that the Demirchyans substantially assisted those acts and practices. On April 21, 2016, the Bureau filed two separate but related complaints against the company's past executives—Dmitry Fomichev and Davit Gasparyan—that alleged that they substantially assisted T3's violations. The complaints sought monetary relief, injunctive relief, and penalties. On November 17, 2016, the court denied the defendants' motions to dismiss but found the Bureau unconstitutionally structured. The Ninth

Circuit granted interlocutory appeal on that issue. On September 8, 2017, the district court entered a stipulated final judgment and order against one of the defendants, Davit Gasparyan. The order imposes injunctive relief and requires Gasparyan to pay a $250,000 penalty. On March 7, 2019, after stipulation of the parties, the district court dismissed with prejudice the action against Fomichev, and the Ninth Circuit dismissed the pending interlocutory appeals. On March 28, 2019, the district court entered a stipulated final judgment and order against T3 and former T3 officers, Grigor and Marina Demirchyan, imposing injunctive relief, $1 million in damages jointly and severally against the defendants, a $3 million civil money penalty against T3, and a $1 penalty against each of the Demirchyans.

In the Matter of Integrity Advance, LLC and James R. Carnes (File No. 2015-CFPB-0029) (not a credit union or depository institution). On November 18, 2015, the Bureau filed a notice of charges against an online lender, Integrity Advance, LLC, and its CEO, James R. Carnes. The Bureau alleges that they deceived consumers about the cost of short-term loans and that the company's contracts did not disclose the costs consumers would pay under the default terms of the contracts. The Bureau also alleges that the company unfairly used remotely created checks to debit consumers' bank accounts even after the consumers revoked authorization for automatic withdrawals. The Bureau is seeking injunctive relief, restitution, and the imposition of a civil money penalty. On September 27, 2016, the Administrative Law Judge issued a Recommended Decision finding liability and recommending injunctive and monetary relief. The Recommended Decision was appealed to the Director, but further activity on that appeal was held in abeyance pending a decision in *PHH Corp. v. CFPB*, No. 15-1177 (D.C. Cir.), and, subsequently, pending a decision in *Lucia v. SEC*, No. 17-0130 (S. Ct.). Subsequent to the Supreme Court's ruling in *Lucia* that suggested that the Administrative Law Judge that presided over the proceedings in this case may have been improperly appointed, the Director remanded the case for a new hearing and recommended decision by the Bureau's Administrative Law Judge. The case remains pending.

Consumer Financial Protection Bureau v. Global Financial Support, Inc., d/b/a Student Financial Resource Center, d/b/a College Financial Advisory; and Armond Aria a/k/a Armond Amir Aria, individually, and as owner and CEO of Global Financial Support, Inc. (S.D. Cal. No. 15-cv-2440). On October 29, 2015, the Bureau filed a complaint against Global Financial Support, Inc., which operates under the names Student Financial Resource Center and College Financial Advisory, and Armond Aria. The Bureau alleges that Global Financial Support, Inc., issued marketing letters instructing students to fill out a form and pay a fee in exchange for the company conducting extensive searches to target or match them with individualized financial aid opportunities. The Bureau also alleges that consumers who paid the fee received nothing or a generic booklet that failed to provide individualized advice. The Bureau also alleges that the defendants misrepresented their affiliation with government and university financial aid offices and pressured consumers to enroll through deceptive statements. The complaint seeks injunctive relief, restitution, and the imposition of a civil money penalty. A stay was entered by the court on May 17, 2016, pending an ongoing criminal proceeding involving one of the defendants. The case remains pending.

Consumer Financial Protection Bureau and Anthony J. Albanese, Acting Superintendent of Financial Services of the State of New York v. Pension Funding, LLC; Pension Income, LLC; Steven Covey; Edwin Lichtig; and Rex Hofelter (C.D. Cal. No. 8:15-cv-1329). On August 20, 2015, the Bureau and the New York Department of Financial Services (NYDFS) filed a complaint against two companies, Pension Funding, LLC and Pension Income, LLC, and three of the companies' individual managers. The Bureau and NYDFS allege that they deceived consumers about the costs and risks of their pension-advance loans. Specifically, the Bureau and NYDFS allege that from 2011 until about December 2014, Pension Funding and Pension Income offered consumers lump-sum loan payments in exchange for the consumers agreeing to redirect all or part of their pension payments to the companies for eight years. The Bureau and NYDFS also allege that the individual defendants, Steven Covey, Edwin Lichtig, and Rex Hofelter, designed and marketed these loans and were responsible for the companies' operations. The Bureau and NYDFS allege that all of the defendants violated the CFPA's prohibitions against unfair, deceptive, and abusive acts or practices. On January 8, 2016, the court appointed a receiver over defendants Pension Funding and Pension Income. The receiver's responsibilities include taking control of all funds and assets of the companies and completing an accounting of all pension-advance transactions that are the subject of the action. On February 10, 2016, the court entered a stipulated final judgment and order as to two of the individual defendants, Lichtig and Hofelter. The order imposes bans on these individuals' participation in pension-advance transactions and requires them to pay money to the receivership estate. On July 11, 2016, the court granted a default judgment against the final individual defendant, Covey, who did not appear in the case. The court's order imposes a ban and requires Covey to pay disgorgement of approximately $580,000. The court-appointed receiver's work with respect to the companies is ongoing.

Consumer Financial Protection Bureau v. NDG Financial Corp., et al. (S.D.N.Y. No. 15-cv-5211). On July 6, 2015, the Bureau filed a complaint against the NDG Financial Corporation and nine of its affiliates. The Bureau alleged that they engaged in unfair, deceptive, and abusive practices relating to its payday lending enterprise. Specifically, the Bureau alleged that the enterprise, which has companies located in Canada and Malta, originated, serviced, and collected payday loans that were void under state law, represented that U.S. federal and state laws did not apply to the defendants or the payday loans, and used unfair and deceptive tactics to secure repayment, all in violation of the CFPA. On December 2, 2016, the court denied the defendants' motions to dismiss. On December 6, 2017, the clerk entered default against the Maltese defendants. On February 5, 2018, the court voluntarily dismissed the former owners and their holding corporations as defendants and relief defendants. The Bureau moved for the sanction of default judgment against the remaining defendants, which the court granted on March 29, 2018. The case was resolved through a stipulated judgment, entered by the court on February 4, 2019, which permanently barred the remaining defendants from any consumer lending in the United States, from collecting on any of the existing loans to United States consumers, and from disclosing, using, or benefiting from consumer information associated with loans made to consumers in the United States.

Consumer Financial Protection Bureau v. Nationwide Biweekly Administration, Inc., et al. (N.D. Cal. No. 3:15-cv-2106). On May 11, 2015, the Bureau filed a complaint against Nationwide Biweekly Administration, Inc., Loan Payment Administration LLC, and Daniel S. Lipsky. The Bureau alleged that they engaged in abusive and deceptive acts and practices in violation of the CFPA and the TSR regarding a mortgage payment product known as the "Interest Minimizer Program," or IM Program. The Bureau alleged that the defendants misrepresented their affiliation with consumers' mortgage lenders; the amount of interest savings consumers would realize, and when consumers would achieve savings on the IM Program, consumers' ability to attain the purported savings on their own or through a low- or no-cost option offered by the consumers' servicer; and fees for the program. The Bureau sought a permanent injunction, consumer redress, and civil money penalties. A trial was held beginning on April 24, 2017, and on September 8, 2017, the court issued an opinion and order finding that the defendants had engaged in deceptive and abusive conduct in violation of the CFPA and TSR. The court imposed a $7.93 million civil money penalty, but denied the Bureau's request for restitution and disgorgement. On November 9, 2017, the court reduced the previous order to a judgment that included a permanent injunction forbidding defendants from engaging in specified acts or practices. The court denied defendants' post-trial motions on March 12, 2018, and both parties have filed a notice of appeal. The parties' appeals are currently pending before the United States Court of Appeals for the Ninth Circuit.

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

15, 2017, the Bureau, and two remaining defendants moved for summary judgment. On January 29, 2018, the court granted the Bureau's motion for contempt against one of the defendants for violating the court's preliminary injunction. The Bureau has filed additional motions for contempt against several defendants, which the court has not ruled on. On March 21, 2019, the court granted the Bureau's motion for summary judgment on all of its claims against five of the debt collector defendants, and one of its claims against two other debt collector defendants. The court denied the Bureau's motion for summary judgment on its other claims against the latter two debt collector defendants, and denied those two defendants' motion for summary judgment against the Bureau. The court has not ruled on the Bureau's requested relief, and will hold a hearing on remedies. The case remains pending.

Consumer Financial Protection Bureau v. Richard F. Moseley, Sr., et al. (W.D. Mo. No. 14-cv-0789). On September 8, 2014, the Bureau filed a complaint against a confederation of online payday lenders known as the Hydra Group, its principals, and affiliates. The Bureau alleged that they used a maze of interrelated entities to make unauthorized and otherwise illegal loans to consumers and that the defendants' practices violated the CFPA, TILA, and EFTA. On September 9, 2014, the court issued an ex parte temporary restraining order against the defendants, ordering them to halt lending operations. The court also placed the companies in temporary receivership, appointed a receiver, granted the Bureau immediate access to the defendants' business premises, and froze their assets. On October 3, 2014, the court entered a stipulated preliminary injunction against the defendants pending final judgment in the case. On March 4, 2016, the court stayed the Bureau's case until criminal proceedings against Moseley, Sr. were resolved. In November 2017, Moseley was convicted on multiple counts after a jury trial in the Southern District of New York and in June 2018, sentenced to 120 months in prison. The court entered a stipulated final judgment against one individual defendant on July 23, 2018, and a stipulated final judgment against Moseley and the remaining defendants on August 10, 2018. Under the terms of the orders, one individual defendant Randazzo is banned from the industry and required to pay a $1 civil penalty, and the remaining defendants are banned from the industry, and must forfeit approximately $14 million in assets, and pay a $1 civil money penalty. The civil money penalty amount is based in part on the defendants' limited ability to pay. The August 10 order also imposes a judgment for $69 million in consumer redress, but, in light of the defendants' limited ability to pay, the judgment will be suspended upon compliance with other requirements.

Consumer Financial Protection Bureau v. The Mortgage Law Group, LLP, d/b/a The Law Firm of Macey, Aleman & Searns; Consumer First Legal Group, LLC; Thomas G. Macey; Jeffrey J. Aleman; Jason E. Searns; and Harold E. Stafford (W.D. Wis. No. 3:14-cv-0513). On July 22, 2014, the Bureau filed a complaint against The Mortgage Law Group, LLP (TMLG), the Consumer First Legal Group, LLC, and attorneys Thomas Macey, Jeffrey Aleman, Jason Searns, and Harold Stafford. The Bureau alleges that the defendants violated Regulation O, formerly known as the Mortgage

Assistance Relief Services Rule, by taking payments from consumers for mortgage modifications before the consumers signed a mortgage modification agreement from their lender, by failing to make required disclosures, by directing consumers not to contact lenders, and by making deceptive statements to consumers when providing mortgage assistance relief services. A trial was held on April 24, 2017 through April 28, 2017. On June 21, 2017, the district court entered a stipulated judgment against the bankruptcy estate of TMLG, which sought Chapter 7 bankruptcy. The court enjoined TMLG from operating, and ordered TMLG to pay $18,331,737 in redress and $20,815,000 in civil money penalties. On May 29, 2018, the Bureau filed an unopposed motion to increase the redress amount ordered by the court to $18,716,725.78, based on newly discovered information about additional advance fees paid by consumers. On November 15, 2018, the court issued an opinion and order ruling that certain defendants violated Regulation O by taking upfront fees, by failing to make required disclosures, by directing consumers not to contact their lenders, and by making deceptive statements. The court directed that the parties submit briefs addressing what damages, injunctive relief, and civil money penalties, if any, should be awarded. Briefing on those issues was completed on February 19, 2019. The case remains pending.

Consumer Financial Protection Bureau v. ITT Educational Services, Inc. (S.D. Ind. No. 14-cv-0292). On January 6, 2014, the Bureau filed a complaint against for-profit college chain ITT Educational Services, Inc. The Bureau alleges that ITT encouraged new students to enroll by providing them funding for the tuition gap that was not covered by federal student loan programs with a zero-interest loan called “Temporary Credit.” This loan typically had to be paid in full at the end of the student’s first academic year. The Bureau alleges that ITT knew from the outset that many students would not be able to repay their Temporary Credit balances or fund their second-year tuition gap and that ITT illegally pushed its students into repaying their Temporary Credit and funding their second-year tuition gaps through high-cost private student loan programs, on which ITT knew students were likely to default. In September of 2016, ITT closed all of its schools and filed for bankruptcy. On September 8, 2017, the court entered an order administratively closing the case without prejudice to the right of either party to move to reopen it within sixty days of the approval of a settlement by the bankruptcy court overseeing ITT’s Chapter 7 case.

Consumer Financial Protection Bureau v. CashCall, Inc., et al. (C.D. Cal. No. 15-cv-7522). On December 16, 2013, the Bureau filed a complaint against online lender CashCall Inc., its owner, a subsidiary, and an affiliate. The Bureau alleged that they violated the CFPA’s prohibition against unfair, deceptive, and abusive acts and practices by collecting and attempting to collect consumer-installment loans that were void or partially nullified because they violated either state caps on interest rates or state licensing requirements for lenders. The Bureau alleges that CashCall serviced loans it made in the name of an entity, Western Sky, which was located on the Cheyenne River Sioux Tribe’s land. On August 31, 2016, the court granted the Bureau’s motion for partial summary judgment, concluding that CashCall was the true lender on the Western Sky loans. Based in part on that finding, the court concluded that the choice-of-law provision in the loan agreements was not enforceable, found that the law of the borrowers' states applied, and that the loans were void. Because the loans were void, the court found that the defendants engaged in deceptive acts or practices by demanding and collecting payment on debts that consumers did not owe. A trial was held from October 17 to 18, 2017, on the issue of appropriate relief. On January 19, 2018, the court issued findings of fact and conclusions of law imposing a $10.28 million civil money penalty but denying the Bureau's request for restitution and an injunction. The parties' appeals remain pending before the United States Court of Appeals for the Ninth Circuit.

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

The Bureau's *Supervisory Highlights* publications provide general information about the Bureau's supervisory activities at banks and nonbanks without identifying specific companies. The Bureau published two issues of *Supervisory Highlights* between April 1, 2018, through March 31, 2019.[75]

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

[75] *Summer 2018, https://files.consumerfinance.gov/f/documents/bcfp_supervisory-highlights_issue-17_2018-09.pdf; Winter 2019, https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-18_032019.pdf.*

7. Assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law[76]

For purposes of the Section 1016(c)(7) reporting requirement, the Bureau determined that any actions asserting claims pursuant to section 1042 of the Dodd-Frank Act are “significant.” The Bureau is unaware of any State actions asserting Dodd-Frank Act claims that were initiated during the April 1, 2018, through March 31, 2019, reporting period.

[76] *State action summaries are current as of March 31, 2019, and do not include activities that occurred after the reporting period.*

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

This Semi-Annual Report update is focused on highlights from the Bureau's fair lending enforcement[77] and rulemaking[78] activities from April 1, 2018, through March 31, 2019, and continued efforts to fulfill the fair lending mission of the Bureau through supervision, interagency coordination, and outreach, from October 1, 2018, through March 31, 2019.[79]

8.1 Fair lending supervision

The Bureau's Fair Lending Supervision program assesses compliance with Federal fair lending consumer financial laws and regulations at banks and nonbanks over which the Bureau has supervisory authority. As a result of the Bureau's efforts to fulfill its fair lending mission in this reporting period, the Bureau's Fair Lending Supervision program initiated 10 supervisory events at financial services institutions under the Bureau's jurisdiction to determine compliance with federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities, including the ECOA and HMDA.

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

- Section 1003.4(a): Failure by a financial institution to collect and accurately report data regarding applications for covered loans that it receives, originates, or purchases in a calendar year, or, failure to collect and accurately report data regarding certain requests under a preapproval program in a calendar year;

[77] *Dodd-Frank Act § 1016(c)(5).*

[78] *Dodd-Frank Act § 1016(c)(3). The Bureau's fair lending rulemaking activity pertaining to HMDA and Regulation C is discussed above in Section 3.*

[79] *Dodd-Frank Act § 1016(c)(8).*

- Section 1002.12(b)(1)(i): Failure to create and preserve records and other documents required by the regulation.

In the current reporting period, the Bureau initiated 10 supervisory events, which is fewer than the 13 fair lending supervisory events reported as initiated during the reporting period reflected in the Fall 2018 Semi-Annual Report.[80] In the current reporting period, the Bureau issued fewer matters requiring attention (MRAs) or memoranda of understanding (MOUs) than in the prior period. MRAs and MOUs direct entities to take corrective actions and are monitored by the Bureau through follow-up supervisory events.

Consistent with BCFP Bulletin 2018-01,[81] the Bureau issues Supervisory Recommendations (SRs) to address the Bureau's supervisory concerns related to financial institutions' compliance management systems. SRs do not include provisions for periodic reporting nor expected timelines for implementation. During the current reporting period, the Bureau provided SRs relating to supervisory concerns related to weak or nonexistent fair lending risk assessments and/or fair lending training.

8.2 Fair lending enforcement[82]

The Bureau has the statutory authority to bring actions to enforce the requirements of HMDA and ECOA. In this regard, the Bureau has the authority to engage in research, conduct investigations, file administrative complaints, hold hearings, and adjudicate claims through the Bureau's administrative enforcement process. The Bureau also has independent litigating authority and can file cases in federal court alleging violations of fair lending laws under the Bureau's jurisdiction. Like other federal bank regulators, the Bureau is required to refer matters to the U.S. Department

[80] *The Bureau is using a new measure to identify the number of on-site supervision exams or reviews. See [Fiscal Year (FY) 2019 Annual Performance Plan (February 2019)](). This Spring 2019 Semi-Annual Report update complies with this new measure. Therefore, the number of initiated examination events reported here is not comparable to the number of events reported in the Fall 2018 Semi-Annual Report. For comparison purposes, had the Bureau employed this new measure for initiated supervisory exams for the reporting period reflected in the Fall 2018 Semi-Annual Report, that report, which indicated that the Bureau initiated 13 fair lending supervisory events, would instead have indicated that the Bureau had initiated 12 fair lending supervisory events.*

[81] *https://files.consumerfinance.gov/f/documents/bcfp_bulletin-2018-01_changes-to-supervisory-communications.pdf.*

[82] *Section 1016(c)(5) of the Dodd-Frank Act requires the Bureau to include in the semi-annual report public enforcement actions the Bureau was a party to during the preceding year, which is April 1, 2018, through March 31, 2019, for this report.*

of Justice (DOJ) when it has reason to believe that a creditor has engaged in a pattern or practice of lending discrimination.[83]

During the reporting period, the Bureau did not initiate or complete any fair lending public enforcement actions. In addition, during this reporting period,[84] the Bureau did not refer any matters to the DOJ with regard to discrimination pursuant to Section 706(g) of ECOA.

During the reporting period, the Bureau continued to implement and oversee compliance with the pending public enforcement orders that were entered by federal courts or issued by the Bureau's Director in prior years.

On June 29, 2016, the Bureau and the DOJ announced a joint action against BancorpSouth Bank (BancorpSouth) for discriminatory mortgage lending practices that harmed African Americans and other minorities. The consent order, which was entered by the court on July 25, 2016, requires BancorpSouth to pay $4 million in direct loan subsidies in minority neighborhoods[85] in Memphis; at least $800,000 for community programs, advertising, outreach, and credit repair; $2.78 million to African-American consumers who were unlawfully denied or overcharged for loans; and a $3 million penalty.[86] On June 25, 2018, the Bureau announced that participation materials were mailed to potentially eligible African-American borrowers identified as harmed by BancorpSouth's alleged discrimination in mortgage lending between 2011 and 2015, notifying them how to receive redress. Starting on March 15, 2019, checks were mailed to African-American borrowers who were confirmed as eligible to receive a payment.

On February 2, 2016, working with the DOJ, the Bureau ordered[87] Toyota Motor Credit Corporation (Toyota Motor Credit) to pay up to $21.9 million in damages to harmed African-American and Asian and/or Pacific Islander borrowers for unlawful discrimination.[88] On

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[83] *See 15 U.S.C. § 1691e(h).*

[84] *April 1, 2018, through March 31, 2019.*

[85] *Majority-minority neighborhoods or minority neighborhoods refers to census tracts with a minority population greater than 50 percent.*

[86] *Consent Order, United States v. BancorpSouth Bank, No. 1:16-cv-00118-GHD-DAS (N.D. Miss. July 25, 2016), ECF No. 8, https://files.consumerfinance.gov/f/documents/201606_cfpb_bancorpSouth-consent-order.pdf. .*

[87] *Consent Order in re Toyota Motor Credit Corporation, CFPB No. 2016-CFPB-0002 (Feb. 2, 2016), https://files.consumerfinance.gov/f/201602_cfpb_consent-order-toyota-motor-credit-corporation.pdf.*

[88] *On May 21, 2018, the President signed a joint resolution passed by Congress disapproving the Bureau's Bulletin titled "Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act" (Bulletin), which had provided guidance about ECOA and its implementing regulation, Regulation B. Consistent with the joint resolution, the Bulletin has no force or effect. The ECOA and Regulation B are unchanged and remain in force and effect.*

December 29, 2017, participation materials were mailed to potentially eligible borrowers whom Toyota Motor Credit overcharged for their auto loans notifying them how to participate in the settlement fund. On February 1, 2019, checks were mailed to eligible, participating consumers.

On September 28, 2015, working in coordination with the DOJ, the Bureau ordered[89] Fifth Third Bank (Fifth Third) to pay $18 million in damages to harmed African-American and Hispanic borrowers for unlawful discrimination in auto lending.[90] On December 17, 2018, participating African-American and Hispanic borrowers, whom Fifth Third overcharged for their auto loans, were mailed checks totaling $12 million, plus accrued interest.

8.3 Fair lending outreach

The Bureau is committed to hearing from and communicating directly with stakeholders. The Bureau regularly engages in outreach with Bureau stakeholders, including consumer advocates, civil rights organizations, industry, academia, and other government agencies, to: (1) educate them about fair lending compliance and access to credit issues and (2) hear their views on the Bureau's work to inform the Bureau's policy decisions.

Outreach is accomplished through meetings and the delivery of speeches and presentations addressing fair lending and access to credit issues as well as issuance of Reports to Congress, Interagency Statements, *Supervisory Highlights*, Compliance Bulletins, letters and blog posts, as well as through meetings and the delivery of speeches and presentations addressing fair lending and access to credit issues. During the reporting period, Bureau staff participated in 21 outreach events involving fair lending and access to credit issues. In these events, staff worked directly with stakeholders and shared information on fair lending priorities and emerging issues. The Bureau also heard feedback on fair lending issues and how innovation can promote fair, equitable, and nondiscriminatory access to credit. Some examples of the topics covered include credit access for limited-English proficiency (LEP) consumers, fair lending priorities, fair lending model governance, innovations in lending, redlining, HMDA, small business lending, and alternative data.

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[89] *Consent Order, In re Fifth Third Bank, CFPB No. 2015-CFPB-0024 (Sept. 28, 2015), https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-fifth-third-bank-for-auto-lending-discrimination-and-illegal-credit-card-practices/.*

[90] *See supra note 88.*

8.4 Fair lending coordination

The Bureau's fair lending activity involves regular coordination with other federal and state regulatory and enforcement partners. During the reporting period, Office of Fair Lending and Equal Opportunity (OFLEO) staff continued to lead the Bureau's fair lending interagency coordination and collaboration efforts by working with partners on the Interagency Working Group on Fair Lending Enforcement, and chairing the Interagency Task Force on Fair Lending and the FFIEC HMDA Data Collection Subcommittee.

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

During the reporting period, the Bureau published its Annual Report of OMWI activities. The 2018 Annual Report was issued on April 3, 2019.[91]

In addition, the Bureau continued executing on objectives and strategies outlined in the Bureau of Consumer Financial Protection Strategic Plan FY 2018–2022[92] (Bureau Strategic Plan), which complements and reinforces the Diversity and Inclusion Strategic Plan 2016–2020. In order to better align the Diversity and Inclusion Strategic Plan with the Bureau's Strategic Plan, the Bureau began developing a Diversity and Inclusion Strategic Plan Update in March 2019, which will be published in July 2019.[93]

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

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[91] *https://www.consumerfinance.gov/data-research/research-reports/fy-2018-office-minority-and-women-inclusion-annual-report-congress/.*

[92] *https://www.consumerfinance.gov/about-us/budget-strategy/strategic-plan/.*

[93] *Additional activity has occurred with this matter since the end of this reporting period. More information can be found here: https://www.consumerfinance.gov/data-research/research-reports/cfpb-diversity-and-inclusion-strategic-plan-update-2019-2022/.*

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

9.1 Increasing workforce diversity

As of March 2019, an analysis of the Bureau's current workforce reveals the following key points:

- Women represent 49 percent of the Bureau's workforce in 2019 with no change from 2018.
- Minorities (Hispanic, Black, Asian, Native Hawaiian/Other Pacific Islander (NH/OPI), American Indian/Alaska Native (AI/AN) and employees of Two or More races) represent 40 percent of the Bureau workforce in 2019 with no change from 2018.
- As of March 31, 2019, 12.7 percent of Bureau employees on permanent appointments identified as an individual with a disability. Out of the permanent workforce, 3.4 percent of employees identified as an individual with a targeted disability. As a result, the Bureau continues to exceed the 12 percent workforce goals for employees with disabilities and 2.0 percent for employees with targeted disabilities–in both salary categories as required in the EEOC's Section 501 regulations.

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

- Staffing
    - The Bureau continues to enhance diversity by recruiting, hiring, and retaining highly qualified individuals from diverse backgrounds to fill positions at the Bureau.

- During the reporting period, the Bureau was under a hiring freeze.[94] However, the Bureau on-boarded nine (9) hiring exceptions for new employees, which included six (6) women and four (4) minorities.
- The Bureau also utilized the student volunteer internship program, other professional development programs, and recruitment efforts directed to reach veterans and applicants with disabilities to assist in the Bureau's workforce needs.

- Workforce engagement
    - To promote an inclusive work environment, the Bureau focuses on strong engagement with employees and utilizes an integrated approach to education, training, and engagement programs that ensures diversity and inclusion and non-discrimination concepts are part of the learning curriculum and work environment. Employee resource groups, cultural education programs and diversity and inclusion training are key components of this effort.

9.2 Increasing contracting diversity

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

9.2.1 Outreach to contractors

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

- Actively engaging Bureau business units with MWOB contractors throughout the acquisition cycle.

[94] *Additional activity has occurred with this matter since the end of this reporting period. Director Kraninger lifted the hiring freeze in August 2019.*

- Developing a "How to Do Business with the CFPB" series that includes technical assistance outreach and other resources—such as procurement forecasts of upcoming contract opportunities—digitally on the Bureau's website.[95]
- Continuing to publish the Bureau's supplier diversity guide on the Bureau website.[96]
- Participating in four (4) national supplier diversity conferences that help to foster business partnerships between the federal government, its U.S. prime contractors, minority-owned businesses, and advocacy for women business owners and entrepreneurs.
- As a result of these efforts, 36.7 percent of the $49 million in contracts that the Bureau awarded or obligated during the reporting period went to MWOBs.

The following table represents the total amount of dollars spent/disbursed to MWOBs as a result of contract or billing.

TABLE 3: DOLLARS SPENT TOWARD MINORITY-OWNED AND WOMEN-OWNED BUSINESSES[97]

Dollars Spent	Percent of Total	MWOB Category
$7,948,597	13.0%	Women
$896.064	1.5%	Black/African American
$1,773.351	2.9%	Native American
$9,350.884	15.35%	Asian American
$632,114	1.0%	Hispanic American

95 https://www.consumerfinance.gov/about-us/doing-business-with-us/.

96 https://www.consumerfinance.gov/about-us/doing-business-with-us/small-minority-businesses/.

97 *Data in this table is for FY 2019 through May 31.*

9.3 Diversity within the Bureau contractors' workforces

In accordance with the mandates in Section 342(c) (2) of the Dodd-Frank Act, OMWI has developed Good Faith Effort (GFE) standards for the collection and assessment of documentation of its contractor's workforce and subcontractor diversity practices. In FY 2019, these standards were updated to better align with Federal Acquisition Regulations (FAR). OMWI, in collaboration with the Procurement office, developed a CFPB-specific GFE contract clause. The GFE clause has been included in all CFPB contracts since FY 2018 and notifies Contractors of their responsibilities under Dodd-Frank.

9.4 Assessing diversity of regulated entities

Pursuant to Section 342 (b) (2) (c) of the Dodd-Frank Act, CFPB developed a process to assess the diversity policies and practices of the entities the Bureau regulates. The Bureau developed a diversity self-assessment form that aligns with the Joint Standards for Assessing Diversity Practices of Regulated Entities, created by the federal regulatory agencies in 2015. The Bureau conducted outreach to mortgage finance organizations for the past several years to begin the process of assessing the diversity and inclusion practices of the entities the Bureau regulates and published the findings from that outreach.[98] During the reporting period, in February 2019, the Bureau sent outreach letters to entities within the mortgage industry introducing the Bureau's new OMWI Director and requesting contact information for the executives responsible for the institutions' diversity programming. The Bureau is conducting a multi-prong outreach strategy including direct entity contact, leveraging trade organizations, and joint outreach with other federal regulators to engage entities to participate in the voluntary self-assessment process in the Fall 2019. The Bureau is developing an online data collection tool to collect and manage the data.

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98 https://www.consumerfinance.gov/data-research/research-reports/diversity-and-inclusion-mortgage-industry-readout-opening-roundtable/.

APPENDIX A: ADDENDUM

2018 Annual Report to Congress on the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)

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

In July 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) transferred to the Bureau rulemaking authority, and other authorities, of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the National Credit Union Administration, the Federal Deposit Insurance Corporation, and the Department of Housing and Urban Development for the SAFE Act. With this transfer, the Bureau assumed the (1) responsibility for developing and maintaining the federal registration system; (2) supervisory and enforcement authority for SAFE Act compliance for applicable entities under the Bureau's jurisdiction; (3) back-up and related authority relating to SAFE Act standards for MLO licensing systems at the state level; and (4) certain rulemaking authority.

While administering the SAFE Act during 2018, the Bureau worked closely with SRR/CSBS to facilitate sharing mortgage loan originator information between state and federal regulators through the NMLS&R. Officials from the Bureau and SRR/CSBS met regularly to discuss issues related to the operation of the NMLS&R, resolve issues, and discuss requirements and policies related to the administration and functions of the NMLS&R. The Bureau reviewed, and approved as applicable, NMLS&R record adjustment requests to correct inaccurate information on federal registrant accounts. It also responded to Freedom of Information Act (FOIA) requests that pertained to federally registered MLOs. As of December 31, 2018, there were approximately 415,291 federally registered MLOs in the NMLS&R.

Bureau officials participated in the annual NMLS User Conference and Training that provided information and training on the NMLS&R's state licensing and federal registry system related processes. The event was open to regulatory and industry system users, education providers, consultants, and others interested in attending, so it also provided an opportunity for Bureau officials to meet the other participants, build relationships, and share contact information.

The Bureau continues to answer SAFE Act-related questions through its regulations guidance function and provides different forms of guidance and compliance resources on its website. The Bureau also maintains a SAFE Act Inquiries e-mail box to manage operational questions about the SAFE Act. Questions frequently received in 2018 involved routine compliance issues related to licensing and registration, MLO disclosure questions, and those related to the use of the online system. The Bureau works with NMLS&R officials with inquiries associated to the use of the system.

While the Bureau has not conducted a formal assessment of the SAFE Act, our interactions with SRR and the public indicate that the system is meeting expectations and provides a comprehensive licensing and supervisory database. During 2018, all of the required states, territories, and D.C. regulators ("state regulators") continued to use the NMLS&R for licensing their mortgage loan originators, as is mandated by the SAFE Act and Regulation H. The NMLS&R continues to collect and maintain the information required by the SAFE Act, Regulation H, and Regulation G. Additionally, an online consumer portal is available at no charge to consumers to provide employment and disciplinary and enforcement history for loan originators.

All bank and non-bank mortgage origination exams conducted by the Bureau in 2017 included a review for compliance with the SAFE Act. Examiners tested for accurate licensing and registration as well as related policies and procedures.

During 2017, SRR/CSBS continued to engage the Bureau on issues regarding the NMLS&R and the modernization of the NMLS&R ("NMLS 2.0"). The modernization entails rebuilding the NMLS&R on a more modern platform in order to improve its operations, enhance the user experience, and strengthen supervision. The Bureau continues to provide its feedback and position on current and proposed functions relating to the federal registration process for mortgage loan originators in the NMLS&R to SRR/CSBS.