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# Transition Briefing Book



Consumer Financial  
Protection Bureau

# Table of contents

<b>Table of contents.....</b>	<b>1</b>
<b>1. Introduction.....</b>	<b>3</b>
1.1 Overview of the Bureau.....	3
1.2 Mission and vision .....	4
<b>2. Organizational overview .....</b>	<b>5</b>
<b>3. Leadership biographies.....</b>	<b>11</b>
<b>4. Budget overview .....</b>	<b>15</b>
4.1 Budget.....	15
4.2 Staffing.....	19
4.3 Civil Penalty Fund.....	21
<b>5. Division overviews.....</b>	<b>27</b>
5.1 Research, Markets, and Regulations .....	27
5.2 Supervision, Enforcement, and Fair Lending.....	30
5.3 Consumer Education and External Affairs .....	34
5.4 Operations.....	40
5.5 Legal .....	41
5.6 Office of the Director.....	44
5.7 CFPB Ombudsman’s Office .....	46
5.8 Private Student Loan Ombudsman.....	47
5.9 Office of Administrative Adjudication.....	48
<b>6. Strategy and prioritization .....</b>	<b>49</b>
6.1 CFPB Strategic plan for FY 2018-2022 .....	49
6.2 Strategic goals .....	49

<b>7. High profile issues .....</b>	<b>52</b>
7.1 Bureau response to the COVID-19 pandemic .....	52
7.2 Small Business Lending Data Collection Rulemaking (Section 1071)...	58
7.3 Proposed Rule for 2020 LIBOR Transition (Amendments to Regulation Z) .....	59
7.4 Advance Notice of Proposed Rulemaking on Consumer Access to Financial Records (Section 1033) .....	60
7.5 TRID Assessment .....	62
7.6 Debt Collection Rule .....	63
7.7 Notices of Proposed Rulemaking on Qualified Mortgages.....	65
7.8 Equal Credit Opportunity Act (ECOA) .....	66
7.9 Advance Notice of Proposed Rulemaking on Residential Property Assessed Clean Energy (PACE) Financing.....	66
7.10 Proposed Regulation on the Role of Supervisory Guidance.....	67
7.11 Taskforce on Federal Consumer Financial Law .....	67
7.12 Compensation Reform .....	68
<b>8. Oversight overview .....</b>	<b>70</b>
8.1 Cross-Bureau audits and performance management reviews.....	70
8.2 OIG oversight .....	73
8.3 GAO oversight .....	74
8.4 Summary of Congressional Oversight.....	77
<b>Appendix A:.....</b>	<b>78</b>
Required Positions at the Bureau.....	78
<b>Appendix B:.....</b>	<b>80</b>
Top Areas of Congressional Interest from the 116th Congress.....	80

# 1. Introduction

Welcome to the Consumer Financial Protection Bureau (CFPB or “Bureau”). We are pleased to provide you with the attached briefing book. To maintain its purpose as a briefing document, the volume is not all inclusive.

The book provides a comprehensive overview of the Bureau, including concise summaries of the Bureau’s divisions, major functions, processes, and high-profile issues to assist you in gathering additional information about programs and processes of particular interest.

## 1.1 Overview of the Bureau

The Consumer Financial Protection Bureau was established on July 21, 2010 under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act Public Law No. 111-203 (Dodd-Frank Act). The Bureau is an independent bureau within the Federal Reserve System and an Executive agency as defined in Section 105 of Title 5, United States Code.

The Dodd-Frank Act states that the Bureau is “authorized to exercise its authorities under Federal consumer financial law for the purpose of ensuring that, with respect to consumer financial products and services:

Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;

Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;

Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;

Federal consumer financial law is enforced consistently without regard to the status of a person as a depository institution in order to promote fair competition; and

Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.”

Under the Dodd-Frank Act, certain authorities and functions of several agencies relating to Federal consumer financial law transferred to the Bureau in order to accomplish the above

objectives.<sup>1</sup> The Dodd-Frank Act also provided the Bureau with certain other Federal consumer financial regulatory authorities.

## 1.2 Mission and vision

The Bureau's mission is to regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws and educate and empower consumers to make better informed financial decisions.<sup>2</sup> Its vision is a free, innovative, competitive, and transparent consumer finance markets where the rights of all parties are protected by the rule of law and where consumers are free to choose the products and services that best fit their individual needs.

The Bureau will achieve its mission and vision through:

- Seeking the counsel of others and making decisions after carefully considering the evidence
- Equally protecting the legal rights of all
- Confidently doing what is right
- Acting with humility and moderation

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<sup>1</sup> These authorities were transferred from the Board of Governors of the Federal Reserve System (Board of Governors), Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Federal Trade Commission (FTC), and the Department of Housing and Urban Development (HUD). In addition, Congress vested the Bureau with authority to enforce in certain circumstances the FTC's Telemarketing Sales Rule and its rules under the FTC Act, although the FTC retains full authority over these rules.

<sup>2</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1011(a) and 1013(d).

## 2. Organizational overview

The Bureau's current structure is heavily influenced by the Dodd-Frank Act. Most notably, the Dodd-Frank Act calls out several positions by title as well as specific "Offices." Some of the positions called out in the Dodd-Frank Act also include information pertaining to responsibilities of the position.

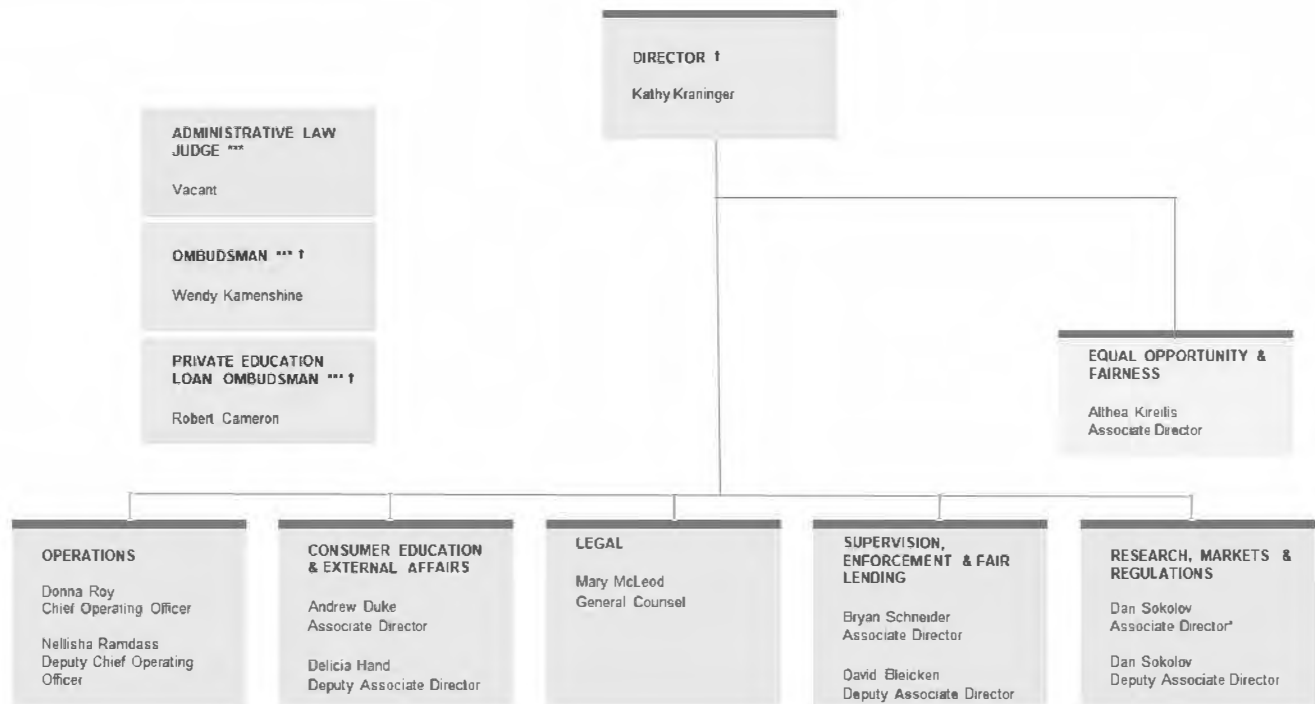
- **Positions:** Specific positions include a Director, Deputy Director, Ombudsman, Assistant Director for Fair Lending and Equal Opportunity, Assistant Director of the Office of Financial Protection for Older American, Private Education Loan Ombudsman, Director of the Office of Minority and Women Inclusion, and Advisory Committee Management Officer.<sup>3</sup>
- **Functions Referred to as Offices:** Specific functions that must be performed as well as a limited number of "Offices" include Fair Lending and Equal Opportunity, Financial Education, Servicemember Affairs, and Older Americans.
- **Functions Not Referred to as Offices:** Specific functions that are listed but not referred to as Offices include Research, Community Affairs, Collecting and Tracking Complaints, and Consumer Advisory Board.

The organization structures that follow encompass the above in addition to external laws, external and Bureau regulations, and directives which require specific offices, positions, and/or functions be performed by the Bureau. Additionally, there are several authorities given to the Bureau that impact structure and the establishment of positions including rule making, enforcing consumer financial protection laws and regulations, and supervision of various financial institutions. Refer to Appendix A for a list of required positions at the Bureau.

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<sup>3</sup> Advisory Committee Management Officer position is not specifically named in the Act but is required since the Bureau needs to have the Consumer Advisory Board.

## Overview of Divisions



### CHART LEGEND

- \* Position currently filled on an acting basis
- \*\*\* Position is not part of the Bureau's Director's Office
- † Indicates positions, offices, or functions required by the Dodd-Frank Act



## Research, Markets, and Regulations

Research, Markets, and Regulations conducts research to understand consumer financial markets and consumer behavior, monitors the market for consumer financial products and services, evaluates the need for regulation, and develops and implements regulations and other policy initiatives to make markets work better for consumers and responsible providers.



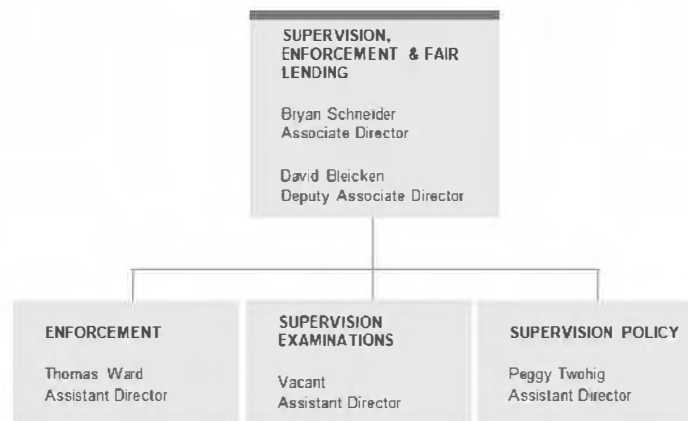
### CHART LEGEND

\* Position currently filled on an acting basis

† Indicates positions, offices, or functions required by the Dodd-Frank Act

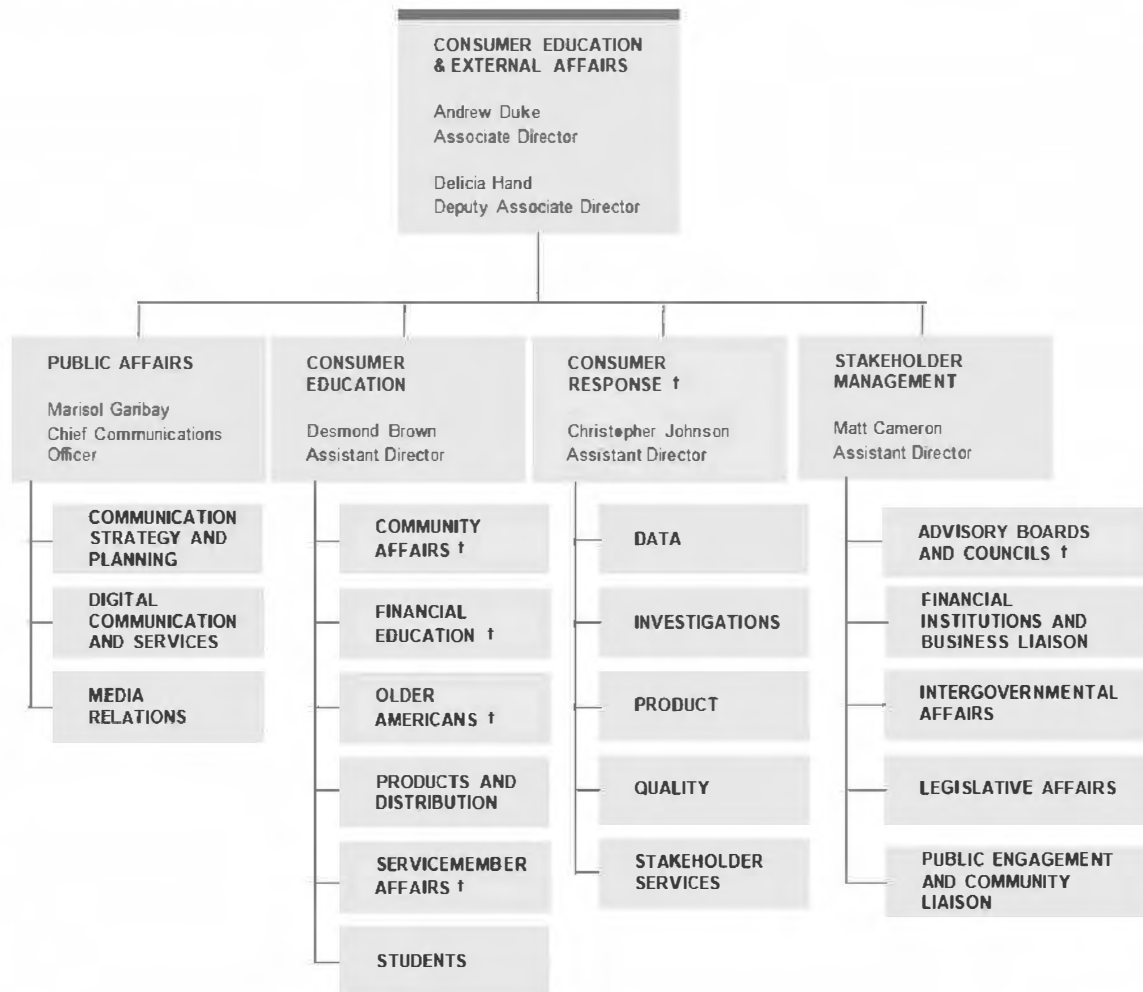
## Supervision, Enforcement, and Fair Lending

Supervision, Enforcement, and Fair Lending ensures compliance with Federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.



## Consumer Education and External Affairs

Consumer Education and External Affairs identifies and develops education materials to assist consumers in their financial decision-making process. The division also develops coordinated and Bureau-wide approaches to engagement and communication with consumers, policymakers, academics, and other stakeholders.



### CHART LEGEND

† Indicates positions, offices, or functions required by the Dodd-Frank Act

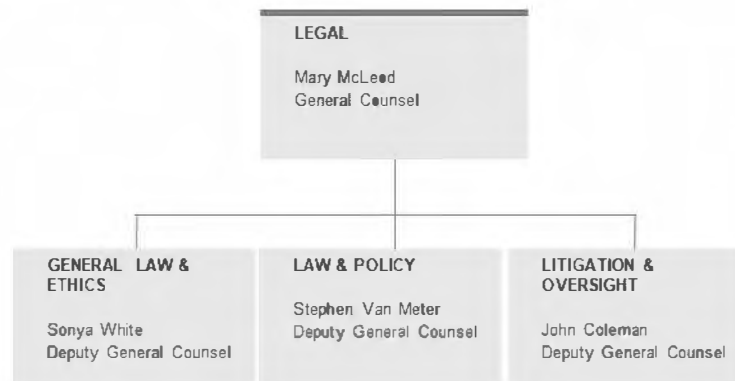
## Operations

Operations ensures that Bureau staff have the necessary resources to carry out the mission of the agency by providing and managing technology, facilities, budget, human capital, and other resources. Operations focuses on delivering these resources efficiently and effectively.



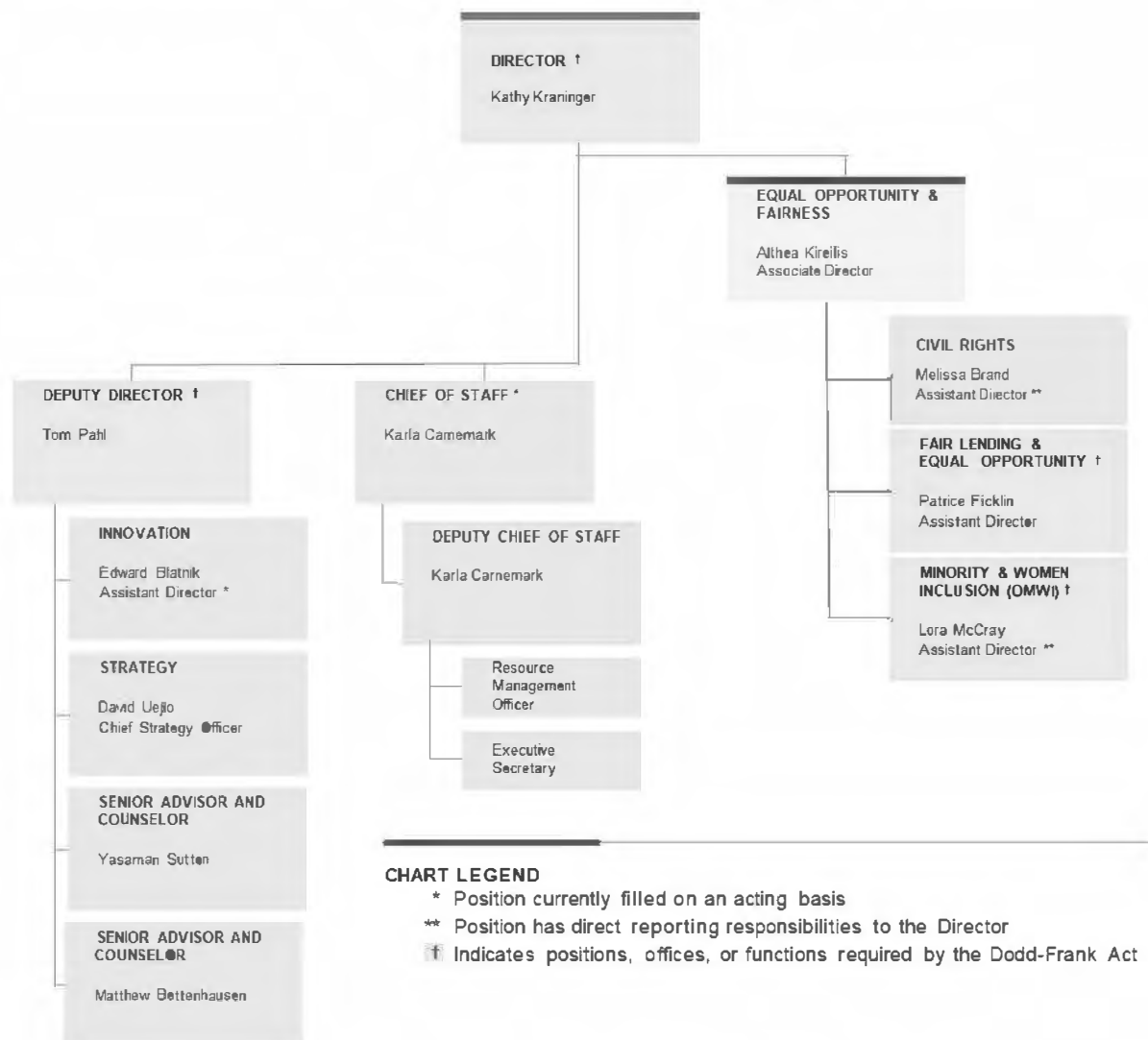
## Legal

Legal ensures the Bureau's compliance with all applicable laws, rules, and regulations, provides advice to the Director and the Bureau's divisions, and represents the Bureau in defensive and appellate litigation and before oversight bodies and administrative bodies like the Equal Employment Opportunity Commission (EEOC).



## Director's Office

The Office of the Director provides management direction and support for the Bureau.



# 3. Leadership biographies

## Kathleen Kraninger

### DIRECTOR

Kathy Kraninger became Director of the Consumer Financial Protection Bureau in December 2018. From her early days as a Peace Corps volunteer to her role establishing the Department of Homeland Security and to her policy work at the Office of Management and Budget (OMB) to the CFPB, Director Kraninger has dedicated her career to public service.



Director Kraninger came to the CFPB from the Office of Management and Budget where, as a Policy Associate Director, she oversaw the budgets for executive branch agencies including the Departments of Commerce, Justice, Homeland Security (DHS), Housing and Urban Development, Transportation (DOT), and Treasury, in addition to 30 other government agencies.

Previously, she worked in the U.S. Senate where she was the Clerk for the Senate Appropriations Subcommittee on Homeland Security, which provides DHS with its \$40 billion discretionary budget. On Capitol Hill, she also worked for the House Appropriations Subcommittee on Homeland Security as well as the Senate Homeland Security and Governmental Affairs Committee.

Ms. Kraninger also served in executive branch posts with the Department of Transportation. There, after the terrorist attacks on September 11, 2001, she volunteered to join the leadership team that set up the newly created DHS.

Her work at DHS led to awards including the Secretary of Homeland Security's Award of Exceptional Service, the International Police and Public Safety 9/11 Medal, and the Meritorious Public Service Award from the United States Coast Guard.

Ms. Kraninger graduated magna cum laude from Marquette University and earned a law degree from Georgetown University Law Center. She served as a U.S. Peace Corps Volunteer in Ukraine.

## **Thomas Pahl**

### **DEPUTY DIRECTOR**

Tom Pahl is the Deputy Director at the Consumer Financial Protection Bureau. He most recently served as Policy Associate Director of the Research, Markets, and Regulations Division. Mr. Pahl previously worked as acting director of the Federal Trade Commission's Bureau of Consumer Protection, managing counsel at the Bureau, and was a partner at the law firm of Arnall Golden Gregory in Washington, D.C. He is a graduate of the College of St. Thomas and the Northwestern University School of Law.



## **Karla Carnemark**

### **ACTING CHIEF OF STAFF**

Karla Carnemark is the acting Chief of Staff. Ms. Carnemark previously served as the Bureau's Deputy Chief of Staff. Ms. Carnemark has worked with senior-level government executives from the U.S. Department of Defense, U.S. Department of Commerce, and the U.S. Department of Transportation. She also served on Capitol Hill on the staff of Rep. Deborah Pryce (OH). Ms. Carnemark received her B.A. from Lynchburg College.

## **Dan Sokolov**

### **ACTING ASSOCIATE DIRECTOR, RESEARCH, MARKETS, AND REGULATIONS**

Dan Sokolov currently serves as Acting Associate Director and Deputy Associate Director of Research, Markets & Regulations. Mr. Sokolov has worked for two decades in financial services regulation and policy. He has worked at the Treasury Department playing several different legal and policy roles, including as a key contributor to Title X of the Dodd-Frank Act creating the CFPB. He also served at the Federal Reserve as a consumer financial services counsel. He is a graduate of Yale University and UC Berkeley School of Law.



## **Bryan Schneider**

### **ASSOCIATE DIRECTOR, SUPERVISION, ENFORCEMENT, AND FAIR LENDING**

Bryan Schneider is the Associate Director in the Supervision, Enforcement, and Fair Lending Division. Mr. Schneider most recently served as the Secretary of the Illinois Department of Financial and Professional Regulation, a cabinet-level agency. He worked for the Walgreen Co. for 15 years in numerous capacities, from divisional vice president and assistant general counsel to senior attorney. Mr. Schneider earned his B.S. in Accounting from Trine University, his M.B.A. from DePaul University, and J.D. from the University of Wisconsin Law School.



## **Andrew Duke**

### **ASSOCIATE DIRECTOR, CONSUMER EDUCATION AND EXTERNAL AFFAIRS**

Andrew Duke is the Associate Director in the Consumer Education and External Affairs Division. He most recently served as the Policy Associate Director for External Affairs. Mr. Duke has 27 years of experience in public policy, including 20 years on Capitol Hill serving with three different members of Congress. He received his B.A. in Economics from Hampden-Sydney College.

## **Donna Roy**

### **CHIEF OPERATING OFFICER**

Donna Roy is the Bureau's Chief Operating Officer. Her management experience of over 35 years spans working with Fortune 200 Financial Services companies through small, start-up experience as an entrepreneur. She previously served as the Bureau's Chief Information Officer. Before joining the Bureau, she served for thirteen years in several positions of increasing responsibility at the U.S. Department of Homeland Security with leadership excellence recognized by both industry and government awards. She has over 20 years of government experience as a leader focused on innovative, customer-focused solutions within dynamic environments. Ms. Roy is a United States Marine Corps veteran. She is a graduate of Wades College in Dallas, Texas.



## **Mary McLeod**

### **GENERAL COUNSEL ASSOCIATE DIRECTOR, LEGAL**

Mary McLeod has served as the Bureau's General Counsel since February 2016. Previously, she worked in the Office of the Legal Adviser of the U.S. Department of State for over thirty years and headed the office in her last three years at State. As the senior career attorney in the Office of the Legal Adviser, she advised the Secretary of State and other senior officials on all aspects of the Department's legal work. Ms. McLeod is a graduate of Yale University. She attended the University of Edinburgh as a Marshall Scholar and then went on to New York University Law School where she was a Root-Tilden Scholar. In 2016, she received the D.C. Bar's Beatrice Rosenberg Award for Excellence in Government Service.



## **Althea Kireilis**

### **ASSOCIATE DIRECTOR, OFFICE OF EQUAL OPPORTUNITY AND FAIRNESS**

Althea Kireilis is the Associate Director of the Office of Equal Opportunity and Fairness. She previously served as the chief procurement and contract management officer for the Executive Office of the President for 11 years where she worked on three presidential transitions and supported all operational contractual matters including small and minority businesses. She spent seven years at the General Services Administration in a variety of contracting positions. She is a retired Army Lieutenant Colonel with more than 21 years active military service in a variety of worldwide assignments. She is a graduate of Huron University and the Keller Graduate Management School at DeVry University.



# 4. Budget overview

## 4.1 Budget

The Director establishes the annual budget for the CFPB identifying projected full-time equivalent (FTE) levels as well as other expenses and investments necessary to fulfill the Bureau's statutory mandates, objectives, and functions. The Bureau's funding is categorized as "mandatory" (as opposed to "discretionary") and is not subject to the Congressional appropriations process.

In February 2020, the Bureau published a budget estimate of \$580 million for FY 2020 on its [website](#). The budget estimate for FY 2020 was also published in the FY 2021 President's Budget along with an initial budget estimate of \$595 million for FY 2021.

The budget estimate for FY 2021 was subsequently revised to \$596 million in October 2020 along with an initial budget estimate for FY 2022 of \$618 million. The FY 2021 and 2022 budget and FTE estimates will be shared with the Office of Management and Budget (OMB) in December 2020 and are expected to be published in the FY 2022 President's Budget in February 2021. They will also be included in the Bureau's Strategic Plan, Budget, and Performance Plan and Report document, which is also expected to be published in February 2021.

Figure 1 reflects the FY 2020 actuals, FY 2021 revised budget, and FY 2021, initial estimate by division/program area. Figure 2 reflects historical and projected FY 2015 through FY 2022 figures for the Bureau's transfer cap, published budget, actuals, and transfer requests.

**FIGURE 1: FISCAL YEAR 2020 ACTUALS, FY 2021 REVISED BUDGET, AND FY 2021 INITIAL ESTIMATE BY DIVISION/PROGRAM AREA (\$ IN MILLIONS)**

<b>Division/Other</b>	<b>FY 2020 Actuals<sup>4</sup></b>	<b>FY 2021 Revised Budget</b>	<b>FY 2022 Initial Budget Estimate</b>
Office of the Director <sup>5</sup>	\$16.4	\$17.3	\$18.4
Operations Division	\$274.5	\$276.1	\$284.0
Consumer Engagement & External Affairs Division <sup>6</sup>	\$67.1	\$82.7	\$84.0
Consumer Education & Engagement Division <sup>6</sup>	\$0.0	\$0.0	\$0.0
Research, Markets and Regulations Division	\$34.4	\$37.6	\$38.3
Supervision, Enforcement, and Fair Lending Division	\$139.0	\$154.2	\$164.6
Legal Division	\$16.0	\$18.0	\$18.3
External Affairs Division <sup>6</sup>	\$8.2	\$0.0	\$0.0
Other Programs <sup>7</sup>	\$3.0	\$10.0	\$10.1
<b>Total</b>	<b>\$558.5</b>	<b>\$595.9</b>	<b>\$617.7</b>

<sup>4</sup> 2020 actuals reflect new obligations incurred and include upward adjustments to obligations from prior years based on preliminary, unaudited information. Final 2020 actuals will be available on November 15, 2020.

<sup>5</sup>The Office of the Director includes the Private Education Loan Ombudsman.

<sup>6</sup> In FY 2021, the Consumer Education & Engagement and External Affairs Divisions merged into Consumer Engagement & External Affairs Division.

<sup>7</sup> Other Programs includes Ombudsman Office, Administrative Law Judge Office, and Director's Financial Analysts program.

**FIGURE 2: BUDGET BY FISCAL YEAR FOR THE BUREAU (\$ IN THE MILLIONS)**

<b>Fiscal year</b>	<b>Transfer cap</b>	<b>Published budget<sup>8</sup></b>	<b>Actuals<sup>9</sup></b>
2015	\$619	\$582	\$524
2016	\$632	\$606	\$575
2017	\$646	\$646	\$593
2018	\$663	\$616	\$553
2019	\$679	\$533	\$510
2020	\$696	\$580	\$559
2021	\$718	\$596 <sup>10</sup>	TBD
2022	\$734	\$618 <sup>10</sup>	TBD

### 4.1.1 Funding sources

Funding to support the Bureau’s operations is obtained primarily through transfers from the Board of Governors of the Federal Reserve System (Federal Reserve). Transfers to the Bureau were capped at 12% of the Federal Reserve System’s 2009 operation expenses. Beginning in FY 2014, the transfer cap has been adjusted annually using the Employment Cost Index (ECI) for total compensation for state and local government workers. Transfers from the Federal Reserve System are capped at \$717.5 million for FY 2021. Funds transferred from the Federal Reserve System are deposited into the Consumer Financial Protection Bureau Fund (Bureau Fund), which is maintained at the Federal Reserve Bank of New York.

The Director is authorized to request transfers from the Federal Reserve System in amounts that he or she has determined are reasonably necessary to carry out the Bureau’s mission within the limits set forth in the Dodd-Frank Act. Amounts to be transferred to the Bureau are initially determined during the annual budget process and requested from the Federal Reserve Board each quarter. The quarterly transfer requests are posted on the [Bureau’s website](#).

Figure 3 (b)(5)

<sup>8</sup> Prior to FY 2019, the published Budget reflects pre-sequestration amounts. The effect of sequestration for FY 2021 sequestration rate is 5.9%. FY 2022 has not yet been determined.

<sup>9</sup> 2020 actuals reflect new obligations incurred and include upward adjustments to obligations from prior years based on preliminary, unaudited information. Final 2020 actuals will be available on November 15, 2020.

<sup>10</sup> The FY 2021 and 2022 budget estimates were approved by Director Kraninger on October 2, 2020.

**FIGURE 3:**

(b)(5)

(b)(5)

**Figure 4**

(b)(5)

**FIGURE 4:**

(b)(5)

(b)(5)

In addition to transfers from the Federal Reserve, the Bureau also receives funding from: 1) the Federal Financial Institutions Examination Council (FFIEC) members for the collection, processing, and publication of data related to the Home Mortgage Disclosure Act (HMDA); 2) interest on Treasury securities; and 3) filing fees pursuant to the Interstate Land Sales Full Disclosure Act of 1968 (ILSA). <sup>12</sup>

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<sup>11</sup> (b)(5)

(b)(5)

<sup>12</sup> In FY 2020, other revenue totaled approximately \$4.8 million.

## 4.1.2 The President's budget

The Bureau was included in the President's "A Budget for America's Future – President's Budget FY 2021" ("President's Budget") released on February 10, 2020. The President's Budget proposed "legislation to restructure the Consumer Financial Protection Bureau (CFPB), limit its mandatory funding in 2021, and provide discretionary appropriations beginning in 2022."

The President's Budget proposed a \$110 million reduction in the Bureau's transfer amount for FY 2021. In the proposal, the \$110 million decrease in the transfer request would have required the Bureau to reduce planned obligations by \$58 million and utilize the unobligated balances for the remaining \$52 million. The OMB has included this legislative proposal in its budget for the past several years.

## 4.2 Staffing

Each year, the Bureau formalizes a staffing plan to identify personnel resources needed to meet mission requirements and priorities. This is determined through a staffing plan exercise with senior leadership across the Bureau. These discussions focus on reviewing the progress against the current fiscal years' staffing plan as well as identifying staffing goals and hiring strategies for the upcoming fiscal year. This process also aligns the Bureau's staffing decisions to the personnel budget. Once the final staffing plan is approved, senior leadership is provided quarterly updates to ensure staffing decisions continue to reflect the Bureau's mission priorities.

Figure 5 (b)(5)

Figure 6 (b)(6)

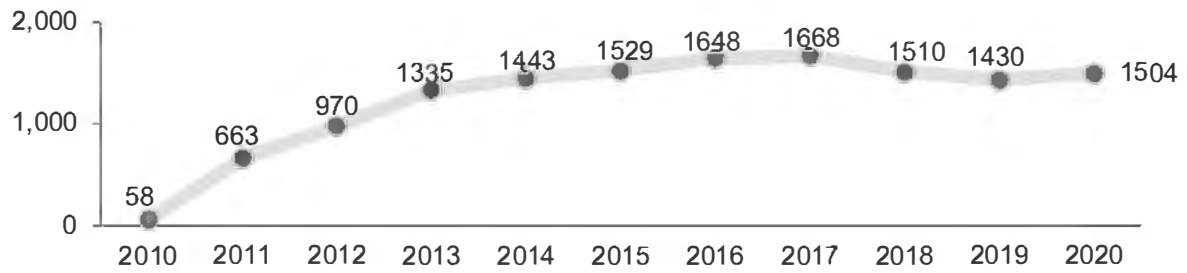
(b)(5)

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<sup>13</sup> FTE is the number of full-time equivalent staff during the year, taking interns, detailed staff, special appointments, and partial year appointments into consideration (someone who worked half-time or worked for only half of the year counts as half of an FTE).

<sup>14</sup> Headcount numbers reflect each individual employed at the Bureau. It does not account for hours worked as is considered in the FTE definition.

**FIGURE 5: BUREAU EMPLOYEES BY FISCAL YEAR (AS OF SEPTEMBER 30, 2020)**



**FIGURE 6:**

(b)(5)

(b)(5)

## 4.3 Civil Penalty Fund

Section 1055(a) of the Dodd-Frank Act authorizes the Bureau to obtain any appropriate legal or equitable relief for violations of Federal consumer financial laws. That relief may include civil penalties. Section 1017(d) of the Dodd-Frank Act further establishes a Consumer Financial Civil Penalty Fund (Civil Penalty Fund) into which the Bureau deposits civil penalties it collects in judicial and administrative actions under Federal consumer financial laws.

Under the Act, funds in the Civil Penalty Fund may be used for payments to the victims of activities for which civil penalties have been imposed under the Federal consumer financial laws. To the extent that such victims cannot be located or such payments are otherwise not practicable, the Bureau may use funds in the Civil Penalty Fund for the purpose of consumer education and financial literacy programs.

On May 7, 2013, the Bureau published the Civil Penalty Fund rule, 12 C.F.R. part 1075, a final rule governing the Bureau's use of the funds in the Civil Penalty Fund. That rule requires the Bureau to issue regular reports on the Civil Penalty Fund. Since its inception, the Bureau annually reports a summary of the Civil Penalty Fund activity from the previous fiscal year, including a description of Civil Penalty Fund collections, a description of Civil Penalty Fund allocations and the basis for those allocations, and an overview of the distribution of those funds.

As of September 30, 2020, the Civil Penalty Fund had an unallocated balance of \$576.1 million in funds that have been collected and are not otherwise allocated or set aside for administrative purposes.

### 4.3.1 Civil Penalty Fund allocation process overview

In accordance with Section 1017(d) of the Dodd-Frank Act, 12 U.S.C. § 5497(d), the Bureau promulgated the Civil Penalty Fund Rule in May 2013, which governs how money in the Fund is used to compensate victims and the circumstances in which funds may be allocated for consumer education and financial literacy programs.

Every six months, the Civil Penalty Fund Administrator determines which classes of victims will receive payments from the Fund. To make that determination, the Fund Administrator assesses how much money is available in the Fund and reviews closed cases to determine which victims are eligible to receive payments. According to the Civil Penalty Fund rule, the Bureau may make Civil Penalty Fund payments to consumers who were harmed by a violation for which civil penalties were imposed and who are not otherwise expected to receive full compensation for their compensable harm. The Fund Administrator will determine the victim's total compensable harm by looking to the terms of the relevant court or administrative order. If the amount of a victim's compensable harm cannot be determined based on the terms of the relevant order, the victim's compensable harm will generally be his or her out-of-pocket losses that resulted from the violation. Under the rule, victims may receive up to the amount of their uncompensated harm from the Fund. To determine the amount of a victim's uncompensated harm, the Fund Administrator will take the victim's total compensable harm and subtract out any compensation that the victim has received or is reasonably expected to receive for that harm.

The Fund Administrator follows the procedures established in the rule to decide how much money victims will receive. If there is enough money available, the Fund Administrator generally will allocate funds to give all eligible victims full compensation for their uncompensated harm as described above and in the rule. The rule also establishes procedures for the Fund Administrator to follow if there are insufficient funds to fully compensate all victims. To date, \$683 million has been allocated to eligible consumers.

If funds remain after allocating enough money to provide full compensation to all eligible victims who can practicably be paid, the Fund Administrator may allocate some or all of the remaining funds for consumer education and financial literacy programs.

As of September 30, 2020, the Bureau has allocated funds to compensate all identifiable victims for whom it is practicable to 100 percent of their eligibility.

The Bureau has made two allocations from the Civil Penalty Fund for consumer education and financial literacy purposes totaling \$29 million and the Bureau has funded one consumer education and financial literacy (CEFL) program through these allocations. The program provided financial coaching services to transitioning veterans and economically vulnerable consumers and was administered by the Division of Consumer Education and Engagement.



Financial coaching is a method of providing financial education whereby coaches give one-on-one advice to help consumers reach goals that they set for themselves. Since the program began in 2015, financial coaches have provided nearly 28,000 one-on-one coaching sessions to over 13,000 consumers, with focus on military veterans and economically vulnerable consumers. In FY 2018, at Acting Director Mulvaney’s request, the Bureau transitioned funding for this program from the Civil Penalty Fund to the Bureau Fund. The program was completed in March 2019.

Figure 7 provides the Civil Penalty Fund collections and allocations through September 30, 2020.

**FIGURE 7: CIVIL PENALTY FUND COLLECTIONS AND ALLOCATIONS (THROUGH 09/30/2020)**

<b>Civil Monetary Penalties Received</b>	<b>\$1,254,892,403<sup>15</sup></b>
Victim Compensation Allocation	\$683,021,406
CMP Funds Set Aside for the Administration of Victim Payments	\$6,073,322
CEFL Programming Allocation	\$28,812,809
Unclaimed Victim Payments- Returned to Fund	\$39,092,885
<b>Unallocated Civil Penalty Fund Balance</b>	<b>\$576,077,751</b>

### 4.3.2 Statutory authority

**Section 1017(d)** of the Dodd-Frank Act, 12 U.S.C. § 5497(d) authorizes the retention and use of Civil Monetary Penalties (CMPs) that the Bureau obtains in judicial or administrative actions under Federal consumer financial laws.

**Section 1017(d)(1)** establishes the “Consumer Financial Civil Penalty Fund” and provides that if the Bureau obtains a civil penalty in any judicial or administrative action under Federal consumer financial laws, the Bureau must deposit into the Fund the penalty collected.

**Section 1017(d)(2)** authorizes the Bureau to use these funds for payments to the victims of activities for which civil penalties have been imposed under the Federal consumer financial laws

<sup>15</sup> This amount and the Unallocated Civil Penalty Fund Balance include \$10,693,572 that was collected pursuant to two orders that, as of September 30, 2020, were under appeal. These funds are not currently available for allocation according to the Civil Penalty Fund rule. The amounts also include \$2,017,192.83 that was subject to sequestration in FY 2020. Those funds were not available for allocation in FY 2020 but became available to the Bureau in FY 2021.

or, to the extent that such victims cannot be located or payments to them are otherwise not practicable, for consumer education and financial literacy programs.

**12 C.F.R. § 1075** – Consumer Financial Civil Penalty Fund Rule - On May 7, 2013, the CFPB published a final rule that implements Section 1017(d)(2) of the Dodd-Frank Act.

### 4.3.3 Staffing and governance

The Civil Penalty Fund is managed by the Governance and Compliance team within the Office of the Chief Financial Officer. The Fund Administrator reports to the Chief Financial Officer. No staff salaries are paid out of the Civil Penalty Fund.

The Civil Penalty Fund Governance Board advises the program Fund Administrator. The Board is chaired by the Bureau's Chief of Staff and includes the senior leaders from across the Bureau including the Associate Director for Supervision, Enforcement, and Fair Lending; the Chief Operating Officer; and the General Counsel.

### 4.3.4 Key dates

- May 7, 2013—The Civil Penalty Fund Rule published
- May 30, 2013—First Civil Penalty Fund Allocation
- November 29, 2013—Second Civil Penalty Fund Allocation
- May 30, 2014—Third Civil Penalty Fund Allocation
- November 28, 2014—Fourth Civil Penalty Fund Allocation
- May 29, 2015—Fifth Civil Penalty Fund Allocation
- November 27, 2015—Sixth Civil Penalty Fund Allocation
- May 27, 2016—Seventh Civil Penalty Fund Allocation
- November 29, 2016—Eighth Civil Penalty Fund Allocation
- May 30, 2017—Ninth Civil Penalty Fund Allocation
- November 29, 2017—Tenth Civil Penalty Fund Allocation
- April 20, 2018—The Bureau enters an order against Wells Fargo for a \$500M CMP, the largest to date

- May 30, 2018—Eleventh Civil Penalty Fund Allocation
- November 29, 2018—Twelfth Civil Penalty Fund Allocation
- May 29, 2019—Thirteenth Civil Penalty Fund Allocation
- November 29, 2019—Fourteenth Civil Penalty Fund Allocation
- May 29, 2020—Fifteenth Civil Penalty Fund Allocation

### 4.3.5 External reviews of the Civil Penalty Fund

Figure 8 provides a list of external reports for the review of the Civil Penalty Fund.

**FIGURE 8: EXTERNAL REVIEWS OF THE CIVIL PENALTY FUND**

<b>Auditor</b>	<b>Report Title</b>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2019)</u>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2018)</u>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2017)</u>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2016)</u>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2015)</u>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2014)</u>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2013)</u>
GAO	<u>Financial Report of the Consumer Financial Protection Bureau (Fiscal Year 2012)</u>
GAO	<u>Consumer Financial Protection Bureau: Opportunity Exists to Improve Transparency of Civil Penalty Fund Activities (GAO-14-551)</u>
GAO	<u>Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies (GAO-17-59)</u>
OIG	<u>Audit of the CFPB's Civil Penalty Fund (2014-AE-C-001)</u>
OIG	<u>The CFPB's Civil Penalty Fund Victim Identification Process Is Generally Effective but Can Be Enhanced (2016-FMIC-C-001)</u>
OIG	<u>Independent Accountants' Report on the Bureau Civil Penalty Fund's 2019 Compliance With the Improper Payments Information Act of 2002, as Amended (2020-FMIC-C-013)</u>
OIG	<u>Independent Accountants' Report on the Bureau Civil Penalty Fund's 2018 Compliance With the Improper Payments Information Act of 2002, as Amended (2019-FMIC-C-006)</u>
OIG	<u>Independent Accountants' Report on the Bureau Civil Penalty Fund's 2017 Compliance With the Improper Payments Information Act of 2002, as Amended (2018-FMIC-C-009)</u>

Auditor	Report Title
OIG	<u>The CFPB's Civil Penalty Fund Is in Compliance With the Improper Payments Information Act of 2002, as Amended (2017-FMIC-C-006)</u>
OIG	<u>The CFPB's Civil Penalty Fund Is in Compliance With the Improper Payments Information Act of 2002, as Amended (2016-FMIC-C-007)</u>
OIG	<u>The CFPB is in Compliance with IPIA (2015-FMIC-C-008)</u>
Independent Auditor	<u>Consumer Financial Protection Bureau Independent Audit of Selected Operations and Budget</u>

# 5. Division overviews

## 5.1 Research, Markets, and Regulations

### 5.1.1 Mission statement

The Research, Markets, and Regulations Division (RMR) promotes access to fair, transparent, and competitive markets for consumer financial products and services by sharing market knowledge, publishing research, and implementing Federal consumer financial laws.

RMR aspires to be:

- The author and implementer of pragmatic and effective rules and other policy initiatives
- A leader in research that deeply influences policy
- The Bureau's go-to source of up-to-date market intelligence
- A sought-after expert integrated into the Bureau's decision making
- A model workplace for an exceptional team

### 5.1.2 Organizational structure



#### CHART LEGEND

\* Position currently filled on an acting basis

† Indicates positions, offices, or functions required by the Dodd-Frank Act

### 5.1.3 Major functions and approach

The Dodd-Frank Act sets forth the fundamental functions performed by RMR. Section 1022(b)(1) of the Dodd-Frank Act authorizes the Director to “prescribe rules and issue orders and guidance as may be necessary or appropriate to enable the Bureau to administer and carry out the purposes and objectives of the Federal consumer financial laws.” Section 1022(d) also requires the Bureau to “conduct assessment of each significant rule or order adopted by the Bureau” and to “publish a report of its assessment ... not later than 5 years after the effective date of the subject rule or order.”

Section 1022(c) of the Dodd-Frank Act also provides that “[i]n order to support its rulemaking and other functions, the Bureau shall monitor for risks to consumers in the offering or provision of consumer financial products or services, including developments in [such] markets” and further provides that the Bureau “shall publish not fewer than one report of significant findings of its monitoring ... in each calendar year.”

Section 1013(b)(1) of the Dodd-Frank Act, entitled “Research,” finally requires the Director to “establish a unit whose functions shall include researching, analyzing, and reporting on” six broad subject areas, including “developments in markets for consumer financial products or services,” “access to fair and affordable credit for traditionally underserved communities,” “consumer awareness, understanding and use of disclosures,” “consumer awareness and understanding of costs, risks and benefits,” and “consumer behavior with respect to consumer financial products or services.”

RMR is responsible for executing these statutory provisions. The Division consists of the Office of Research, Office of Regulations, and three Markets Offices which together cover the full range of consumer financial markets. Combining regulatory attorneys and compliance specialists in an Office of Regulations with economists and other social scientists in an Office of Research as well as seasoned industry veterans in Markets Offices is intended to assure that Bureau rulemaking and policy making are informed by data, economics, and business practicalities. Mixing research professionals with the regulatory attorneys and market experts also makes the research and data-gathering that are conducted more relevant and useful.

Major policy analyses and rulemakings are conducted with interdisciplinary teams representing the three major functions (Research, Markets, and Regulations). Major research projects are often conducted jointly across offices as well. The Division’s work rests on a culture of collaboration, critical and independent thinking, and robust debate.

## Major functions of each office

The **Office of Research** participates in rulemaking teams, including developing and writing the benefit-cost analyses for rulemakings and leads ex-post assessments on the effectiveness of significant rules. The Office uses accepted techniques of economics and other social sciences to evaluate consumer decision-making to provide usable insights for policy makers and market participants and brings the perspectives and research findings of economists and other social scientists to Bureau decision making, including rulemaking. Other functions include publishing findings in public reports and peer-reviewed academic journals and conferences as well as develop and maintain complex data sets and implement surveys and other data collections. The Office also provides analytical support for the Bureau's supervision and enforcement mission, including econometric analyses for fair lending examinations and other selected compliance matters.

The **Markets Offices** bring practical experience and knowledge about the market and about financial institutions' business strategies and operations to Bureau decision making, including rulemaking. These offices gather intelligence about market trends and developments through data analysis and through ongoing contacts with industry participants and other external stakeholders and share this intelligence with the rest of the Bureau in regular internal publications. Other functions of these offices are to provide on-demand consulting to regulatory attorneys, enforcement attorneys, examiners, and consumer education specialists. The Markets Offices support the Office of Research in collecting information from industry for benefit-cost analyses and for assessing the effects of rules. The Office publishes white papers, delivers speeches, and engages in other outreach to inform industry and the market about Bureau policies and concerns and to gather market perspectives on contemplated Bureau policymaking. The Office also leads externally-facing, non-regulatory initiatives.

The **Office of Regulations** brings the experience of practicing attorneys with specialized expertise in consumer financial statutes and regulations to Bureau policymaking, including rulemaking. The Office plays a leading role in the rulemaking process, including initial scoping and policy analysis; preparing Advanced Notices of Proposed Rulemakings (ANPR) or Requests for Information as appropriate; drafting the regulatory text and accompanying explanations for proposed rules; reviewing comments received on ANPRs, Request for Information (RFIs), and proposed rules; and revising the regulatory text and drafting responses to comments for final rules. The Office also provides the Bureau and public with interpretive guidance, regulatory implementation and compliance materials, and other forms of support to promote industry compliance with new and existing rules. Other functions include supporting the Office of Research's work in preparing assessments of the effects of significant rules issued by the Bureau and leading or supporting other required and discretionary regulatory reviews.

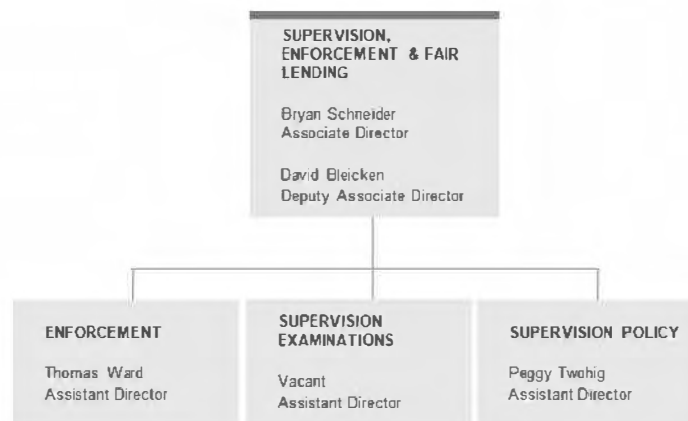
The RMR **Front Office** consists of a small staff that support the division's operations, administration, and management of its program and project portfolio.

## 5.2 Supervision, Enforcement, and Fair Lending

### 5.2.1 Mission statement

The Supervision, Enforcement, and Fair Lending Division (SEFL) is responsible for using the Bureau's supervision and enforcement authorities to protect American consumers from harm caused by financial services providers who do not follow the law. SEFL implements and enforces the Federal consumer financial law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.

### 5.2.2 Organizational structure



### 5.2.3 Major functions and approach

#### **SEFL's structure and authorities**

SEFL primarily meets its objectives through the tools of supervision and enforcement. It integrates the Bureau's supervisory and enforcement functions into a single division with the goal of allowing the Bureau to select the appropriate tool for each situation.

The Bureau is the first federal agency that has authority to carry out consistent oversight over depository and non-depository institutions, exercising its supervisory and enforcement authorities based on an institution's activities rather than its legal structure or its charter or



license. Prior to the Bureau's creation, consumer financial protection oversight was fragmented and exercised independently by seven different federal agencies.

SEFL's combination of structure and authorities is designed to allow it to incorporate several important features:

**Appropriate tool choice** – By integrating supervision and enforcement into the same division, SEFL's design is intended to allow the Division's leadership to assess which method of promoting compliance would be most appropriate for each situation. (b)(5)

(b)(5)

**Scope of Coverage** – The Bureau is the first Federal financial regulator with supervisory and enforcement authority over both depositories and non-depositories, which means that the level of oversight an institution receives (and the level of protection a consumer receives) can be based on any violations of law and the risk posed by the activity of the institution, not the institution's charter or corporate form. The Dodd-Frank Act outlines the scope of coverage for exercising the Bureau's supervision and enforcement tools, most notably that it applies to depository institutions with assets greater than \$10 billion. There are also limitations on the scope of our coverage of non-depository institutions though the enforcement authority affects a greater universe of entities than it applies to supervision.

**Risk-based prioritization** – Unlike the Federal prudential regulators, SEFL does not oversee institutions through its supervisory processes on a predetermined schedule. SEFL uses a rigorous, data-driven prioritization process and generally focuses its efforts on the particular product lines, institutions, and practices that pose the greatest risk to consumers. The Dodd-Frank Act outlines specific market segments for the Bureau's supervision and provides a mechanism for the Bureau to engage in rulemaking to subject larger participants to its jurisdiction. As a result, the Division, in part, focuses its supervisory attention on larger, more complex depository institutions and the non-depository institutions that offer consumer financial products and services that pose enhanced risk to consumers where a potential violation of law is likely to impact significant numbers of consumers. In other cases, depending on the prioritization and scheduling process for a particular year, an institution may or may not be examined. As a consequence, institutions that are relatively smaller in size and demonstrate strong compliance will be subject to less frequent supervisory oversight. Enforcement work is

prioritized to ensure that the Division is using its limited resources on matters that support areas of priority for the Division and the Bureau.

## Major functions of the Division and each office

(b)(5)	(b)(5) Details on the current organization and the role it plays in supporting compliance in the consumer financial services markets are outlined below.
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SEFL's **supervisory work** is premised on the cooperation of the supervised entity and is appropriate to the entity's size and risk profile. The Division focuses on an institution's compliance with Federal consumer financial law and the strength of its compliance program. This work often involves identifying specific violations of law, ensuring remediation to a harmed consumer, and evaluating an institution's practices to prevent violations of Federal consumer financial law. The primary method of conducting this work is through periodic on-site examinations. The Division also has a number of tools that allow supervision staff to evaluate and address issues that arise outside of the course of scheduled examinations, including off-site engagements, self-assessments, and regular monitoring. The supervisory process is necessarily a confidential one. In order to be as transparent as possible, SEFL publishes *Supervisory Highlights* approximately three times per year to summarize its supervisory findings without referencing specific institutions. Unique among financial regulators, *Supervisory Highlights* provides industry and the general public insight into issues the Bureau has focused on, where it has identified violations, and the resolution of the problems.

SEFL's **enforcement work** involves singular engagements focused on particular alleged violations of law and instances of consumer harm. Through investigations and public enforcement actions, this work ensures that consumers are appropriately remediated, that illegal practices stop, and that relatively more serious violations of the law are sufficiently addressed to deter similar illegal conduct. The primary enforcement activities are investigations

(using tools such as civil investigative demands (or CIDs) and investigational hearings); negotiated settlements (consent orders); and contested litigation (in Federal district court or in the Bureau's administrative process). New enforcement investigations are opened based upon a review of a variety of sources, including referrals from supervision or other regulators/law enforcement agencies, whistleblower tips, and consumer complaints. SEFL recognizes the significant impact an enforcement investigation and public resolution can have on an institution and continues to refine and assess its processes to ensure fairness to institutions, the avoidance of unnecessary burden to institutions, and the appropriate use of its prosecutorial discretion.

In coordination with the Consumer Education and External Affairs Division, SEFL also engages in **outreach** with relevant stakeholders—including industry, consumer groups, and interagency partners—to seek feedback to inform its work, share observations, and communicate compliance expectations. SEFL conducts this outreach through regular meetings with institutions and industry stakeholder organizations; reports, blog posts, and guidance materials; and sharing information on panels, trainings, and speaking events.

The **Office of Enforcement** develops the strategy for the enforcement program. Enforcement executes this strategy through investigations of possible violations of Federal consumer financial laws and enforcement actions. Enforcement also publishes enforcement bulletins to provide guidance to industry and the general public and conducts outreach to external stakeholders about enforcement priorities.

The **Office of Supervision Examinations (OSE)** oversees the execution of the supervision strategy by planning and executing supervisory activity and conducting ongoing monitoring of supervised entities. This office operates through four regional offices, located in Chicago, IL (Midwest Regional Office), New York, NY (Northeast Regional Office), Atlanta, GA (Southeast Regional Office), and San Francisco, CA (West Regional Office). OSE provides market analysis to support supervision's risk-based prioritization framework and delivers system support for examination tools used in the examination and monitoring processes. The Office develops and implements the examiner commissioning program and other professional development opportunities for the examiner corps. OSE conducts quality control of examination reports and other supervisory documents.

The **Office of Supervision Policy (OSP)** ensures a consistent supervisory approach nationwide for each product line for both depository and non-depository institutions and also across the four regions. OSP develops strategy for the supervision program in each product market. OSP supports each exam through product market teams, which conduct legal and regulatory analysis. OSP provides in-depth training to specific exam teams to support their execution of supervision strategy. OSP publishes supervisory communications, including guidance and Supervisory Highlights, and conducts outreach to external stakeholders.

The SEFL **Front Office** ensures consistency in strategy development and execution across the Division. The Office resolves tool choice decisions with respect to overall strategy for each market and with respect to particular matters and provides direction on significant policy issues within and across the Division's component offices. It also provides administrative, operational, and management support for the Division's component offices. The Office also represents and advocates for SEFL in Bureau-wide processes and decisions and conducts outreach to external stakeholders to communicate and obtain feedback on the work of the Division.

## 5.3 Consumer Education and External Affairs

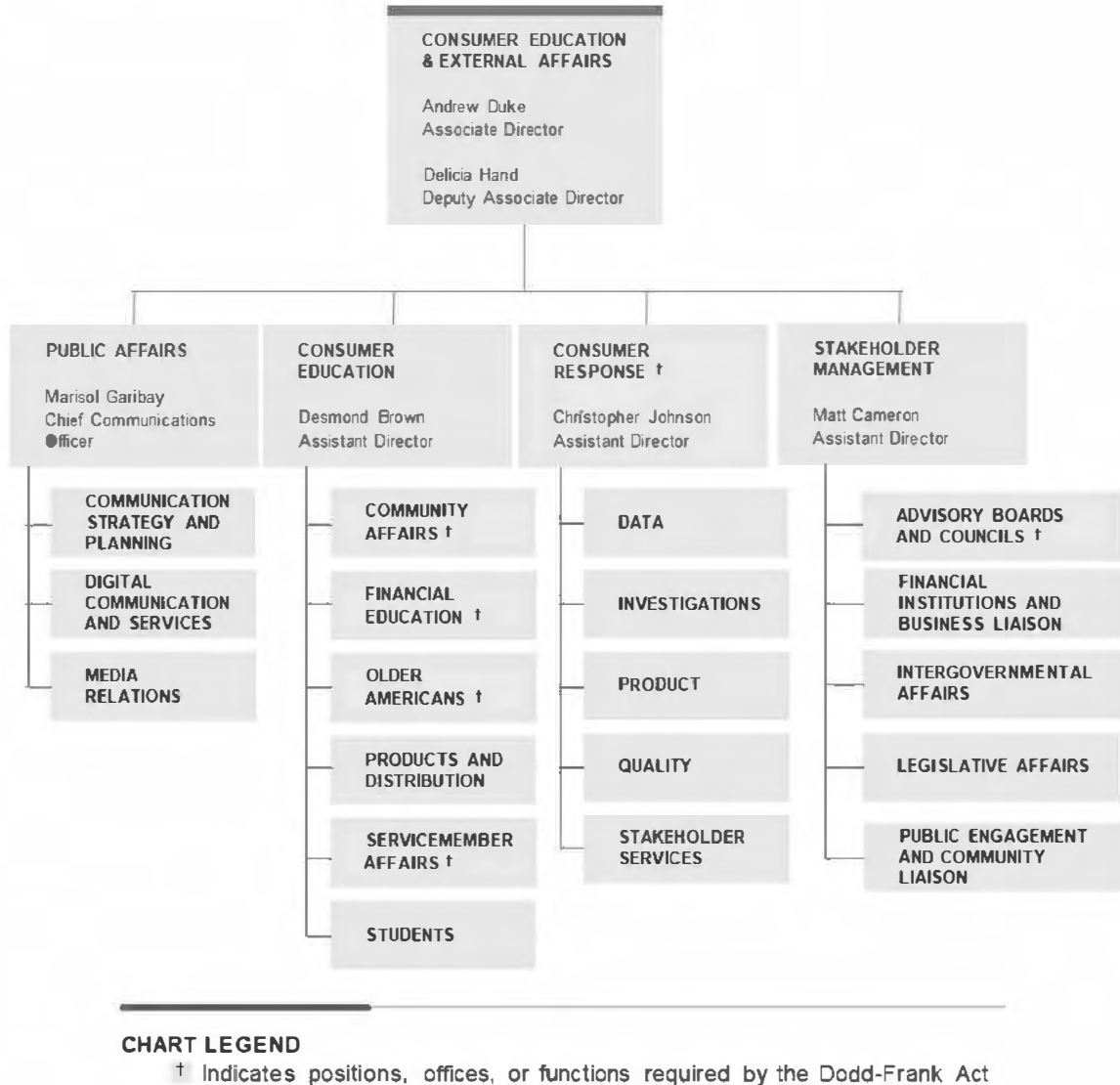
### 5.3.1 Mission statement

Consumer Education and External Affairs (CEEA) Division develops a coordinated and Bureau-wide approach to engagement and communication with consumers, policymakers, academics, and other stakeholders. The Division also identifies and develops education materials to assist consumers in their financial decision-making process. This Division was created through a merger of the former Consumer Engagement and Education Division (CEE) and the External Affairs Division (EA). While the process began in 2019, the new, combined organization became fully effective on October 1, 2020.

Through strategic engagement, CEEA:

- Empowers consumers to make choices about money to better reach their life goals
- Elevates the Bureau's brand and reach with consumers and other Bureau stakeholders
- Connects the Bureau to consumers, handles consumer complaints, analyzes and shares data to inform Bureau's work
- Builds relationships with and engages key stakeholders to leverage Bureau work and resources, amplify Bureau messages, and be responsive to stakeholder feedback

### 5.3.2 Organizational structure



### 5.3.3 Major functions and approach

#### Statutory objectives and functions

The Consumer Financial Protection Act of 2010 (Act)—Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010—establishes specific objectives and functions for

the Bureau including “conducting financial education programs.”<sup>16</sup> The statute lists a wide range of topics that Bureau financial education work should address, including:

- opportunities to access financial counseling
- credit histories and credit scores
- preparing the consumer for educational expenses and major purchases
- debt reduction
- improving one’s financial situation
- long term savings
- wealth building at tax time<sup>17</sup>

The statute describes additional specific objectives for older Americans, servicemembers and their families, and the traditionally underserved. Additionally, the statute requires the establishment of a unit within the Bureau to facilitate the centralized collection, monitoring, and response to consumer complaints about consumer financial products and services.<sup>18</sup> The statute also charges the CFPB with establishing a Consumer Advisory Board (CAB) to advise and consult with the Bureau’s Director on a variety of consumer financial issues.

The CEEA Division is comprised of four offices which work directly with stakeholder groups and are supported by a Front Office that manages high level coordination and oversees operations across the Division.

## Major functions of each Office

The **Office of Consumer Education** provides information for American consumers to consider in their financial decision-making process. The Office includes five sections supported

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<sup>16</sup> Dodd-Frank Act § 1021(c).

<sup>17</sup> See, for example, financial counseling (§1013(d)(2)(A)); credit histories and credit scores (§1013(d)(2)(B)); preparing the consumer for educational expenses and major purchases (§1013(d)(2)(D)(i)); debt reduction (§1013(d)(2)(D)(ii)); improving one’s financial situation (§1013(d)(2)(D)(iii)); long term savings (§1013(d)(2)(E)); and wealth building at tax time (§1013(d)(2)(F)).

<sup>18</sup> See Dodd-Frank Act §§1013(d)(establishing the Office of Financial Education); 1013(e)(establishing the Office of Servicemember Affairs); 1013(g)(establishing the Office of Financial Protection for Older Americans); 1013(b)(2)(establishing a unit whose functions shall include providing information, guidance, and technical assistance regarding the offering and provision of consumer financial products or services to traditionally underserved consumers and communities); and 1013(b)(3)(A)(establishing a unit whose functions shall include establishing a single, toll-free telephone number, a website, and a database or utilizing of an existing database to facilitate the centralized collection of, monitoring of, and response to consumer complaints regarding consumer financial products or services).

by a central front office: Financial Education, Students, Servicemember Affairs, Older Americans, and Community Affairs.<sup>19</sup>

- **Financial Education** works to make effective financial education available to more people through trusted sources so that people can make better informed financial decisions. This team focuses on encouraging and supporting the growth and effectiveness of more places where people can obtain financial education resources, such as libraries, schools, and even employers. It also provides education and resources to build the financial skills of the next generation through materials to make it easier for teachers and families to provide financial education to youth.
- **Students and Young Consumers** develops tools and resources to help students, young adults, and their families manage their money, build credit, save or pay for college, and repay student debt. This team also develops resources for those helping students and their families understand their financial situation and make the best decisions for them.
- **Servicemember Affairs** supports the financial well-being of servicemembers, veterans, and military families as they make decisions at significant stages throughout the military lifecycle. The team also advises the Department of Defense as it fulfills its statutory financial education obligations and identifies where military personnel and their families may need new or stronger financial consumer protections.
- **Older Americans** works to help people plan and prepare for key decisions to achieve and maintain later life financial security. The team develops materials to educate older consumers, caregivers, aging networks, and service providers about how financial decisions may affect retirement security and to identify signs of fraud and elder financial abuse.
- **Community Affairs** helps economically vulnerable consumers who are traditionally underserved build financial capability to achieve their financial goals. The team provides information and tools to organizations across the country to integrate financial capability into programs where people are already receiving other services.

The **Office of Public Affairs (OPA)** develops strategic communications plans to elevate the Bureau's reach to consumers. The Office includes three program offices: Digital Communication and Services, Media Relations, and Communication Strategy and Planning. The Office manages relations with the news media to inform consumers, policymakers and the public about the

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<sup>19</sup>Financial Education, Servicemember Affairs, Older Americans, and Community Affairs are required by the Dodd-Frank Act.

Bureau's work. The Office engages with a wide range of media outlets from the core group of reporters that cover the Bureau's work daily to a much larger pool of outlets that may cover Bureau activity occasionally. The audience for Bureau-related stories ranges from trade publications often focused on highly technical issues to national news stories or financial advice columns. The Office's media relations work also consists of responding to daily press requests as well as proactively seeking out opportunities for interviews or positive stories that raise public awareness of Bureau programs or enables consumers to thrive in the financial marketplace. The Office of Public Affairs also drafts speeches for Bureau leadership and develops messaging and talking points to ensure consistency in the Bureau's public engagements.

The **Office of Stakeholder Management (OSM)** identifies ways to engage stakeholders and the American public in order to promote understanding, transparency, and accountability. The Office performs most of the functions previously under the purview of the former External Affairs (EA) Division and includes five sections supported by a central front office: Advisory Board and Councils, Financial Institutions and Business Liaison, Intergovernmental Affairs, Legislative Affairs, and Public Engagement and Community Liaison.

- **Advisory Boards and Councils**<sup>20</sup> serves as a single point of contact for advisory committee members, manages their relationships with the Bureau, and regularly shares their advice and recommendations on a broad range of consumer financial issues and emerging market trends with CFPB leadership. In addition to the statutorily required Consumer Advisory Board (CAB), the Bureau established three discretionary advisory committees: Community Bank Advisory Council (CBAC), Credit Union Advisory Council (CUAC), and Academic Research Council (ARC). The CBAC and CUAC advise and consult with the Bureau on consumer financial issues related to community banks and credit unions. The ARC shares insight relating to research methodologies, data collection, and analytic strategies. This team oversees the activities, engagements, and meetings of the CAB, CBAC, CUAC, and ARC. It also works to ensure the Bureau is compliant with the Federal Advisory Committee Act (FACA), serves as a single point of contact to the General Services Administration's (GSA) Committee Management Secretariat, and manages appropriate policies and procedures for the constitution and management of the advisory board and councils.
- **Financial Institutions and Business Liaison** establishes and maintains relationships and engagements with the financial industry to ensure a collaborative approach to the Bureau's work and meets with banks, credit unions, financial institutions, trade associations, and other industry stakeholders to communicate and gather input and feedback on policy matters. This team serves as a central point of

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<sup>20</sup> The Dodd-Frank Act mandates a consumer advisory board function for the Bureau.



contact for financial institutions to relay comments and questions about the Bureau's policies and actions and works with offices to ensure that industry feedback and comments are incorporated in the Bureau's work. Specifically, it works with the Markets Offices to gain insight on market trends, products, services and practices that impact consumers and the financial industry. This team also works with financial institutions to identify potential areas for regulatory simplification.

- **Intergovernmental Affairs** establishes and maintains relationships with state, tribal, local, and international government policymakers and federal agencies. This team shares information, coordinates policy initiatives, and provides strategic coordination among Bureau staff and other government entities. It helps to determine whether and to what extent Bureau policies or activities implicate intergovernmental equities or interests. The team also collaborates with other divisions to strengthen relationships with state regulators and law enforcement partners.
- **Legislative Affairs** builds and manages the Bureau's relationships with members of Congress and Congressional committees. It coordinates the Bureau's responses to correspondences and provides information and technical assistance requests from congressional committees and Member offices. The team also manages briefings for congressional and committee staff about Bureau initiatives and issues of interest to the Congress. It prepares Bureau officials for testimony at congressional hearings and contributes technical and legislative expertise to Bureau decision making.
- **Public Engagement and Community Liaison** is the Bureau's direct link to community and nonprofit stakeholders. This team serves to promote dialogue with the nonprofit sector to inform and impact the Bureau's work. Stakeholder group categories include but are not limited to academia, asset building, civil rights, consumer protection, community reinvestment, faith-based, housing counseling, labor, legal aid, policy think tanks, etc. This team serves as a central point of contact for nonprofit and community groups to relay comments and questions about the Bureau's policies and actions and works with offices to ensure that nonprofit feedback and comments are incorporated into the Bureau's work.

The **Office of Consumer Response**<sup>21</sup> hears directly from consumers about the challenges they face in the financial marketplace, answers consumer questions about consumer financial products, and handles consumer complaints about a range of consumer financial products. Consumers who have a problem with a financial product or service can submit a complaint either online through a web portal or by telephone through a toll-free, U.S.-based contact center.

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<sup>21</sup> The Dodd-Frank Act mandates that the Bureau collect and track complaints.

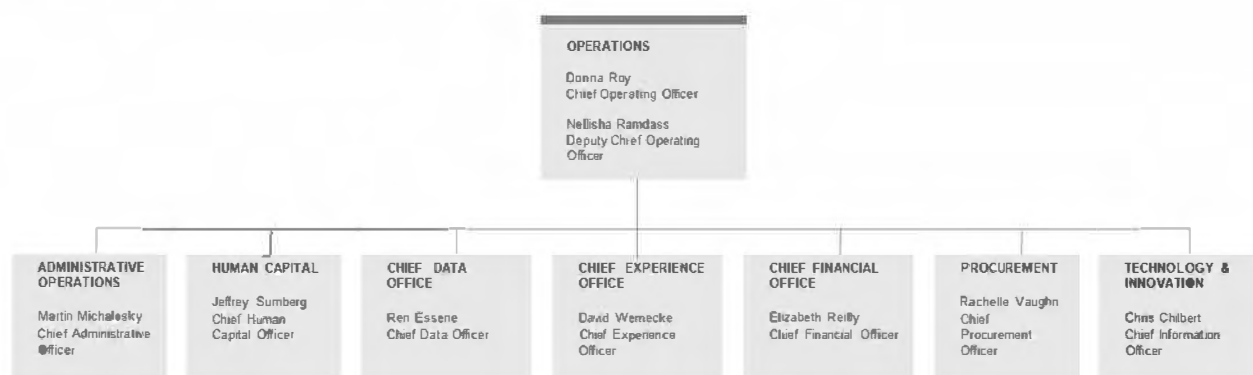
The Office sends complaints received to companies to get consumers a response. Collectively, these complaints inform the Bureau's work and also inform other state and federal agencies as they identify and address problem areas faced by consumers. Consumer Response also analyzes and shares consumer complaint information internally and with other federal and state agencies.

## 5.4 Operations

### 5.4.1 Mission statement

The Operations Division improves the Bureau's operational functions and related foundational processes by creating excellent processes that improve service levels and controls with coordinated teams and transparent decisions.

### 5.4.2 Organizational structure



### 5.4.3 Major functions and approach

The Operations Division provides operational support to the entire Bureau and consists of the following offices that are broken down by functional area.

**Administrative Operations** provides facilities, logistics, personnel security, library, and other administrative support for the Bureau.

**Human Capital** provides human capital services, policies, and procedures for the Bureau in the areas of recruiting and hiring; compensation and benefits; performance management; awards and recognition; leadership and team member development; HR systems; and labor and employee relations.

The **Chief Data Office** leads the Bureau's data strategy and is responsible for developing policies and guidance to facilitate compliance and the effective management, use, sharing and protection of the Bureau's data assets across the data lifecycle.

The **Chief Experience Office** prioritizes the customer experience by designing intuitive customer-focused products and services, while managing change and facilitating a streamlined Bureau-wide communication strategy.

The **Chief Financial Office** is responsible for the Bureau's budget; financial management, statements, and audit; internal control reviews; travel; Civil Penalty Fund; and audit follow-up.

**Procurement** awards and administers contracts in compliance with federal procurement rules and regulations and Bureau policies. Manages the purchase card program and supports the Bureau's Contracting Officer's Representatives (CORs).

**Technology and Innovation** is responsible for developing, implementing, and managing all the Bureau's IT assets, infrastructure, systems, and policies.

The Operations **Front Office** provides overall strategic and tactical direction to ensure the effective and efficient execution of the Division's goals and priorities. Additionally, the Front Office provides operational and administrative support to the entire Division.

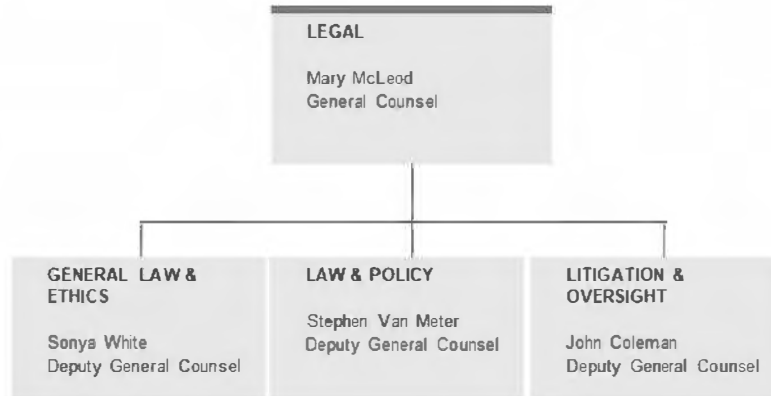
## 5.5 Legal

### 5.5.1 Mission statement

The Legal Division (LD) provides thoughtful, useful, and innovative legal analysis, advice and representation in order to advance the Bureau's mission and ensure that the Bureau and its programs conform with applicable law, regulation, and policy.

In fulfilling this mission, LD collaborates with other stakeholders on mission-critical issues and provides support for the Bureau's work through efficient pre-clearance and clearance processes and timely legal support and advice on all issues before the Bureau. LD ensures that the Bureau takes consistent and well-supported legal positions across the range of agency functions, including rulemaking, supervision, enforcement, consumer education, and internal Bureau operations. LD represents the agency in all defensive and appellate litigation, and before oversight bodies. In carrying out its responsibilities, LD provides objective advice, ensures legal sufficiency, strengthens legal arguments, promotes well-informed decision making, identifies and assesses risk to the Bureau, and develops and protects a sound view of the Bureau's authorities.

## 5.5.2 Organizational structure



## 5.5.3 Major functions and approach

LD is headed by the General Counsel and provides the Bureau with legal advice about the mission and operations of the agency and represents the agency in all defensive and appellate litigation. The General Counsel serves as the Bureau's chief legal officer and acts as principal legal advisor to the Director and the Bureau's divisions and offices.

Like the General Counsel offices of other federal agencies, the Legal Division is organized into functional groups that leverage the specialties of legal subject matter experts. These offices include: (1) General Law and Ethics (GLE), (2) Law and Policy (L&P), (3) Litigation and Oversight (L&O), and (4) the Front Office.

Practice areas with common elements that require similar legal knowledge and skills are grouped together to maximize the efficiency of LD staff as a whole. This structure allows for easier and quicker flow of staff and resources in time-sensitive situations. (For example, GLE staff and resources are easily and seamlessly shared among the various general law practice areas). Despite this segmentation, however, LD's senior staff continually assesses the allocation of resources among the three offices and reapportion resources, temporarily or permanently, as necessary.

The **Office of General Law & Ethics (GLE)** is overseen by a Deputy General Counsel and three Assistant General Counsels. GLE advises the Operations Division and managers throughout the agency on legal issues related to the laws generally applicable to the operations of administrative agencies, such as Bureau funding and use of funds, procurement, labor relations, employment, information, facilities, intellectual property, physical and data security, advisory councils and groups, and internal controls and enterprise risk management as well as special provisions contained in the Bureau's authorizing statute. GLE also advises program offices throughout the Bureau on general law issues related to their policy and program

initiatives. Additionally, GLE represents the Bureau in administrative fora in personnel-related, labor-related, and procurement-related litigation before the Equal Employment Opportunity Commission (EEOC), U.S. Merit Systems Protection Board (MSPB), U.S. Federal Labor Relations Authority (FLRA), arbitrators, and U.S. Government Accountability Office (GAO). The Deputy General Counsel serves as the Bureau's Designated Agency Ethics Official (DAEO) with responsibilities for administering the Bureau's government ethics program and liaising with the Office of Government Ethics (OGE) on behalf of the Bureau. The ethics team within GLE provides ethics advice to Bureau management and individual employees about government ethics laws and the CFPB Ethics Regulations, delivers ethics education and training to all employees, and manages the Bureau's financial disclosure reporting program.

The **Office of Law and Policy (L&P)** is overseen by a Deputy General Counsel and three Assistant General Counsels. L&P advises the Director and Bureau components on the Bureau's authorities and jurisdiction, the interpretation of consumer financial protection statutes and regulations (as well as other relevant laws) and matters of administrative law. L&P helps ensure that the Bureau takes consistent and well-supported legal positions across the range of agency mission functions, including rulemaking, supervision, enforcement, and consumer response and education, and represents LD on cross-Bureau initiatives relating to the Bureau's mission activities. L&P also provides key legal support for implementation of Bureau mission-related programs, such as the no-action letter policy, the assessment of the Bureau's significant regulations, and the Bureau's framework for categories of Bureau rules and guidance documents, and for the Bureau's involvement in interagency bodies, including the Federal Financial Institutions Examination Council (FFIEC).

The Office of **Litigation and Oversight (L&O)** is overseen by a Deputy General Counsel and two Assistant General Counsels. L&O represents the Bureau in all defensive and appellate litigation in the courts and advises, often in coordination with other LD Offices, the Director and Bureau components on issues presenting litigation, mission-related, and reputational risks. L&O also files amicus briefs to help courts decide significant questions of Federal consumer financial protection law. In addition, L&O advises Bureau components on the agency's accountability obligations and helps manage the Bureau's responses to oversight authorities, including Congress and the GAO. In this capacity, L&O provides support to the Director and Bureau components in congressional hearings and briefings; assists in the collection, analysis, and production of data and documents; and helps coordinate the Bureau's audit responses to ensure accuracy and consistency.

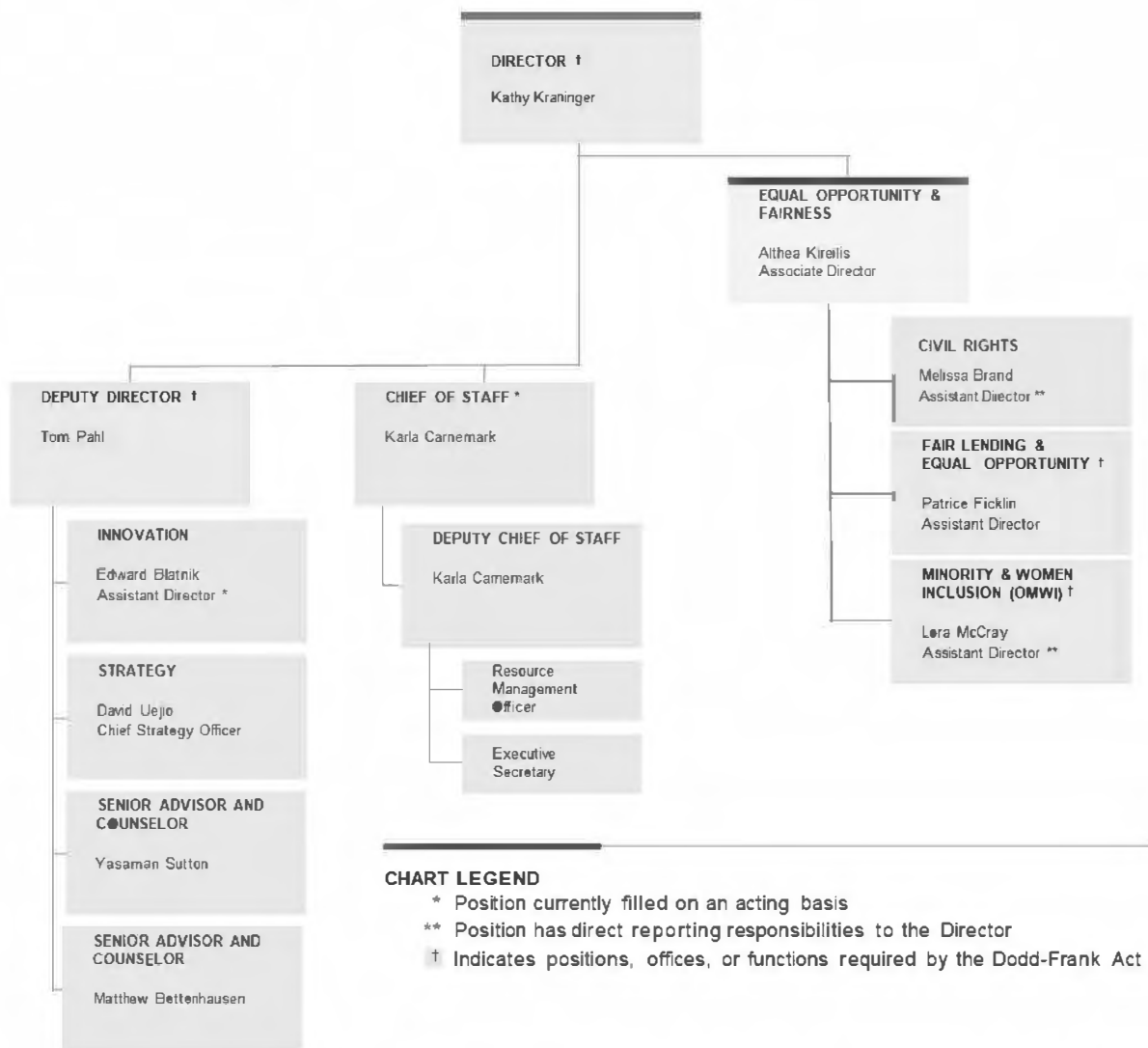
The Legal **Front Office** provides legal support to the General Counsel, manages Division-wide programs, and generally serves as a Division representative on cross-Bureau initiatives and management committees. Additionally, the Front Office provides operational and administrative support to the entire Division.

## 5.6 Office of the Director

### 5.6.1 Mission statement

The Office of the Director is responsible for providing management direction and support for the Bureau. This work includes coordinating and prioritizing operational and policy issues, driving innovation, supporting diversity and inclusion, managing incoming correspondence and scheduling, facilitating cross-Bureau collaboration and clearance of Bureau documents, identifying and managing enterprise risks, and monitoring divisional workstreams in order to provide updates and advice to the Director.

### 5.6.2 Organizational structure



### 5.6.3 Major functions and approach

The Office of the Director is comprised of three functional units as described below.

#### **Deputy Director**

The Bureau's **Deputy Director** serves as acting Director in the absence or unavailability of the Director. Further, the Deputy Director is the principal policy advisor to the Director and manages strategic planning and policymaking processes related to Federal consumer financial law. The Deputy Director is also responsible for advising the Director and managing all issues arising out of RMR, Legal Division, and SEFL.

The **Office of Strategy (Strategy)** designs and implements initiatives that enable the Bureau to operate as efficiently, effectively, and accountably as possible. Strategy is comprised of three functional areas: 1) strategy and goal setting, reviewing performance through clear metrics, and consulting and project management for the Director's priority initiatives, 2) implementing the Bureau's Enterprise Risk Management program, and 3) managing of the Director's Financial Analysts program, which recruits talented recent graduates with demonstrated analytical skill to the Bureau to support strategic priorities for a two-year term.

The **Office of Innovation (OI)** identifies, develops, and implements Bureau policies to foster the development and offering of financial technologies ("FinTech"). OI also is responsible for: 1) revising, implementing, and administering the Bureau's No Action Letter (NAL) and Trial Disclosure Waiver Policies as well as any new policies and programs concerning FinTech, 2) providing evaluations and advice to the Director on all recommendations that implicate FinTech, including evaluations of rulemakings and guidance with implications for FinTech, and 3) coordinating with federal, state, foreign governmental agencies, and international organizations on issues involving FinTech.

#### **Chief of Staff**

The Bureau's **Chief of Staff** supports the Director in managing the agency and its initiatives. The Chief of Staff is also responsible for advising the Director and managing all issues arising out of CEEA, Operations, and the Office of Equal Opportunity and Fairness. The Chief of Staff, through the Deputy Chief of Staff, oversees the Front Office including the Executive Secretary.

The **Front Office** serves three primary functions: 1) ensuring that the Director receives necessary counsel on Bureau initiatives with respect to policy development and operational issues; 2) coordinating and resolving issues affecting the Bureau both internally and externally; and 3) providing operational and administrative support to the Director and to the Director's Office as a whole.

The **Executive Secretary** is responsible for: 1) managing the clearance process for the Bureau's official communications, 2) organizing staff communications to the Director and Deputy Director through the preparation of daily briefing books, 3) processing and posting comments to electronic dockets at regulations.gov, and 4) coordinating the drafting of the Bureau's Semi-annual Report to Congress<sup>22</sup> and Annual Appropriations Report to Congress.

## **Office of Equal Opportunity and Fairness (OEOF)**

The **Office of Equal Opportunity and Fairness (OEOF)** advances fairness and equity in the work of the Bureau by coordinating and leveraging its statutory mission to ensure a discrimination-free workplace, fair inclusion and usage of women and minority-owned businesses, and nondiscriminatory access to credit for consumers and businesses. OEOF is a unit in the Office of the Director that is led by a senior management official and includes the Office of Civil Rights, Office of Minority and Women Inclusion, and Office of Fair Lending and Equal Opportunity. It also includes the Disability and Accessibility program. In July 2018, the Office of Fair Lending and Equal Opportunity was realigned to the Director's Office, elevating the importance of fair lending issues and ensuring a focus on advocacy, coordination, education, and reporting. The SEFL Division retained the authority for carrying out supervisory and enforcement functions across the Bureau's statutory responsibilities.

## **5.7 CFPB Ombudsman's Office**

### **5.7.1 Mission statement**

The **CFPB Ombudsman's Office** is statutorily required in Dodd Frank, § 1013(a)(5), and its mission is to advocate for fair process in consumer financial protection. To fulfill its mandate, it adheres to the ombudsman professional standards of practice of independence, impartiality, and confidentiality.

### **5.7.2 Organizational structure**

To achieve its independence, the Office is not part of the Bureau's five divisions or the Director's Office and has its own box on the organization chart.

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<sup>22</sup> The Spring 2020 Semi-Annual Report to Congress can be found on the Bureau's website.



### 5.7.3 Major functions and approach

The Office informally assists individuals, companies, consumer and trade groups, and others in resolving process issues with the Bureau. To maintain impartiality, the Office advocates for a fair process rather than for someone's desired outcome and does not speak on behalf of the Bureau. As a confidential resource, anyone can contact the Office in confidence if they so choose.

The Office addresses individual inquiries and broader, systemic process issues that may have impact regionally or nationwide. For broader issues, the Ombudsman selects topics where the Office can add the most value as an independent, impartial, and confidential resource to benefit the public and the Bureau. To provide assistance, the Office uses its toolbox of resources, such as facilitating discussions, engaging in shuttle diplomacy, providing feedback, making recommendations, functioning as an early warning mechanism, conducting studies, exploring options, serving as an independent advisor, and sharing independent analyses among other tools.

## 5.8 Private Student Loan Ombudsman

### 5.8.1 Mission statement

The Dodd-Frank Act created a private education loan ombudsman position, which is an independent position within the Bureau. The Dodd-Frank Act gave the Treasury Secretary, in consultation with the CFPB Director, the authority to designate the ombudsman. On August 16, 2019, the Bureau announced the appointment of the current private education loan ombudsman.

### 5.8.2 Major functions and approach

The private student loan Ombudsman's assists private student loan borrowers. The Ombudsman is interested in anything related to student loans (private and Federal), including origination and servicing, and engages in his mission through extensive partnership. Internally, this means working on student loan related topics with teams across the Bureau, including Students and Young Americans, Servicemember Affairs, Older Americans, Consumer Response, RMR, SEFL, and others. Externally, this includes engagement on student loan related topics with the Department of Education, institutions of higher education, lenders, guaranty agencies, loan originators and servicers, participants in private education loan programs, trade associations, and advocacy groups. Federal consumer financial laws that may pertain to student loans include TILA, Fair Credit Reporting Act (FCRA), Fair Debt Collection Practices Act

(FDCPA), ECOA, Bank Secrecy Act (BSA)/ Anti-Money Laundering (AML), and their associated regulations.

## 5.9 Office of Administrative Adjudication

### 5.9.1 Mission statement

The Office of Administrative Adjudication (OAA) is an independent office. There are approximately 20 statutory authorities administered by the Bureau that require hearings. Under Bureau regulations, an Administrative Law Judge (ALJ) presides over administrative adjudications initiated by the Bureau for alleged violations of these federal consumer financial laws. The ALJ exercises independent judicial discretion and authority and conducts proceedings in accordance with the Rules of Practice for Adjudication Proceedings, 12 C.F.R. Part 1081 and the Administrative Procedure Act (APA), 5 U.S.C. 551 et seq. The OAA is also responsible for maintaining records of administrative procedures, to include those that are not adjudicated by the ALJ.

### 5.9.2 Major functions and approach

The OAA strives to provide formal hearings that are expeditious and fair to all parties. ALJs preside over proceedings under statutes that regulate consumer financial institutions and products and issue a recommended decision to the Director. The Director's final decision has the potential to have a broad impact on consumers nationwide. Administrative hearings are conducted in an adversarial, public environment. The issues adjudicated often involve public policy that is of considerable controversy and will frequently have interested constituencies beyond the parties immediately involved.

Since the Bureau finalized its Rules of Practice for Administrative Adjudications in 2012, the Director has only referred two cases to an ALJ. Both took significant time and effort to adjudicate administratively and one remains on appeal. The Bureau has tended to exercise its enforcement authority through settlement or litigation in federal court rather than administrative adjudication, a preference that seems likely to continue for myriad reasons. Further, at this time, OAA does not have any full-time staff nor does the workload seem to warrant a full-time ALJ. The Bureau is reviewing its OAA regulation and will make recommendations regarding the path forward by year end.

# 6. Strategy and prioritization

## 6.1 CFPB Strategic plan for FY 2018-2022

The CFPB Strategic Plan for FY 2018-2022 articulates the Bureau's long-term strategic goals and objectives that drive achievement of the Bureau's mission. The full [FY 2018-2022 Strategic Plan](#) was published on February 12, 2018.

## 6.2 Strategic goals

The CFPB Strategic Plan for FY 2018 to FY 2022 articulates three strategic goals:

FIGURE 9: STRATEGIC GOALS

Goal	Description
Goal 1	Ensure that all consumers have access to markets for consumer financial products and services.
Goal 2	Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.
Goal 3	Foster operational excellence through efficient and effective processes, governance, and security of resources and information.

### **Goal 1. Ensure that all consumers have access to markets for consumer financial products and services.<sup>23</sup>**

Consumer protection begins with ensuring that all consumers have access to markets for consumer financial products and services. Access is enhanced where markets are transparent, competitive, and innovative and where providers can adapt to changing consumer demand. Access is also enhanced where consumers can reasonably obtain the information they need to make informed decisions.

Congress directed the Bureau to help educate consumers to make better informed financial decisions. The Bureau seeks to enhance the financial knowledge and skills of all Americans, from childhood to later life, so that individuals build their financial well-being. To facilitate

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<sup>23</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(a).

access, the Bureau also collects, investigates, and responds to consumer complaints when problems arise in consumer financial markets.

Congress has also assigned the Bureau the responsibility of issuing rules and guidance where appropriate to carry out the purposes and objectives of the Federal consumer financial laws. The Bureau carries out that responsibility by gathering the best available evidence and engaging in rulemakings to address market failures that make it difficult for consumers to engage in informed decision making and otherwise protect their own interests and reduce unwarranted regulatory burden so as to enable markets to operate efficiently, transparently, and competitively.

**Goal 2. Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive.<sup>24</sup>**

It is not enough simply to ensure that consumers have access to markets for consumer financial products and services. Equally important is that those markets must be fair, transparent, and competitive. Through the regulations it writes to implement federal consumer financial law and its activities to promote compliance with those laws, the Bureau is focused and is equipped to prevent financial harm to consumers resulting from unfair, opaque, or noncompetitive acts by market participants. The Bureau's aim is to promote practices that benefit consumers, responsible providers, and the economy as a whole.

An important objective of the Dodd-Frank Act is to ensure that Federal consumer financial law is enforced consistently without regard to whether a financial service provider is a bank or nonbank. Toward that end, the Dodd-Frank Act gives the Bureau the authority to supervise and examine many nonbank financial service providers such as mortgage companies, payday lenders, private education lenders, and larger participants in other markets as defined by rules issued by the Bureau. Industry structure is always changing, and therefore, so too will the number of institutions that fall under the Bureau's supervisory authority.

**Goal 3. Foster operational excellence through efficient and effective processes, governance and security of resources and information.**

The Bureau will review or revise its programs, policies, and processes that support and govern its internal operations to achieve its consumer protection mission and strategic goals. Achieving operational excellence requires the Bureau to mature and adapt policies, processes, tools and controls to operate more efficiently, effectively, and transparently. To accomplish its mission, the Bureau needs to maintain a sustainable, high performing, diverse, inclusive, and engaged workforce. By identifying and adopting leading practices to select, develop, and retain

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<sup>24</sup> As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1021(a).

employees, the Bureau can ensure that its workforce has the experience and skills needed to realize the strategic goals.

The Bureau is committed to the responsible stewardship of resources, which is critical to maintaining the public trust that enables the Bureau to achieve its mission. This includes having adequate information security safeguards to protect the Bureau's assets and information, robust internal controls, and disciplined financial management practices. To foster accountability, the Bureau will monitor and conduct periodic evaluations of operations to ensure effective management of resources and risk. This entails looking for opportunities to be more efficient and effective through innovative technology, maturity of the enterprise risk management program, and identification of budget savings and execution of process improvement activities.

# 7. High profile issues

## 7.1 Bureau response to the COVID-19 pandemic

During the COVID-19 pandemic, CFPB maintained a focus on protecting consumers in the financial marketplace through ensuring consumers receive information on their rights, protections, and options as well as ensuring financial institutions comply with federal consumer financial law. During times of operational stress, the Bureau also provided flexibilities in complying with the law so that financial institutions can devote their resources to serving their customers' most urgent needs. Through robust engagement with financial institutions, consumer advocates, government partners, and the public directly, the Bureau monitors what is happening in the market and takes appropriate action. A high-level summary of Bureau actions-to-date includes the following:

### *Interagency Statements*

- On March 22, 2020, the Bureau issued an interagency statement encouraging financial institutions to work constructively with borrowers affected by COVID-19 and providing additional information regarding loan modifications. The agencies were the Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and State Banking Regulators.
- Later, on April 7, 2020, the Bureau issued a revised interagency statement that clarifies the interaction between the interagency statement issued on March 22, 2020 and the temporary relief provided by Section 4013 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020. Section 4013 allows financial institutions to suspend the requirements to classify certain loan modifications as troubled debt restructurings (TDRs). The revised statement also provides supervisory interpretations on past due and nonaccrual regulatory reporting of loan modification programs and regulatory capital. The agencies were the FRB, FDIC, NCUA, and OCC in consultation with the State Banking Regulators.
- On March 26, 2020, the Bureau issued an interagency statement encouraging banks, savings associations, and credit unions to offer responsible small-dollar loans to consumers and small businesses affected by COVID-19. The agencies were the FRB, FDIC, NCUA, and OCC.

- On April 3, 2020, the Bureau issued a joint statement providing needed regulatory flexibility to enable mortgage servicers to work with consumers affected by COVID-19 to place consumers in short-term payment forbearance programs such as the one required by the CARES Act. The agencies were the FRB, FDIC, NCUA, OCC, and State Banking Regulators.
- On April 14, 2020, the Bureau issued an interagency statement to address challenges relating to appraisals and evaluations for real estate related financial transactions affected by COVID-19. The statement outlines the flexibilities in industry appraisal standards and regulations as well as temporary changes to Fannie Mae and Freddie Mac appraisal standards that can assist lenders during the pandemic. The agencies were the FRB, FDIC, NCUA, and OCC in consultation with the State Banking Regulators.
- On April 15, 2020, the Bureau and the Federal Housing Finance Agency (FHFA) announced the Borrower Protection Program, a new joint initiative that enables the Bureau and FHFA to share servicing information to protect borrowers during the coronavirus national emergency. Under the program, the Bureau will make complaint information and analytical tools available to FHFA via a secure electronic interface and FHFA will make available to the Bureau information about forbearances, modifications, and other loss mitigation initiatives undertaken by Fannie Mae and Freddie Mac.

### *Regulatory Relief and Flexibility*

- On March 26, 2020, the Bureau announced several efforts to provide flexibility and enable financial companies to work with customers affected by the COVID-19 pandemic. They include postponing some data collections from industry on Bureau-related rules, such as HMDA quarterly reporting, and making changes to its supervisory activities for credit card and prepaid account issuers to account for operational challenges at regulated entities.
- On April 13, 2020, the Bureau issued an Interpretive Rule on Treatment of Pandemic Relief Payments under Regulation E and Application of the Compulsory Use Prohibition to enable consumers to get pandemic relief payments in a fast, secure, and efficient manner if direct deposit is unavailable. The interpretive rule concludes that, if certain conditions are met, certain pandemic-relief payments are not “government benefits” for purposes of Regulation E and thus, these payments are not subject to the compulsory use prohibition in EFTA and Regulation E.
- On April 29, 2020, the Bureau issued an Interpretive Rule on the application of certain provisions in the TILA-RESPA Integrated Disclosure Rule and Regulation Z Right of Rescission Rules to make it easier for consumers with urgent financial needs to obtain access to mortgage credit more quickly during the COVID-19 pandemic.

- On May 13, 2020, to address operational disruptions at credit card issuers and merchants that could make it difficult or impossible for issuers and merchants to address consumers' assertions of billing errors, the Bureau issued a statement that it does not intend to cite a violation in an examination or bring an enforcement action against a creditor that takes longer than required by Regulation Z to resolve a billing error notice, so long as the creditor has made good faith efforts to obtain the necessary information and make a determination as quickly as possible and complies with all other requirements pending resolution of the error. The Bureau also encouraged creditors to show flexibility when deciding whether to apply the 60-day timeline the regulation affords consumers to provide a billing error notice after it appears on the first periodic statement.
- On May 22, 2020, the Bureau issued two NAL Templates under its innovation policies. Under one, requested by Brace Software, Inc. (Brace), mortgage servicers seeking to assist struggling borrowers to avoid foreclosure and engage in loss mitigation efforts would be able to apply for their own NAL to use Brace's online platform (an online version of the Fannie Mae Form 710) to implement loss-mitigation efforts for their borrowers. While the Bureau does not endorse particular products or providers, digitizing the loss mitigation application process has the potential to improve a process that is experiencing an increase in loss mitigation requests from consumers due to the COVID-19 pandemic. The second NAL template that insured depository institutions can use to apply for a NAL covering their small-dollar credit products includes important protections for consumers who seek small-dollar loan products.
- On June 3, 2020, the Bureau released a Statement on Supervisory and Enforcement Practices Regarding Electronic Credit Card Disclosures that provides temporary and targeted flexibility for credit card issuers regarding electronic provision of certain disclosures required to be in writing during this pandemic. The Bureau intends that this supervisory and enforcement flexibility will facilitate credit card issuers' ability to quickly assist consumers during the COVID-19 pandemic.
- On June 23, 2020, the Bureau issued an Interim Final Rule on the Treatment of Certain COVID-19 Related Loss Mitigation Options Under the Real Estate Settlement Procedures Act (RESPA), Regulation X. The amendments temporarily permit mortgage servicers to offer certain loss mitigation options based on the evaluation of an incomplete loss mitigation application. Eligible loss mitigation options, among other things, must permit borrowers to delay paying certain amounts until the mortgage loan is refinanced, the mortgaged property is sold, the term of the mortgage loan ends, or, for a mortgage insured by the Federal Housing Administration (FHA), the mortgage insurance terminates. These amounts include, without limitation, all principal and interest payments forborne through payment forbearance programs made available to borrowers



experiencing financial hardships due, directly or indirectly, to the COVID-19 emergency, including a payment forbearance program offered pursuant to section 4022 of the CARES Act. These amounts also include principal and interest payments that are due and unpaid by borrowers experiencing financial hardships due, directly or indirectly, to the COVID-19 emergency.

### *Guidance for Financial Institutions*

- On April 1, 2020, the Bureau issued a statement outlining the responsibility of credit reporting companies and furnishers during the COVID-19 pandemic. The Bureau's statement informs lenders they must comply with the CARES Act and encourages lenders to continue to voluntarily provide payment relief to consumers and report accurate information to credit bureaus relating to this relief. The Bureau also published FAQs to inform institutions about how to comply with the CARES Act's furnishing requirements.
- On April 10, 2020, the Bureau issued a statement that will enable insured institutions to continue to focus on the immediate needs of their customers by taking a flexible approach to the Bureau's supervision and enforcement of remittance transfers. For international remittance transfers that occur on or after July 21, 2020 and before January 1, 2021, the statement states that the Bureau will neither cite supervisory violations nor initiate enforcement actions against insured institutions for continuing to provide estimates to consumers under the temporary exception instead of actual amounts.
- On August 27, 2020, the Bureau released a guide to assist intermediaries in serving individuals to access their Economic Impact Payments (EIPs). The guide, *Helping Consumers Claim the Economic Impact Payment: A guide for intermediary organizations*, provides step-by-step instructions for frontline staff on how to discuss the EIP with their clients, determine if clients need to take action, and support clients with what to expect and how to troubleshoot common issues.

In addition to these items, the Bureau released a number of FAQs to clarify requirements, flexibilities, and associated timelines.

### *Extensions of Public Comment Periods*

- The Bureau extended the comment period on its Supplemental Notice of Proposed Rulemaking (SNPRM) implementing the Fair Debt Collection Practices Act (FDCPA) from the original close date of May 4, 2020 to June 5, 2020.

- The Bureau extended the comment period on its SNPRM on time-barred debt disclosure from the original close date of June 5, 2020 to August 4, 2020.

### *Public Reports and Information*

- On May 1, 2020, the Bureau issued a report: The Early Effects of the COVID-19 Pandemic on Credit Applications.
- On May 21, 2020, the Bureau issued a Consumer Complaint Bulletin that analyzed consumer complaints received during the COVID-19 pandemic.
- On August 31, 2020, the Bureau released a report: The Early Effects of the COVID-19 Pandemic on Consumer Credit.

### *Guidance and Information for Consumers*

The Bureau distributed numerous blog posts, media advisories, videos, articles, resource packets, and webinars to get relevant, accurate information to consumers during the COVID-19 pandemic. Many of the blog posts were offered in multiple languages, such as Spanish, Traditional Chinese, Simplified Chinese, Vietnamese, Korean, and Tagalog.

The Bureau also partnered with HUD and FHFA to launch [consumerfinance.gov/housing](https://consumerfinance.gov/housing), a website intended to be a one-stop shop that consumers could visit for the latest, most accurate information on housing protections and options during the pandemic.

Some examples of content delivered directly to consumers are:

- March 13, 2020: “Protect yourself financially from the impact of the coronavirus”
- March 20, 2020: “Coronavirus and dealing with debt: Tips to help ease the impact”
- March 20, 2020: “Tips for financial caregivers during the coronavirus pandemic”
- March 26, 2020: “What you need to know about student loans and the coronavirus pandemic”
- March 27, 2020: “Beware of scams related to the coronavirus:
- March 31, 2020: “Guide to coronavirus mortgage relief options”
- April 2, 2020: “CARES Act Mortgage Forbearance: What You Need to Know”
- April 6, 2020: “Help for small businesses during the COVID-19 pandemic”

- April 9, 2020: “Helping Those You Serve Deal with Financial Stress and Anxiety During the COVID-10 Emergency”
- April 10, 2020: “Build your kids’ money skills while they’re home from school”
- April 15, 2020: “Financial help for servicemembers affected by the coronavirus”
- April 17, 2020: “Tools to help when you can’t pay your bills”
- April 21, 2020: “What non-tax filers need to do to receive their full Economic Impact Payments”
- May 11, 2020: “Protections for renters during the coronavirus pandemic”
- May 14, 2020: “What you need to know if you are thinking about using home equity to cover expenses during the coronavirus pandemic”
- May 18, 2020: “Economic Impact Payment Prepaid Cards”
- May 27, 2020: “Considering an early retirement withdrawal? CARES Act rules and what you should know.”
- June 23, 2020: “You have options for how to receive your unemployment benefits”
- June 30, 2020: “Your credit and the CARES Act”
- August 20, 2020: “How to claim Economic Impact Payments for new dependents”
- September 24, 2020: “Preparedness means rebuilding toward a brighter future with emergency savings”

In addition to the regulatory and consumer education efforts listed above, the Bureau also developed a new, targeted supervisory approach called Prioritized Assessments to focus the Bureau’s supervisory efforts and resources on those markets and institutions that pose the greatest risk of consumer harm as a result of pandemic-related issues.

#### *Ensuring the safety of Bureau staff during the COVID-19 pandemic*

The Bureau instituted several initiatives to ensure the health, safety, and well-being of the Bureau’s staff during the COVID-19 pandemic. These include:

- Directing that all examination activity of Bureau-supervised institutions be conducted off-site, from examiners’ home duty stations, indefinitely until further notice starting March 16, 2020.

- Beginning in March 2020, implemented a mandatory telework policy for all CFPB employees regardless of work location. In July, subsequently moved into a maximum telework posture and opened the Headquarters facilities to allow for voluntary staff return with 25% maximum capacity. In October, opened the Regional Offices to align with this posture. This posture goes through January 2, 2021 and will be reassessed.
- Reimagined and implemented changes to headquarters and regional facilities to ensure proper health and safety protocols are in place for staff including enhanced cleaning, capacity measures, illness reporting and tracing, adaptations to space layout, and provision of facial coverings.
- Instituting additional workplace flexibilities allowing employees to utilize administrative leave if employees are unable to telework/work and 1) school or daycare closures result in a lapse in childcare, which requires one to provide care or 2) other reasons one identifies as related to COVID-19, such as providing care for another family member in order to prevent exposure/spread of COVID-19, taking any required sanitation measures, etc.
- Continuously providing Bureau employees with updates on prevention measures, workplace flexibilities, telework options, and best practices and keeping staff informed through a variety of communication channels.
- Created several ways to hear from our employees such as NTEU engagements, COVID-19 Bureau advisory group, Pandemic Inquiries and re-entry inboxes, leadership involvement, and Employee Resources Groups' involvement. Additionally, maintained a frequent cadence of communicating with FIRREA and other federal agencies for situational awareness and alignment, where possible.

## 7.2 Small Business Lending Data Collection Rulemaking (Section 1071)

In section 1071 of the Dodd-Frank Act, Congress directed the Bureau to adopt regulations to require financial institutions to compile, maintain, and submit to the Bureau certain data on applications for credit for women-owned, minority-owned, and small businesses. To implement this section 1071 rulemaking, which could have a significant economic impact on a substantial number of small entities, the Bureau is complying with the Small Business Regulatory Enforcement Fairness Act (SBREFA). SBREFA requires the Bureau to follow a consultative process to obtain input from directly affected small entities and directs the Bureau to convene a

panel including representatives from the Bureau, Small Business Administration's Office of Advocacy, and OMB's Office of Information and Regulatory Affairs (OIRA).

On September 15, 2020, in keeping with the schedule in the negotiated settlement from the California Reinvestment Coalition (CRC) v. Kraninger litigation,<sup>25</sup> the Bureau released its Outline of Proposals Under Consideration and Alternatives Considered. It is a detailed document that discusses 1) the relevant law, 2) the regulatory process, 3) the rule proposals the Bureau is considering, and 4) an economic analysis of the potential impacts of the proposals on directly affected small entities. The Bureau also convened a Small Business Advocacy Review Panel in October 2020 and will prepare a report that examines the impact of the potential rule on small businesses. The Bureau has offered all stakeholders a chance to give the Bureau feedback on the Bureau's proposals through December 14, 2020.

## 7.3 Proposed Rule for 2020 LIBOR Transition (Amendments to Regulation Z)

The Bureau issued a Notice of Proposed Rulemaking (NPRM) to address the anticipated expiration of the London Inter-Bank Offered Rate (LIBOR) index because the UK Financial Conduct Authority has stated that it cannot guarantee publication of LIBOR beyond the end of 2021. The Bureau's work is designed to facilitate compliance by open-end and closed-end creditors with Regulation Z and facilitate the transition of consumers to indices that would be replacements for LIBOR. The NPRM proposes to amend Regulation Z to:

- Permit creditors for home equity lines of credit (HELOCs) and card issuers for credit card accounts to transition existing accounts that use a LIBOR index to a replacement index on or after March 15, 2021 if certain conditions are met
- Provide safe harbors for HELOC creditors/card issuers that they can rely on to replace certain LIBOR indices with the prime rate published in the Wall Street Journal (Prime) and certain spread-adjusted indices based on the Secured Overnight Financing Rate (SOFR) recommended by the Alternative Reference Rates Committee (ARRC)

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<sup>25</sup> In the CRC v. Kraninger litigation, this consumer group is seeking declaratory and injunctive relief under the Administrative Procedure Act as it claims that the Bureau failed to issue a final rule implementing section 1071 of the Dodd-Frank Act. Pursuant to the settlement agreement entered by the court in February 2020, the Bureau filed its first status report regarding the Bureau's progress in implementing the rule on May 26 and its second status report on August 24. The Bureau's next status report is due on November 23.

- Require all changes in margins to be disclosed for HELOCs and credit card accounts transitioning from LIBOR to a replacement index
- Address how the rate reevaluation provisions applicable to credit card accounts apply to the transition from using a LIBOR index to a replacement index
- For closed-end credit, identify the SOFR-based spread-adjusted indices recommended by the ARRC as an example of a “comparable index” for the LIBOR indices that they replace

Currently, under Regulation Z, for HELOCs (including open-end reverse mortgages) and credit cards, a creditor/card issuer may change the index and margin on an existing contract when the original index “becomes unavailable” or “is no longer available” if certain conditions are met.<sup>26</sup> Thus, Regulation Z will allow creditors/card issuers to transition away from LIBOR once it becomes “unavailable” or is “no longer available.” However, creditors/card issuers may want to switch away from LIBOR prior to its discontinuation. They have cited a number of practical implementation challenges that are easier for them to address if they switch before LIBOR is discontinued.

To facilitate the transition, the proposed rule would permit creditors for HELOCs and card issuers for credit card accounts to replace the LIBOR index and adjust the margin used to set a variable rate on or after March 15, 2021 if certain conditions are met. The Bureau plans to issue a final rule by early December 2020.

In May 2020, the Director certified that the proposed rule (NPRM) relating to the sunset of LIBOR, titled Amendments to Facilitate the LIBOR Transition (Regulation Z), would not have a significant economic impact on a substantial number of small entities and that the Bureau, therefore, would not convene a small business review panel for this proposed rule.

## 7.4 Advance Notice of Proposed Rulemaking on Consumer Access to Financial Records (Section 1033)

Section 1033 of the Dodd-Frank Act provides, among other things, that subject to rules prescribed by the Bureau, a consumer financial services provider must make available to a

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<sup>26</sup> 12 C.F.R. § 1026.40(f)(3)(ii); comment 55(b)(2)-6.

consumer information in the control or possession of the provider concerning the consumer financial product or service that the consumer obtained from the provider. The Bureau issued an ANPR to solicit comments and information to assist the Bureau in developing regulations to implement section 1033. The comment period for this ANPR closes on February 4, 2021.

The Bureau has not promulgated any regulations to implement section 1033. The Bureau has, however, taken several actions in the interest of consumer access to financial records. The Bureau's approach has focused on identifying and promoting consumer interests in, among other areas, access, control, security, and privacy while allowing the market to develop without direct regulatory intervention. Those actions include the following:

- In 2016, the Bureau published in the Federal Register a Request for Information Regarding Consumer Access to Financial Information (2016 RFI) on topics including authorized data access.<sup>27</sup> The questions in the 2016 RFI focused on “current market practices” and on “how [commenters] believe market practices may or should change over time.”<sup>28</sup> In response, the Bureau received comments from a broad range of stakeholders, including large and small data holders, their trade associations, data aggregators, account data users, individual consumers, and consumer advocates. The Bureau collected further insights from stakeholders through meetings and oral discussions.
- In October 2017, the Bureau published two documents about consumer-authorized data access. The first document, entitled “Consumer-authorized financial data sharing and aggregation: Stakeholder insights that inform the Consumer Protection Principles” (Stakeholder Insights Report), summarized comments received in response to the 2016 RFI as well as insights gathered in meetings with market stakeholders. The second document, “Consumer Protection Principles: Consumer-Authorized Financial Data Sharing and Aggregation” (2017 Principles), expressed “the Bureau’s vision for... a robust, safe, and workable data aggregation market that gives consumers protection, usefulness, and value.”
- In February 2020, the Bureau held a Symposium to continue to monitor developments concerning consumer-authorized data access. Panelists at the Symposium represented large and small banks, data aggregators and their trade groups, FinTechs, consumer advocates, and other market observers and researchers.

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<sup>27</sup> See 81 FR 83806 (Nov. 22, 2016).

<sup>28</sup> See 81 FR 83810 (Nov. 22, 2016).

- As a follow-up to the Symposium, the Bureau published three documents: a report summarizing Symposium proceedings; a blog post that offered consumers “key information about how data sharing works, what [consumers] should consider before sharing [their] data, and some tips on how [consumers] can best protect [their] data and accounts”; and an announcement of the Bureau’s intention to publish this ANPR.

The ANPR seeks information regarding the possible scope of data on which Bureau regulation implementing Section 1033 could give consumers a right to access directly themselves or permit a third party to access for them. The ANPR also seeks information that might bear on other terms of access, such as those relating to security, privacy, effective consumer control over access and accessed data, and accountability for data errors and unauthorized access. The Bureau is also interested in comment on whether and how issues of regulatory uncertainty with respect to Section 1033 and its interaction with other statutes within the Bureau’s jurisdiction, such as the Fair Credit Reporting Act, may be impacting this market to the potential detriment of consumers; and seeks information that may help resolve such uncertainty.

The Bureau will carefully consider comments received in response to the ANPR as well as other stakeholder feedback in determining any future action, including a possible proposed rule.

## 7.5 TRID Assessment

Section 1022(d) of the Dodd-Frank Act requires the Bureau to conduct an assessment of each significant rule and publish a report within five years of the rule’s effective date. This places a responsibility on the Bureau to take a hard look at each significant rule it issues and evaluate whether the rule is effective in achieving its intended objectives and the purposes and objectives of Title X of the Dodd-Frank Act.

In October 2020, the Bureau published a report containing the results of its assessment of the Bureau’s Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act and the Truth in Lending Act Rule (“TRID Rule”). The purposes of the rule are facilitating compliance with disclosure requirements and helping borrowers better understand mortgage transactions.

The Bureau issued the TRID Rule in November 2013 and the rule took effect on October 3, 2015. The Rule’s “Loan Estimate” and “Closing Disclosure” forms integrated several preexisting mortgage loan disclosures required by TILA and RESPA and various new disclosures required by Title XIV of the Dodd-Frank Act. The TRID Rule requires that both a Loan Estimate and a Closing Disclosure be provided for most closed-end consumer mortgage loans.



An assessment team led by the Bureau's Office of Research began work on this assessment report in early 2019. The Bureau then solicited public comment on its research plan and other questions in November 2019. In this assessment, the Bureau used data it already had, including the National Mortgage Database and the National Survey of Mortgage Originations. The Bureau also conducted three industry surveys as part of the assessment.

Key findings from the assessment include the following:

- In laboratory testing, borrower understanding of mortgage transactions has improved due to their receipt of the required disclosures.
- The TRID Rule appears to have created sizeable implementation costs for lenders and closing companies. Based on the industry surveys, a typical cost for a lender to implement the TRID Rule was \$146 per mortgage originated in 2015, or roughly two percent of the average cost of originating a mortgage. Similarly, a typical cost for a closing company to implement the TRID Rule was \$39 per closing in 2015, or about 10 percent of the average cost of closing.
- The TRID Rule's effects on ongoing costs is less clear. Industry data indicate that mortgage lending costs have steadily increased over the past decade. However, the Bureau does not have any data that demonstrates how much, if any, of these increased costs are attributable to the TRID Rule. Establishing a relationship between the TRID Rule and these increased costs is particularly challenging given that the Bureau implemented other mortgage rules at roughly the same time as the TRID Rule that also may have affected costs.
- The TRID Rule appears to have decreased mortgage originations and increased closing times when the rule took effect, but these measures returned to pre-TRID Rule levels in a relatively short period of time.

The public closely reviews Bureau assessments when issued. As such, the Bureau anticipates meeting with stakeholders in the coming months regarding observations of the assessment and may receive requests for follow on actions as a result of those discussions.

## 7.6 Debt Collection Rule

The Bureau recently issued a Final Rule titled Debt Collection Practices (Regulation F) (Final Rule) to restate and clarify prohibitions on harassment and abuse, false or misleading representations, and unfair practices by debt collectors when collecting consumer debt. The rule focuses on debt collection communications and gives consumers more control over how often

and through what means debt collectors can communicate with them regarding their debts. The rule also clarifies how the protections of the Fair Debt Collection Practices Act (FDCPA), which was passed in 1977, apply to newer communication technologies, such as email and text messages.

The rule is the result of a deliberative, thoughtful process spanning more than seven years and reflects engagement with consumer advocates, debt collectors, and other stakeholders. Further, in developing the final rule, the Bureau considered the more than 14,000 comments received during the public comment and rulemaking process. As a result of this feedback, for example, the rule establishes a presumption on the number of calls debt collectors may place to reach consumers on a weekly basis. A debt collector is presumed to violate federal law if the debt collector places telephone calls to a particular person in connection with the collection of a particular debt more than seven times within seven consecutive days or within seven consecutive days of having had a telephone conversation about the debt.

The rule also clarifies how consumers may set limits on debt collection communications to reflect their preferences and the limits on communicating with third parties about a consumer's debt. The rule requires debt collectors who communicate electronically to offer the consumer a reasonable and simple method to opt out of such communications at a specific email address or telephone number. The rule also provides that consumers may, if the debt collector communicates through a medium of electronic communications, use that medium of electronic communications to place a cease communication request or notify the debt collector that they refuse to pay the debt.

The rule further clarifies that the FDCPA's general prohibition on harassing, oppressive, or abusive conduct applies to telephone calls as well as other communication media, such as email and text messages, and provides examples demonstrating how the prohibition restricts emails and text messages. It also generally restates the FDCPA's prohibitions regarding false, deceptive, or misleading representations or means and unfair or unconscionable means.

To address one of the topics on which the Bureau received a great deal of feedback, the Bureau did not finalize the proposed safe harbor for debt collectors against claims that an attorney falsely represented the attorney's involvement in the preparation of a litigation submission. That provision was proposed to bring greater clarity to this issue but, after receiving questions and comments from many stakeholders concerning the proposal, the Bureau has decided not to finalize that provision.

Finally, the Bureau expects to issue a disclosure-focused final rule in December. The Bureau had issued a supplemental notice of proposed rulemaking in February 2020, addressing time-barred

debt disclosures. The comment period for that proposal was extended significantly to provide additional time for public feedback given the pandemic. As described in the PRA materials, the Bureau is currently engaging in qualitative consumer testing regarding consumer disclosures and, specifically, the model validation notice. The future, disclosure-focused final rule will address these disclosures. If the Bureau decides to finalize the model validation form, it will publish the results of the qualitative consumer testing at that time.

## 7.7 Notices of Proposed Rulemaking on Qualified Mortgages

A qualified mortgage (QM) is a category of loans that have features that make it more likely for consumers to be able to afford a loan. These loans also obtain certain protections from liability. Prior to obtaining a loan, Regulation Z requires creditors to make a reasonable, good faith determination of a consumer's ability to repay any residential mortgage loans. Regulation Z contains several categories of QMs, including General QM and Temporary government-sponsored enterprise (GSE) QM. General QMs are loans where the ratio of the consumer's total monthly debt to total monthly income (DTI ratio) cannot exceed 43 percent. Temporary GSE QM loans are loans that are eligible for purchase or guarantee by GSEs while they are operating under the conservatorship or receivership of the Federal Housing Finance Agency (FHFA).<sup>29</sup> This is known as the GSE Patch. The GSE Patch was scheduled to expire on January 10, 2021. On October 20, 2020, the Bureau issued a final rule to extend the GSE Patch until the mandatory compliance date of a final rule amending the General QM loan definition in Regulation Z (unless the GSEs exit conservatorship before that date).

In June 2020, the Bureau issued an NPRM proposing to amend the General QM definition in Regulation Z to replace the DTI limit with a price-based limit. The purpose of the NPRM is to ensure consumers can continue to access responsible and affordable mortgage credit when the Temporary QM expires. The Bureau received public comment from stakeholders in response to this first NPRM. The Bureau has reviewed the comments and is on track to issue the final rule in December.

The Bureau is also working on final action on the August 2020 NPRM to create a new category of QMs (Seasoned QMs) to encourage safe and responsible innovation in the mortgage origination market and ensure consumer access to responsible and affordable mortgage credit. To be considered a Seasoned QM under the proposal, loans would have to be first-lien, fixed-

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<sup>29</sup> GSEs are the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

rate covered transactions that have met certain performance requirements over a 36-month seasoning period.

## 7.8 Equal Credit Opportunity Act (ECOA)

The Equal Credit Opportunity Act (ECOA) and Regulation B make it unlawful for any creditor to discriminate against any applicant with respect to any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, or age; because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

On July 28, 2020, the Bureau issued a request for information (RFI) to seek public input on how best to create a regulatory environment that expands access to credit and ensures that all consumers and communities are protected from discrimination in all aspects of a credit transaction. This information will help the Bureau continue to explore ways to address regulatory compliance challenges while fulfilling the Bureau's core mission to prevent unlawful discrimination and foster innovation. The comment period closes on December 1, 2020.

## 7.9 Advance Notice of Proposed Rulemaking on Residential Property Assessed Clean Energy (PACE) Financing

In March 2019, the Bureau issued an ANPR to solicit information about residential Property Assessed Clean Energy (PACE) financing facilitate the Bureau's rulemaking process. Section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amended the Truth in Lending Act (TILA) to mandate that the Bureau prescribe certain regulations relating to Property Assessed Clean Energy (PACE) financing. Specifically, the 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 and specifically authorizes the collection of data and information necessary to support a PACE rulemaking.

The Bureau is continuing to engage with stakeholders and collect information for the rulemaking, including by pursuing quantitative data on the effect of PACE on consumers' financial outcomes. The Bureau will consider the information it receives in response to the ANPR to develop a Notice of Proposed Rulemaking. The information solicited will enable the Bureau to better understand the market and unique nature of PACE financing and formulate proposed regulations that would achieve statutory objectives based on a careful consideration of costs and benefits.

## 7.10 Proposed Regulation on the Role of Supervisory Guidance

On October 29, 2020, the Bureau joined four other federal financial regulatory agencies (Federal Reserve Board, FDIC, NCUA, OCC) and invited comments on a proposal outlining and confirming the agencies' use of supervisory guidance for regulated institutions. The proposal would codify the statement, as amended, that was issued in September 2018 by the agencies that clarified the differences between regulations and guidance. Comments are due on January 4, 2021.

Unlike a law or regulation, supervisory guidance does not have the force and effect of law and the agencies do not take enforcement actions or issue supervisory criticisms based on non-compliance with supervisory guidance. Rather, supervisory guidance outlines supervisory expectations and priorities or articulates views regarding appropriate practices for a given subject area.

In contrast to supervisory guidance, regulations have the force and effect of law and enforcement actions can be taken if regulated institutions are in violation. Regulations are also generally required to go through the notice and comment process.

## 7.11 Taskforce on Federal Consumer Financial Law

In October 2019, the Bureau announced the establishment of the Taskforce on Federal Consumer Financial Law. The taskforce will examine the existing legal and regulatory environment facing consumers and financial services providers and report recommendations on ways to improve and strengthen consumer financial laws and regulations to the Director. The taskforce will produce new research and legal analysis of consumer financial laws in the United

States, focusing specifically on harmonizing, modernizing, and updating the enumerated consumer credit laws—and their implementing regulations—and identifying gaps in knowledge that should be addressed through research, ways to improve consumer understanding of markets and products, and potential conflicts or inconsistencies in existing regulations and guidance.

The taskforce was, in part, inspired by an earlier commission established by the Consumer Credit Protection Act (Act) in 1968. In addition to various changes to consumer law generally, the Act established a national commission to conduct original research and provide Congress with recommendations relating to the regulation of consumer credit. The commission's report contains original empirical data, information, and analyses—all of which undergird the report's final recommendations. The data, findings, and recommendations from the commission were all made public and the report led to significant legislative and regulatory developments in consumer finance.

On June 16, 2020, the National Association of Consumer Advocates sought a judgment declaring that the taskforce does not comply with the Federal Advisory Committee Act and an injunction prohibiting the Taskforce from meeting, requiring the release of materials prepared for the Taskforce, and prohibiting the Bureau from relying on its recommendations or advice. The Bureau filed a partial motion to dismiss on August 17, 2020 and a briefing was completed as of September 29, 2020. The Bureau is awaiting a decision or the scheduling of oral argument.

## 7.12 Compensation Reform

Over the past several years, the Bureau has engaged in a comprehensive review of the agency's compensation program. The primary goals of this initiative, led by the Office of Human Capital in consultation with the Legal Division, are to find ways to better promote salary equity, encourage transparency, continue to comply with the requirements under Dodd-Frank, and align the compensation program with the Director's vision and the Bureau's culture. The review examined Bureau compensation policies and practices, interviewed executives, managers, and union representatives, and benchmarked the compensation program against our FIRREA counterparts and select private sector companies to develop a detailed set of recommendations for the Director's review.

The recommendations included:

- Structural changes to current pay bands to improve overall pay equity
- Creation of new pay bands, including bands for supervisors

- Improvements in how the Bureau determines pay
- A comprehensive Bureau-wide review and reset of all employee salaries
- A new program to recognize a small number of outstanding contributors with a sizable cash bonus

Director Kraninger approved these recommendations. NTEU and a management bargaining team have begun negotiating over these proposed changes and other pay and benefits matters. The current compensation agreement ends December 31, 2020.

# 8. Oversight overview

## 8.1 Cross-Bureau audits and performance management reviews

To ensure continuous identification of opportunities for enhancement and increased effectiveness, the CFPB utilizes internal and external resources and a variety of processes to conduct regular evaluations and introduce course corrections as necessary. The following summarizes review, audit, and program performance management processes implemented for cross-Bureau assessments.

### 8.1.1 Government Accountability Office (GAO)

The GAO conducts studies or investigations (also known as engagements) related to the CFPB's programs every year. The engagements that GAO undertakes are generally generated by one of the following: statutory requirement, request from Members of Congress, or self-generated. Some engagements only tangentially involve the Bureau, some involve core Bureau work, and others involve government-wide issues. Not all engagements result in recommendations for the Bureau. In addition, GAO performs an annual audit of the CFPB's financial statements and internal controls as required by the Dodd-Frank Act.

### 8.1.2 Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (OIG)

The OIG is an independent oversight authority within the Board of Governors of the Federal Reserve System that conducts audits, inspections, evaluation, and other reviews of programs and operations of the CFPB and investigations into allegations of potential misconduct by staff or contractors. The mission of the OIG is to detect fraud, waste and abuse, and promote integrity, economy, efficiency and effectiveness in the CFPB's programs and operations. The OIG's audit reports are available on the OIG's website.

### 8.1.3 Independent performance audit

In accordance with the Dodd-Frank Act, the Bureau orders an annual independent audit of the operations and budget of the Bureau. The purpose of this audit is to provide objective analyses



to improve program performance and operations, reduce costs, facilitate decision-making, and contribute to public accountability. The audits for prior years are available on the Bureau's website. To our knowledge, the Bureau is the only agency in the Federal Government that has this legislative requirement.

#### 8.1.4 Bi-annual performance reviews

On a bi-annual basis, the Director reviews each division's progress toward achieving the Bureau's strategic goals and outcomes. At these points, course corrections are made as needed.

#### 8.1.5 Internal Control assessment

Each year, the Internal Controls team within the OCFO performs an assessment of the Bureau's internal controls. The results of those evaluations are shared with the Senior Management Council<sup>30</sup> and accountable officials and are used to drive the content of the annual Statement of Management Assurance.

#### 8.1.6 Corrective Action Plan (CAP) quarterly review

Progress toward implementing recommendations made by external auditors is monitored quarterly and reported to senior leadership. Figure 10 summarizes reports by the GAO, OIG, and Independent Auditor of Budget and Operations that were issued in approximately the last 12 months.

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<sup>30</sup> The Senior Management Council ensures the Bureau's commitment to an appropriate system of internal control and actively oversees and assists senior management with the process of assessing internal controls, advises the Director on internal control matters to include the identification of deficiencies that merit reporting as material weaknesses and significant deficiencies, and monitors the timely correction of identified internal control deficiencies.

**FIGURE 10: RECENT OIG AND GAO REPORTS**

Source	Title of Report	Report Date	# of Recs	# Open	# Closed
OIG	2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	7	7	0
GAO	Information Management: Selected Agencies Need to Fully Address Federal Electronic Recordkeeping Requirements (GAO-20-59)	2/27/2020	1	1	0
OIG	The Bureau's Office of Enforcement Has Centralized and Improved Its Final Order Follow-Up Activities, but Additional Resources and Guidance Are Needed (2020-SR-C-002)	3/2/2020	3	2	1
OIG	Testing Results of Select Bureau Cybersecurity Incident Response Processes (2020-IT-C-008R) [RESTRICTED REPORT]	3/23/2020	0	0	0
OIG	Technical Testing Results of the Bureau's Data Exfiltration Controls and Related Technologies (2020-IT-C-007R) [RESTRICTED REPORT]	3/23/2020	0	0	0
OIG	Fiscal Year 2019 Risk Assessment of the Bureau's Purchase Card Program (2020)	4/1/2020	0	0	0
OIG	Fiscal Year 2019 Risk Assessment of the Bureau's Government Travel Card Program (2020)	4/1/2020	0	0	0
OIG	Independent Accountants' Report on the Bureau Civil Penalty Fund's 2019 Compliance with the Improper Payments Information Act of 2002, as Amended (2020-FMIC-C-013)	4/20/2020	0	0	0
OIG	Testing Results for the Bureau's Plan of Action and Milestones Process (2020-IT-C-014)	4/29/2020	2	2	0
OIG	The Bureau Can Improve Its Periodic Monitoring Program to Better Target Risk and Enhance Training for Examiners (2020-SR-C-015)	6/24/2020	4	4	0

## 8.2 OIG oversight

### 8.2.1 Ongoing OIG audits

A summary of the ongoing OIG engagements that have not yet resulted in a final report is provided below.

- *Forensic Evaluation of the Bureau's Procurement Program* (Opened September 2019). The OIG opened an audit of the Bureau's Procurement Program to identify potentially illegal, improper, or erroneous transactions or activities in the procurement program. Data from January 1, 2018 through June 30, 2019 will be reviewed. The Office of Procurement and OIG have scheduled an exit conference for November 2020. No report is expected.
- *Audit of the Bureau's Hiring, Promotions, and Other Internal Personnel Movement Processes* (Opened October 2019). In response to the Bureau's stated strategic objective of hiring and retaining a diverse, high-performing workforce, the OIG is examining how the Bureau's policies and procedures, diversity and inclusion activities, and employee engagement programs contribute to this goal. The audit is in the testing phase as of October 2020.
- *Security Control Review of the Bureau's Personnel Security Case-Management System* (Opened November 2019). In response to the Federal Information Security Modernization Act of 2014 (FISMA), the OIG is examining the Bureau's Personnel Security Case Management System, which is used to facilitate the completion, tracking, and maintenance of background investigations. This is a recurring annual audit. The audit is in the testing phase as of October 2020.
- *Audit of the Bureau's Information Security Program* (Opened February 2020). In response to FISMA, the OIG is examining the Bureau's (1) security controls and techniques for select information systems and (2) information security policies, procedures, standards, and guidelines. This is a recurring annual audit. The Bureau sent a management response to the draft report in October 2020.
- *Evaluation of the Bureau's Implementation of Splunk* (Opened March 2020). In response to FISMA, the OIG is examining if the implementation of Splunk (the Bureau's primary security information and event management application) complies with federal law and Bureau information security policies. The OIG is drafting a report as of October 2020.

- *Review of the Bureau's Inter-agency Agreements* (Opened April 2020). The OIG is assessing the design and operating effectiveness of the controls for issuing and managing its interagency agreements, including compliance with relevant laws and regulations. In fiscal year 2019, the Bureau obligated \$45.3 million through interagency agreements. The audit is in the testing phase as of October 2020.
- *Evaluation of the Bureau's Approach to Supervising Nondepository Institutions* (Opened May 2019). The Dodd-Frank Act provides the Bureau with the authority to supervise certain nondepository institutions, such as mortgage companies, payday lenders, private education lenders, and larger participants in other markets as defined by rules issued by the Bureau. The OIG is assessing the Bureau's approach to supervising these institutions. The audit is in its initial stages as of October 2020.
- *Evaluation of the Bureau's Quality Management Program for Supervision Activities* (Opened June 2020). SEFL has a quality management program that performs internal reviews related to the division's supervision activities. The OIG is assessing the design and effectiveness of the quality management program for supervision activities. The audit is in its initial stages as of October 2020.

## 8.3 GAO oversight

### 8.3.1 Ongoing GAO engagements

A summary of ongoing GAO engagements which have not yet resulted in a final report is summarized below.

- *Public Comment Identity Fraud* (Opened June 2018). At the request of 15 members of Congress, including the Chair and Ranking Members of two HSGAC subcommittees, GAO is reviewing the processes by which federal agencies, including the Bureau, receive and consider public comments on federal rulemakings, and is investigating the extent to which public comments submitted to agencies have come from legitimate or fraudulent sources. GAO is in the process of their review.
- *Oversight of Financial Privacy* (Opened June 2019). At the request of Chairman Crapo (R-ID) of the BHUA, GAO is examining the aggregation and usage of Personally Identifying Information (PII) by federally regulated financial institutions. This also includes how these institutions make consumers aware of the PII they possess, and how federal financial regulatory agencies oversee the institutions' collection, aggregation, use

and sharing of PII. The Bureau is preparing to submit a comment letter in response to the GAO draft report.

- *Compliance with the National Flood Insurance Program (NFIP) Mandatory Purchase Requirement* (Opened September 2019). At the request of Chairman Crapo (R-ID) of BHUA, GAO is examining the implementation of the mandatory purchase requirement contained in the NFIP, as well as how relevant agencies monitor and enforce lender compliance with the purchase requirement. GAO is still in the process of their review.
- *Debt Held by Older Americans* (Opened September 2019). At the request of Chairwoman Collins (R-ME) and Ranking Member Casey (D-PA) of the Senate Special Committee on Aging, GAO is examining how the types and levels of debt held by older Americans have changed over time, how the types and levels of debt held by older Americans have changed as they age, and the implications of these debt trends for the general retirement security of older Americans and their families. GAO is still in the process of their review.
- *College Savings Plans' Partnerships for Lower-Income Families* (Opened September 2019). Due to a Congressional mandate, GAO is examining how college savings accounts are being leveraged with other strategies to help lower-income families and what is known about the effectiveness of college-saving strategies designed to help lower-income families. GAO is drafting a report.
- *Elder Financial Exploitation* (Opened October 2019). At the request of Chairwoman Collins (R-ME) and Ranking Member Casey (D-PA) of the Senate Special Committee on Aging, GAO is examining the extent of financial exploitation of older Americans and the perpetrators of said exploitation. GAO is also estimating the costs of this exploitation, the response of federal, state, and local agencies, and the role of guardianship arrangements in exploitation.
- *Audit of the Financial Statements of the CFPB* (Opened April 2020). In response to a requirement in the Dodd-Frank Act, GAO is examining the Bureau's financial statements for FY19 and FY20, internal control over financial reporting, and compliance with laws, regulations, and contracts. GAO is in the process of finalizing their report.
- *Enforcement of Fair Lending Laws* (Opened May 2020). At the request of Ranking Member Brown (D-OH) and Senator Warren (D-MA) of the BHUA, GAO is examining the effectiveness of the Bureau's fair lending oversight and enforcement. GAO is also reviewing organizational and staff changes in fair lending (such as the transfer of the Office of Fair Lending from SEFL to the Office of the Director) and the Bureau's use of HMDA data to support its oversight of fair lending laws. GAO is in the process of their review.

- *HMDA Exemptions* (Opened June 2020). In response to a requirement in the Economic Growth, Regulatory Relief, and Consumer Protection Act, GAO is examining the effect of a statutory provision that exempts lenders who originate less than 500 loans from HMDA disclosure requirements. GAO is in the process of their review.
- *Alternative Data in Mortgage Lending* (Opened June 2020). At the request of Chairwoman Waters (D-CA) and several other members of Congress, GAO is examining issues related to the use of alternative data in mortgage lending. This includes the usage of said alternative data, potential regulatory challenges, and other options that could be used to expand access to credit. GAO is in the process of their review.
- *Oversight of Response to the 2019 Coronavirus Pandemic* (Opened July 2020). In response to the CARES Act, GAO is examining the federal response to the Coronavirus at all levels. This includes the extent of federal funding, key actions in the federal coronavirus response, and potential indicators of economic response to government efforts. This is a recurring request from GAO that will continue until the end of the pandemic. The most recent report is being prepared by GAO.
- *Housing in the Pandemic* (Opened July 2020). GAO is conducting two investigations on the impact of the pandemic on (1) housing assistance and (2) housing finance. The first examines the size and characteristics of those covered by the CARES Act housing assistance provisions and attempts to determine the impact of the provisions on the stability of at-risk homeowners. The second addresses vulnerabilities in the housing finance system revealed by the pandemic and any effects on pre-existing financial reform efforts. Both are in the investigatory stage.
- *Access to Banking Services* (Opened October 2020). At the request of Ranking Member Peters (D-MI) of the Senate Committee on Homeland Security and Government Affairs, Ranking Member Brown (D-OH) of BHUA, and Senator Rounds (R-SD), GAO is examining what factors affect unbanked and underbanked households' use of traditional financial products and services. GAO is also investigating the actions of financial regulators re: the availability of financial products and services for unbanked households, as well as the use of prepaid cards by said households. GAO is in the process of their review.
- *Appraisal Exemptions* (Opened October 2020). At the request of Chairwoman Waters (D-CA) of the HFSC and Chairman Clay (D-MO) of the Housing, Community Development, and Insurance Subcommittee, GAO is examining the effect of exemptions to Title XI appraisal requirements on homebuyers and the safety and soundness of financial institutions. GAO is in the process of their review.

- *Financial Regulator Privacy Practices* (Opened October 2020). At the request of Chairman Crapo (R-ID) of the BHUA, GAO is examining the Personally Identifying Information that federal financial regulators possess and how it is used. GAO is also reviewing the extent to which regulators ensure the privacy of the PII they collect and the degree of compliance with federal requirements. Note that this differs from the Oversight of Financial Privacy investigation, as this action focuses exclusively on federal financial regulators, not the regulated institutions. GAO is in the process of their review.

## 8.4 Summary of Congressional Oversight

The Committees with principal jurisdiction over the Bureau are the Senate Committee on Banking, Housing, and Urban Affairs (BHUA) and the House Committee on Financial Services (HFSC). Senator Mike Crapo (R-ID) is currently the Chairman of BHUA, and Senator Sherrod Brown (D-OH) is the Ranking Member. Congresswoman Maxine Waters (D-CA) is currently the Chairwoman of HFSC, and Congressman Patrick McHenry (R-NC) is the Ranking Member. Committee assignments are subject to change contingent on the upcoming election.

The Bureau also receives oversight inquiries from other committees of jurisdiction, including the House Committee on Oversight and Government Reform (OGR), the Senate Homeland Security and Governmental Affairs Committee (HSGAC), the Senate Special Committee on Aging, and the House and Senate Committees on Appropriations.

## APPENDIX A:

### Required Positions at the Bureau

Description	Citation	Notes
Advisory Committee Management Officer	5 USC App.	Part of the obligations under the Federal Advisory Committee Act. This role is required as the CFPB mandates an Advisory Committee at 12 USC 5494.
Assistant Director for Office of Older Americans	12 USC 5493(g)(2)	
Assistant Director of Office of Fair Lending and Equal Opportunity	12 USC 5493(c)(3)	
Associate Director of SEFL	12 CFR pt. 1070	References to the position are in the Bureau's housing keeping regulations.
Chief FOIA Officer	5 USC 552(j)	Requires designation of individual at Assistant Secretary or equivalent level.
Chief Information Officer	44 USC 3506(a)(2)	Requires individual be designated.
Chief Operating Officer for Government Performance Results Act	31 USC 1123	COO must be at the deputy head of agency level or equivalent.
Chief Sustainability Officer	E.O. 13834, Sec. 7	Requires individual be designated; must be a senior official paid at or above level IV of the Executive Schedule.
CID Custodian	12 CFR 1080.13	Certain proscribed duties are needed; not an explicit position.
Civil Penalty Fund Administrator	12 CFR 1075.102	
Deputy Director	12 USC 5491(b)(5)	
Designated Agency Ethics Official & Alternate Designated Agency Ethics Official	5 CFR 2368.202(b)	Each agency must designate a DEAO and ADEAO.
EEO Director	29 CFR 1614.102(b)	Must report directly to agency head.
FOIA Public Liaison(s)	5 USC 552(j)(2)(H)	Requires at least one individual be designated.



General Counsel	12 CFR pt. 1070	References to the position are in the Bureau's housing keeping regulations.
Office of Minority and Women Inclusion must be created and requires a Director position.	12 USC 5452	Reports directly to agency head and Congress.
Office of Small and Disadvantaged Business Utilization must be created and requires a Director position.	15 USC 644(k)	This office and position were never established at the Bureau.
Ombudsman	12 USC 5493(a)(5)	
Performance Improvement Officer for Government Performance Results Act	31 USC 1124	Head of agency, in consultation with COO, must designate a senior executive.
Private Education Loan Ombudsman	12 USC 5535(a)	Works in collaboration with Treasury/Bureau. Treasury designates individual within the Bureau.
Senior Agency Information Security Officer	44 USC 3554(a)(3)	Requires individual be designated.
Senior Agency Official	OMB-NARA joint memorandum, Transition to Electronic Records (M-19-21)	Requires designation of individual at Assistant Secretary or equivalent level.
Senior Agency Privacy Official	Presidential Memorandum (M-16-24)	Requires designation of individual at the Deputy Assistant Secretary or equivalent level.
Senior Procurement Executive	41 USC 1702(c)	Requires an individual be designated.

## APPENDIX B:

# Top Areas of Congressional Interest from the 116th Congress

### I. Background

The Committees with principal jurisdiction over the Consumer Financial Protection Bureau (Bureau or CFPB) are the Senate Committee on Banking, Housing, and Urban Affairs (BHUA) and the House Committee on Financial Services (HFSC). In the 116th Congress, the CFPB participated in a total of nine Congressional hearings before the HFSC and the BHUA. The topics of the hearings included discussions of the CFPB Semi-Annual Reports as well as recent diversity and inclusion initiatives and activities at the CFPB. Although no such hearings were held in the 116th Congress, in past Congresses, Bureau witnesses also testified before the House Committees on Oversight and Reform and Energy and Commerce.

### II. CFPB's Legislative Proposals

- *Military Lending Act Supervision Authority.* On January 17, 2019, the CFPB transmitted a legislative proposal to grant the CFPB clear authority to supervise for compliance *with* the Military Lending Act.
  - On January 10, 2019, Representative Andy Barr (R-KY) introduced H.R. 442, the “Financial Protection for Our Military Families Act,” a bill to amend the Consumer Financial Protection Act of 2010 to extend the supervisory authority of the Bureau of Consumer Financial Protection to include assessing compliance with the Military Lending Act. On January 10, 2019, H.R. 442 was referred to House Armed Services and HFSC.
  - On May 22, 2019, Representative Andy Barr (R-KY) introduced a revised version of the bill, H.R. 2904, the “Financial Protection for Our Military Families Act,” a bill to amend the Consumer Financial Protection Act of 2010 to extend certain supervisory authority of the Bureau of Consumer Financial Protection to include assessing compliance with the Military Lending Act. On May 22, 2019, H.R. 2904 was referred to: House Armed Services and HFSC.
- *Whistleblower Award Program.* On March 6, 2019, the CFPB submitted proposed legislative language to amend Title X of the Dodd-Frank Act and provide authority to establish a whistleblower award program. The incentive created for employees to report wrongdoing to the CFPB will assist in advancing enforcement cases, especially as it

relates to fair lending violations. Under the proposed legislation, in cases where a whistleblower provides voluntary information that leads to a successful enforcement action, the CFPB will be able to pay an award based on a percentage of the monetary sanctions collected in the action.

- On June 17, 2020, Senator Catherine Cortez Masto (D-NV) introduced S. 3975, the “Financial Compensation for CFPB Whistleblowers Act,” a bill to amend the Consumer Financial Protection Act of 2010 to provide for whistleblower incentives and protection. On June 17, 2020, S. 3975 was referred to BHUA.
- On July 27, 2020, Representative Al Green (D-TX) introduced H.R. 7793, the “Financial Compensation for CFPB Whistleblowers Act,” a bill to amend the Consumer Financial Protection Act of 2010 to provide for whistleblower incentives and protection. On July 27, 2020, H.R. 7793 was referred to HFSC.

### **III. Areas of Interest**

Below is a summary of the most notable issue areas and legislation of congressional interest in the 116th Congress.

- *CFPB Reforms.* The following notable bills were introduced regarding the structure, pay, and/or funding of the CFPB.
  - On January 17, 2019, Senator Rob Portman (R-OH) introduced S. 187, the “Bureau of Consumer Financial Protection-Inspector General Reform (CFPB-IG) Act,” a bill to require Senate confirmation of the Inspector General of the Bureau of Consumer Financial Protection, and for other purposes.” On January 17, 2019, S. 187 was referred to BHUA.
  - On February 5, 2019, Representative Andy Barr (R-KY) introduced H.R. 969, “Taking Account of Bureaucrats’ Spending (TABS) Act,” a bill to amend the Consumer Financial Protection Act of 2010 to bring the CFPB into the regular appropriations process. On February 5, 2019, H.R. 969 was referred to HFSC.
  - On February 12, 2019, Senator David Perdue (R-GA) introduced S. 453, the “Consumer Financial Protection Bureau Accountability Act of 2019,” a bill to amend the Consumer Financial Protection Act of 2010 to subject the Bureau of Consumer Financial Protection to the regular appropriations process and for other purposes. On February 12, 2019, S. 453 was referred to BHUA.
  - On March 5, 2019, Chairwoman Maxine Waters (D-CA) introduced H.R. 1500, “Consumers First Act,” a bill to require the CFPB to meet its statutory purpose. In general, the bill would codify a number of duties, responsibilities, and office structures within the Bureau, including specifying the Bureau’s name, specifying the powers and duties of a number of units and offices within the Bureau, establishing additional reporting requirements, limiting the number and duties of political

- appointees, establishing additional intergovernmental coordination requirements, and establishing additional requirements for the membership and meetings of the Consumer Advisory Board. On May 22, 2019, H.R. 1500 passed the House (231-191). On May 23, 2019, H.R. 1500 was received in the Senate and referred to BHUA.
- On May 6, 2019, Senator Ted Cruz (R-TX) introduced S. 1335, the “Repeal CFPB Act,” a bill to eliminate the Bureau of Consumer Financial Protection. On May 6, 2019, S. 1335 was referred to BHUA.
  - On March 2, 2020, Senator Michael Enzi (R-WY) introduced S. 3368, the “CFPB Pay Fairness Act of 2020,” a bill to amend the Consumer Financial Protection Act of 2010 to set the rate of pay for employees of the Bureau of Consumer Financial Protection in accordance with the General Schedule. On March 2, 2020, S. 3368 was referred to BHUA.
  - On March 5, 2020, Representative Blaine Luetkemeyer (R-MO) introduced H.R. 6116, the “Consumer Financial Protection Commission Act,” a bill to amend the Consumer Financial Protection Act of 2010 to make the Bureau an independent Consumer Financial Protection Commission, and for other purposes. On March 5, 2020, H.R. 6116 was referred to HFSC.
  - On June 17, 2020, Senator Deb Fischer (R-NE) introduced S. 3990, the “Financial Product Safety Commission Act of 2020,” a bill to amend the Consumer Financial Protection Act of 2010 to make the Bureau of Consumer Financial Protection an independent Financial Product Safety Commission and for other purposes. On June 17, 2020, S. 3990 was referred to BHUA.
- *COVID-19 Relief.* In March 2020, Congress enacted H.R. 748, the “Coronavirus Aid, Relief, and Economic Security Act (CARES Act),” which included a number of Bureau-related provisions, including provisions related to mortgage forbearance, consumer reporting, and student loans.
    - On May 12, 2020, Representative Nita Lowey (D-NY), Chair of the House Committee on Appropriations, introduced H.R. 6800, the “Health and Economic Recovery Omnibus Emergency Solutions Act” or the “HEROES Act,” a bill to respond to the COVID-19 outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. It includes a number of Bureau-related provisions, including amendments to the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, and provisions related to private student loan forgiveness, among other things.
    - On June 24, 2020, Chairwoman Maxine Waters (D-CA) introduced H.R. 7301, the “Emergency Housing Protections and Relief Act of 2020,” a bill to prevent evictions, foreclosures, and unsafe housing conditions resulting from the COVID-19 pandemic,

and for other purposes. On June 29, 2020, the bill passed the House by a vote of 232 to 180.

- *Amendments to Enumerated Consumer Financial Law.* During the 116th Congress, many bills were introduced to amend statutes under the Bureau's jurisdiction. Below is a summary of issue areas or statutes for which amending legislation was introduced and/or considered in Congress.
  - *Consumer Credit Reporting.* In the 116th Congress, there were a significant number of bills related to consumer reporting. Most notable in the House was H.R. 3621, the "Comprehensive CREDIT Act of 2020," which passed the House on January 27, 2020, by a vote of 221 to 189. The bill, which was originally introduced by Representative Ayanna Pressley (D-MA) and titled the "Student Borrower Credit Improvement Act," combined with 5 other consumer credit reporting bills. The House-passed bill would: amend the Fair Credit Reporting Act to remove adverse information for certain defaulted or delinquent private education loan borrowers who demonstrate a history of loan repayment; prohibit current and prospective employers from using credit reports for employment decisions, except where its required by local, state, or Federal law or for a national security clearance; direct Credit Reporting Agencies to give consumers free copies of their credit scores that are used by creditors in making credit decisions, as determined by the Bureau; shorten the time period most adverse credit information stays on consumer reports by reducing the statutory time period from 7 to 4 years and from 10 to 7 years for bankruptcy information, among other provisions; direct the Bureau to set standards for validating the accuracy and predictive value of credit scoring models, both before their initial use by creditors and at regular intervals thereafter, for as long as those models are available for purchase, among other provisions; and address consumers experience when removing errors from their consumer reports, including by providing a new right to appeal the results of initial reviews about the accuracy or completeness of disputed items on the report.
  - *Debt Collection.* Debt collection continued to be an area of legislative interest for members of Congress. Below is a summary of notable legislation related to debt collection. On March 2, 2020, the House passed H.R. 5003, the "Fair Debt Collection Practices for Servicemembers Act," by a vote of 355 to 0. The bill would prohibit a debt collector from representing to servicemembers that failure to cooperate with a debt collector will result in a reduction of rank, a revocation of security clearance, or military prosecution. In November and December 2019, the HFSC passed a number of debt collection bills out of Committee, which have yet to

be taken up on the full House Floor, including H.R. 3948, the “Debt Collection Practices Harmonization Act,” which applies certain consumer protections regarding debt collection to debt owed to a state; H.R. 4403, the “Stop Debt Collection Abuse Act,” which would apply certain consumer protections regarding debt collection to debt owed to a federal agency and to debt buyers; H.R. 5013, the “Small Business Fair Debt Collection Protection Act,” which would apply consumer debt collection protections to small businesses, including protections regarding debt collection methods and third-party debt collection; H.R. 5021, the “Ending Debt Collection Harassment Act of 2019,” which would prohibit a debt collector from sending electronic communications to a consumer without the consumer's consent, prohibit the CFPB from issuing rules that allow a debt collector to send unlimited electronic communications, and require the CFPB to report on consumer complaints about electronic communications and enforcement actions taken against debt collectors; and the H.R. 5330, the “Consumer Protection for Medical Debt Collections Act,” which would modify requirements related to the reporting of medical debt.

- *Student Loans.* There was significant interest in the area of student loans (both federal and private) in the 116<sup>th</sup> Congress, including legislation on servicing reforms, debt collection, credit reporting, and transparency. Below are a few examples.
  - On March 7, 2019, Senator Tom Udall (D-NM) introduced S. 720, the “CFPB Student Loan Integrity and Transparency Act of 2019.” The bill would require (1) student loan servicers to work with the Bureau, (2) the Bureau Director to maintain staffing levels and resources so that the Private Education Loan Ombudsman may carry out the functions and duties of the office, and (3) information sharing between the Bureau and the Department of Education. On March 7, 2019, S. 720 was referred to the Senate Committee on Health, Education, Labor and Pensions (HELP).
  - On April 3, 2019, Senator Jeff Merkley (D-OR) introduced S. 1002, the “Affordable Loans for Any Student Act,” a bill to amend the Higher Education Act of 1965 in order to increase usage of the Federal student loan income-based repayment plan and improve repayment options for borrowers. On April 3, 2019, S. 1002 was referred to HELP.
  - On May 7, 2019, Senator Richard Durbin (D-IL) introduced S. 1354, the “Student Loan Borrower Bill of Rights” a bill that requires certain protections for student loan borrowers. On May 7, 2019, S. 1354 was referred to HELP.
  - On September 27, 2019, Representative Madeleine Dean (D-PA) introduced H.R. 4545, the “Private Loan Disability Discharge Act,” which would direct the holder of a private education loan to discharge the loan in the event of the borrower's

death or total and permanent disability. On December 11, 2019, the HFSC ordered to be reported by a vote of 32-25.

- On December 3, 2019, Representative Al Lawson (D-FL) introduced H.R. 5287, the “Fair Student Loan Debt Collection Practices Act,” which would prohibit a debt collector from collecting on federal student loan debt owed by a borrower earning under a certain income. On December 10, 2020, the HFSC ordered the bill reported, as amended by a vote of 32 to 25. The bill received a joint referral to House Committees on Judiciary and Education and Labor.
- On December 4, 2019, Representative Alma Adams (D-NC) introduced H.R. 5294, the “Student Borrower Protections Act of 2019,” to amend the Truth in Lending Act to establish a postsecondary education loan borrower bill of rights and to require certain creditors to obtain private loan certifications from institutions of higher education, to amend the Fair Credit Reporting Act to require the CFPB to issue rules to establish standards for reporting information related to student loans to consumer reporting agencies, and for other purposes. On December 10, 2020, the HFSC ordered the bill reported, as amended by a vote of 32 to 26.

— *Other areas of interest: mortgages, small dollar lending, financial literacy, small business lending, and special populations, such as servicemembers and older Americans.* Finally, the 116th Congress was active in introducing legislation on a number of topics related to the Bureau. Below are a few notable examples.

- On January 16, 2019, Senator Robert Casey (D-PA) introduced S. 149, the “Stop Senior Scams Act,” a bill to establish a Senior Scams Prevention Advisory Council. S. 149 passed the Senate by unanimous consent on June 10, 2020. S. 149 was received in the House on June 15, 2020. S. 149 would establish a Federal advisory group called the Senior Scams Prevention Advisory Council (Advisory Council) that would charge the Federal Trade Commission (FTC) with bringing together relevant government officials, industry representatives, and advocates to collect and develop educational materials for retailers, financial institutions, and wire-transfer companies to use in preventing scams that affect seniors. The membership of the Advisory Council would include representatives of the FTC, the Department of the Treasury, the Attorney General, the Consumer Financial Protection Bureau, industry sectors including retail, telecommunications, and financial services, consumer and senior advocacy groups, and other interested entities.
- On February 25, 2019, Senator Mark Warner (D-VA) introduced S. 540, the “Self-Employed Mortgage Access Act of 2019,” a bill that which would direct the Bureau to amend the standards that creditors may rely on in satisfying Qualified

Mortgage requirements under Regulation Z. On February 25, 2019, S. 540 was referred to BHUA.

- On March 28, 2019, Representative David Scott (D-GA) introduced H.R. 1988, the “Protect Affordable Mortgages for Veterans Act of 2019,” which would revise loan seasoning requirements related to a refinanced Department of Veterans Affairs housing loan. On July 9, 2019, the bill passed the House under suspension of the rules by voice vote.
- On July 25, 2019, Representative David Scott (D-GA) introduced H.R. 4067, the “Financial Inclusion in Banking Act of 2019,” which would expand the duties of the Office of Community Affairs within the Consumer Financial Protection Bureau regarding under-banked, un-banked, and underserved consumers. The office must, in part (1) report on impeding factors for individuals and families that do not participate in the banking system, and (2) develop strategies to increase such participation. On October 28, 2019, the bill passed the House under suspension of the rules by voice vote.
- On May 8, 2020, Representative Cindy Axne (D-IA) introduced H.R. 6735, the “COVID-19 Fraud Prevention Act,” which would establish the Consumer and Investor Fraud Working Group to prevent fraud during the COVID-19) pandemic. The working group must report monthly regarding resources available to consumers, public enforcement actions, and related consumer complaints. On September 21, 2020, the bill passed the House under suspension of the rules by voice vote.