JULY 2012

Semi-Annual Report of the Consumer Financial Protection Bureau

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cfpb Consumer Financial Protection Bureau

Message from Richard Cordray

DIRECTOR OF THE CFPB

Just one year ago, the Consumer Financial Protection Bureau became the nation's first federal agency solely focused on protecting consumers in the financial marketplace. As this report shows, we have already made great strides and helped many thousands of consumers.

The markets for consumer finance are rooted in the financial and credit needs we all encounter in our daily lives. These products and services have brought broad benefits to Americans as they manage the ways and means of their lives. But, as we have seen, if these products and services are misused, they can do real damage to consumers and to the broader economy.

The Consumer Bureau is establishing evenhanded and reasonable oversight to the marketplace. We are working to root out unfair, deceptive, or abusive practices. Consumers deserve to be treated fairly, and to have someone stand on their side when they are not. Congress directed us to fix grave problems in the mortgage market, and we are well on our way to fulfilling that goal.

To achieve these objectives, we are dedicated to building an agency that is evidence-based and data-driven. Field hearings, inquiries, bulletins, rulemakings – we take an "all of the above" approach to guarantee that we have the best current information as we make policy decisions.

Our Consumer Response team is handling complaints on issues ranging from mortgages to credit cards to bank products to student loans. Our "Know Before You Owe" projects aim to make the costs and risks of financial decisions clearer and more accessible for consumers. We launched our Consumer Complaint Database to bring more transparency and efficiency to the marketplace.

We created a Financial Aid Shopping Sheet and a Financial Aid Comparison Shopper to help students and their families better understand the student loan process. We are seeking to educate older Americans about their financial options and help servicemembers make the best financial decisions for themselves and their families.

The first year of the Consumer Bureau has been busy and full; it reflects the hard work done by people of the highest caliber and dedicated to public service. We look forward to continuing to fulfill Congress's vision of an agency that helps all Americans by improving their financial lives.

Sincerely,

Richard Cordray

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Executive Summary

The Consumer Financial Protection Bureau (CFPB or Bureau) is the nation's first federal agency focused solely on consumer financial protection.[1] The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the CFPB to protect consumers of financial products and services and to encourage the fair and competitive operation of consumer financial markets. The Bureau's mission is to make consumer financial markets work for American consumers, honest businesses, and the economy as a whole.

In fulfillment of its statutory responsibility and its commitment to accountability, the CFPB is pleased to present its second Semi-Annual Report to the President and Congress. This report provides an update on the Bureau's activities and accomplishments since its inaugural report in January 2012 and additional information required by the Dodd-Frank Act.[2]

The Dodd-Frank Act requires the CFPB to:

- Ensure that consumers have timely and understandable information to make responsible decisions about financial transactions;
- Protect consumers from unfair, deceptive, or abusive acts and practices, and from discrimination;
- Identify and address outdated, unnecessary, or unduly burdensome regulations;

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[1] Previously, seven different federal agencies were responsible for rulemaking, supervision, and enforcement relating to consumer financial protection. The agencies which previously administered statutes transferred to the Bureau are the Board of Governors of the Federal Reserve System (Federal Reserve, Federal Reserve Board, or Federal Reserve Board System), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).

[2] Reports cover six-month increments beginning January 1st and July 1st. Appendix B provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act.

- Promote fair competition by consistent enforcement of the consumer protection laws in the Bureau's jurisdiction; and

- Ensure markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.[3]

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

CONSUMER CHALLENGES IN OBTAINING FINANCIAL PRODUCTS AND SERVICES

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

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

DELIVERING FOR AMERICAN CONSUMERS AND LEVELING THE PLAYING FIELD

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

The Bureau has also:

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[3] *See* Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(b).

- Engaged in extensive outreach to consumers and industry throughout the country;

- Initiated and developed partnerships with federal agencies, state financial regulatory entities, and state attorneys general, and begun to establish advisory groups comprised of consumer organizations, community organizations, government officials, and industry representatives;

- Implemented statutory protections for consumers who use consumer financial products and services, and begun the process of streamlining regulations that the CFPB inherited from other agencies;

- Launched programs for supervising large banks and other companies that provide consumer financial products and services to ensure that they comply with federal consumer financial protection laws;

- Investigated potential violations of laws under the Bureau's jurisdiction; and

- Used extensive outreach in its efforts to ensure fair, equitable, and nondiscriminatory access to credit for individuals and communities.

BUILDING A GREAT INSTITUTION

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

- Demonstrating a strong commitment to openness and utilizing the Bureau's website to share information on the operations of the Bureau;

- Recruiting highly qualified personnel;

- Providing training and engagement opportunities for CFPB staff to improve skills and knowledge and maintain excellence; and

- Launching the Bureau's Office of Minority and Women Inclusion to promote diversity in the CFPB's workforce and among its contractors.

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

Consumer Challenges in Obtaining Financial Products and Services

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

Consumer Concerns

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

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

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

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

- Inability to qualify for a mortgage loan modification, or if they qualify they are unable to obtain a viable modification that sufficiently lowers their payments;

- Inability to refinance their loans even though they report having high credit scores;

- Inability to refinance, consolidate, or pay their private student loans;

- Lack of clarity about credit scoring and the scores that creditors use versus the scores consumers are given by credit bureaus, making it difficult for consumers to understand this key measure of their creditworthiness; and

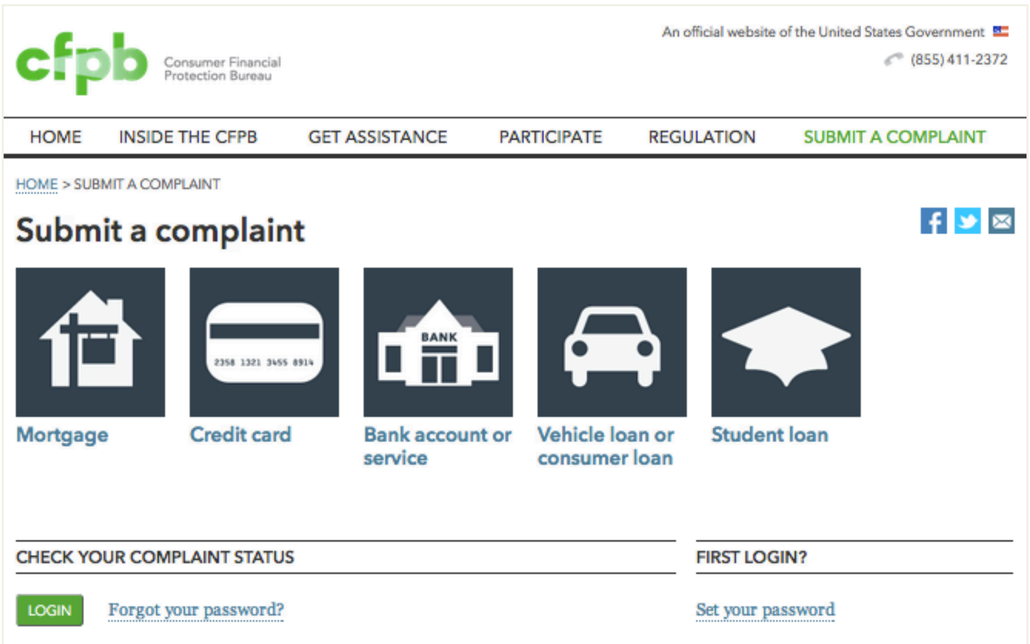
- Confusion about overdraft protection, including terms, fees, and the relationship between checking accounts and related savings accounts, lines of credit, and credit cards.

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

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

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

Collecting, investigating, and responding to consumer complaints[4] are integral parts of the CFPB's work, as Congress set forth in the Dodd-Frank Act.[5] The Bureau's Consumer Response team hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of financial institutions, and assists in addressing their complaints.



www.consumerfinance.gov/complaint

The CFPB began Consumer Response operations on July 21, 2011, accepting consumer complaints about credit cards. Consumer Response began handling mortgage complaints on December 1, 2011, and it began accepting complaints about bank accounts and services, private student loans, and consumer loans on March 1, 2012. Over the next year, the CFPB expects to handle consumer complaints on other products and services under its authority. As Consumer Response continues to expand its capacity, consumers may contact the CFPB about additional products and services. The Bureau answers these inquiries and refers consumers to other regulators or additional resources where appropriate.

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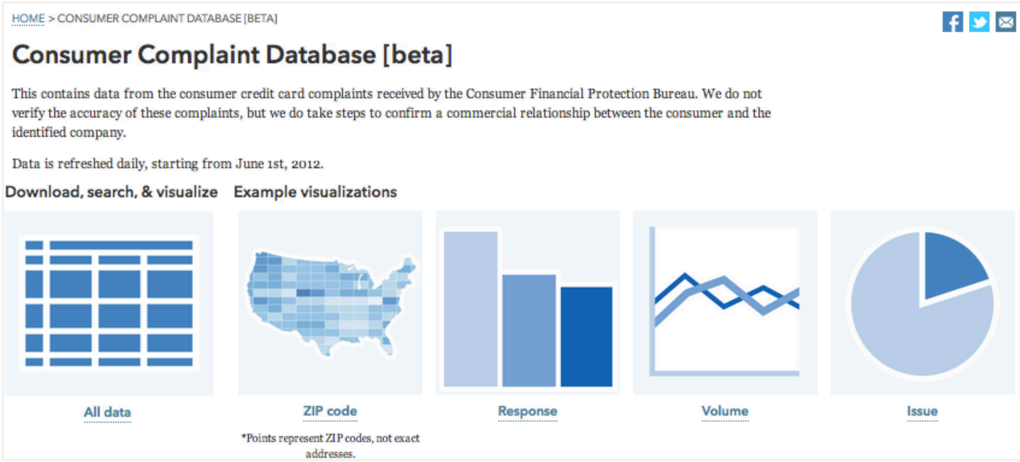
[4] Consumer complaints are submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer's personal experience with a financial product or service.

[5] *See* Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(c)(2).



www.consumerfinance.gov/complaintdatabase

Information about consumer complaints is now available to the public, following the CFPB's launch of a public Consumer Complaint Database on June 19, 2012.[6] The database is populated by credit card complaints received by the CFPB on and after June 1, 2012 and contains certain individual complaint-level data collected by the CFPB, including the type of complaint, the date of submission, the consumer's zip code, and the company that the complaint concerns. The database also includes information about the actions taken on a complaint – whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include confidential information about consumers' identities. Web-based and user-friendly features of the database include the ability to: filter data based on specific search criteria; aggregate data in various ways, such as by complaint type, issuer, location, date, or any combination of available variables; and download data. Over time, the CFPB may add complaints about other consumer financial products and services under its authority to the Consumer Complaint Database.

In keeping with the CFPB's statutory responsibility and its commitment to accountability, this report provides an overview of how Consumer Response handles complaints and presents an analysis of complaints received over the period from July 21, 2011 through June 30, 2012.

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

HOW THE CFPB HANDLES COMPLAINTS

Consumer Response screens all complaints submitted by consumers based on several criteria. These criteria include whether the complaint falls within the CFPB's primary enforcement authority, whether the complaint is complete, and whether it is a duplicate of a prior submission by the same consumer. Screened complaints are sent via a secure web portal to the appropriate company.[7] The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company reports back to the consumer and the CFPB via the secure "company portal." The Bureau then invites the consumer to review the response. Consumer Response prioritizes for review and investigation complaints in which the consumer disputes the response or where companies fail to provide a timely response.[8] Consumers who have filed complaints with the Bureau can log onto the secure "consumer portal" available on the CFPB's website or call a toll-free number to receive status updates, provide additional information, and review responses provided to the consumer by the company.

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

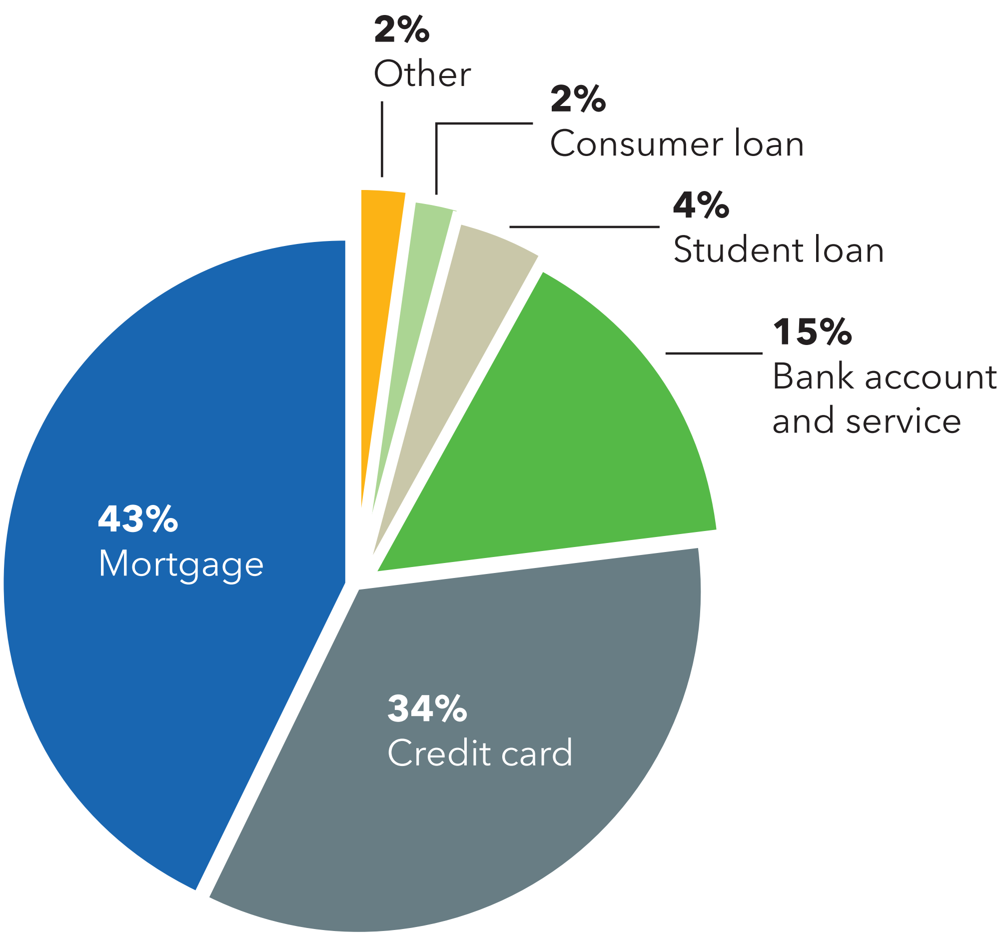
[7] If a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or that is currently being handled by the Bureau, Consumer Response refers it to the appropriate regulator.

[8] The CFPB initially requested that companies respond to complaints within 10 calendar days, but increased the requested response time to 15 calendar days when Consumer Response began handling mortgage complaints on December 1, 2011. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is "In progress" and provide a final response within 60 calendar days.

COMPLAINTS RECEIVED BY THE CFPB

Between July 21, 2011 and June 30, 2012, the CFPB received approximately 55,300 consumer complaints.[9]

FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT



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

The tables and figures presented below show complaints by type, actions taken, company responses, and consumers' reviews of company responses.[10]

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

[10] Percentages may not sum to 100 percent due to rounding.

Consumers' Credit Card Complaints

Table 1 shows the most common types of credit card complaints that the CFPB has received as reported by consumers. Sixty-seven percent of the approximately 18,800 credit card complaints fell into these 10 categories.

TABLE 1: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY CONSUMERS

	%
Billing disputes	14%
Annual Percentage Rate (APR) or interest rate	10%
Identity theft/Fraud/Embezzlement	9%
Other	6%
Closing/Cancelling account	6%
Credit reporting	6%
Collection practices	5%
Late fee	4%
Credit card protection/Debt protection	4%
Collection debt dispute	3%
CREDIT CARD COMPLAINTS IN TOP 10 TYPES	67%

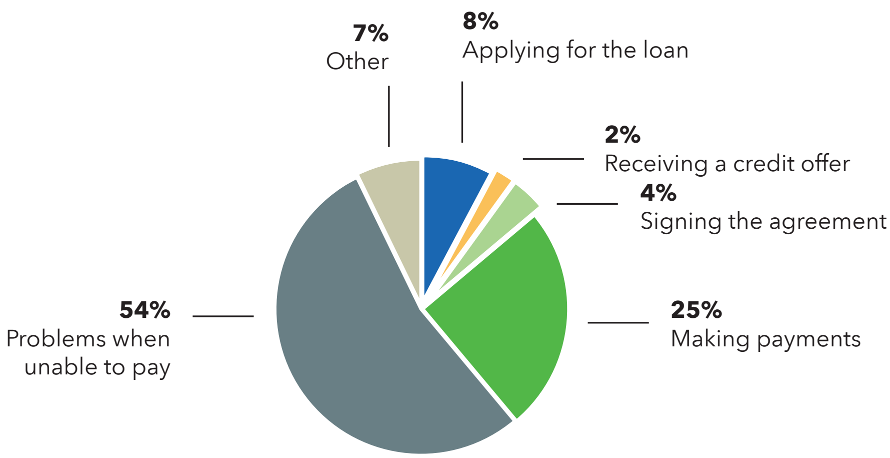
As the table illustrates, billing disputes are the most common type of credit card complaint. Some consumers are confused and frustrated by the process and limits to challenging inaccuracies on their monthly credit card billing statements. For example, some consumers only realize after their claim has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

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

Consumers' Mortgage Complaints

Figure 2 shows the types of mortgage complaints as reported by consumers for the approximately 23,800 mortgage complaints received by the CFPB.

FIGURE 2: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS



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

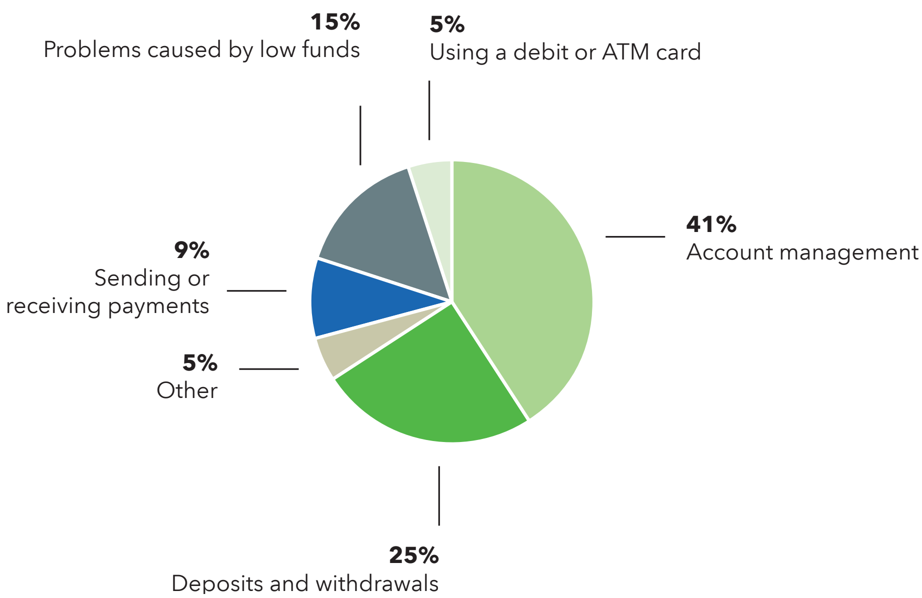
The most common type of mortgage complaint is about problems consumers have when they are unable to make payments, such as issues related to loan modifications, collection, or foreclosure. Consumers who have filed these complaints generally appear to be driven by a desire to seek agreement with their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

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

Consumers' Bank Account and Service Complaints

Figure 3 shows the types of bank account and service complaints, such as complaints about checking and savings accounts, as reported by consumers for the approximately 8,100 complaints received by the CFPB.

FIGURE 3: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY CONSUMERS



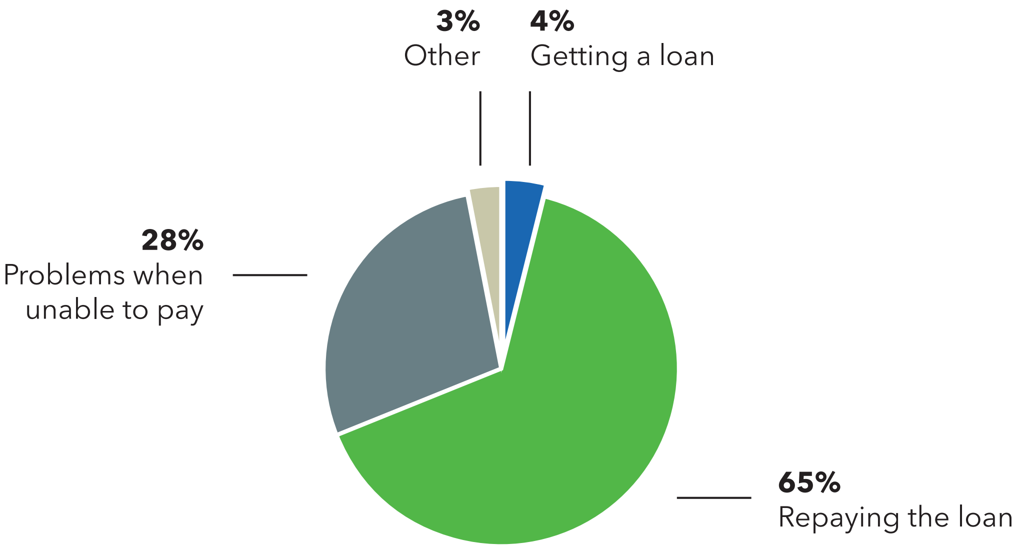
	%
Account opening, closing, or management (Confusing marketing, denial, disclosure, fees, closure, interest, statements, joint accounts)	41%
Deposits and withdrawals (Availability of deposits, withdrawal problems and penalties, unauthorized transactions, check cashing, payroll deposit problems, lost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

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

Consumers' Student Loan Complaints

Figure 4 shows the types of student loan complaints as reported by consumers for the approximately 2,000 student loan complaints received by the CFPB.

FIGURE 4: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS



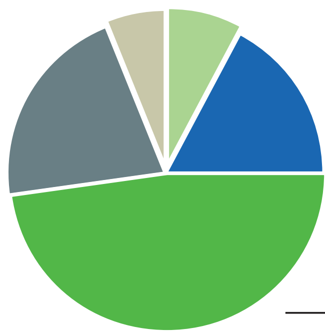
	%
Getting a loan (Confusing terms, rates, denial, confusing advertising or marketing, sales tactics or pressure, financial aid services, recruiting)	4%
Repaying your loan (Fees, billing, deferment, forbearance, fraud, credit reporting)	65%
Problems when you are unable to pay (Default, debt collection,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

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

Consumers' Consumer Loan Complaints

Figure 5 shows the types of consumer loan complaints, such as complaints about installment loans, vehicle loans and leases, and personal lines of credit, as reported by consumers for the approximately 1,400 consumer loan complaints received by the CFPB.

FIGURE 5: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS



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

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

HOW COMPANIES RESPOND TO CONSUMER COMPLAINTS

Approximately 44,600 (or 81 percent) of all complaints received between July 21, 2011 and June 30, 2012 were sent by Consumer Response to companies for review and response.[11] Table 2 shows how companies responded to these complaints during this time period.

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and categorization of the response. Based on industry comments received about disclosure of credit card complaint data, beginning June 1, 2012, response category options included "closed with monetary relief," "closed with non-monetary relief," "closed with explanation," "closed," "in progress," and other administrative options.[12] Monetary relief is defined as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. "Closed with non-monetary relief" indicates that the steps taken by the company in response to the complaint did not result in monetary relief to the consumer that is objective, measurable, and verifiable, but may have addressed some or all of the consumer's complaint involving non-monetary requests. Non-monetary relief is defined as other objective and verifiable relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. "Closed with explanation" indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer's complaint. For example, this category would be used if the explanation substantively meets the consumer's desired resolution or explains why no further action will be taken. "Closed" indicates that the company closed the complaint without relief – monetary or non-monetary – or explanation. Consumers are given the option to review and dispute all company closure responses.

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

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

TABLE 2: HOW COMPANIES HAVE RESPONDED TO CONSUMER COMPLAINTS[13]

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

Companies have responded to over 40,300 of the 44,600 complaints sent to them (90 percent) and report having closed 85 percent of the complaints sent to them. Table 2 shows how companies have responded.

Beginning December 1, 2011, companies had the option to report an amount of monetary relief, where applicable. Since then companies have provided relief amounts in

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

response to more than 4,800 complaints. The median amount of relief reported by companies was $144; however, company reports of relief amounts and medians vary by product. For the approximately 2,500 credit card complaints where companies provided a relief amount, the median amount of relief reported was approximately $130. For the approximately 800 mortgage complaints where companies provided a relief amount, the median amount of relief reported was approximately $411. For the more than 1,400 bank account and service complaints where companies provided a relief amount, the median amount of relief reported was approximately $105. For the approximately 70 student loan complaints where companies provided a relief amount, the median amount of relief reported was approximately $1,597. For the approximately 80 consumer loan complaints where companies provided a relief amount, the median amount of relief reported was approximately $136.

Consumers' Reviews of Companies' Responses

Once the company responds, the CFPB provides the company's response to the consumer for review. Where the company responds "closed with monetary relief," "closed with non-monetary relief," "closed with explanation," or "closed," consumers are given the option to dispute the response.[14] Complaints with disputed company responses are among those prioritized for investigation. Table 3 shows how consumers responded to the approximately 36,600 complaints where they were given the option to dispute. Consumers are asked to notify the CFPB within 30 days if they want to dispute a company's response. Approximately 44 percent of such consumers did not dispute the responses provided. Nearly 17 percent of consumers have disputed the responses provided. The rest were pending with consumers at the end of this period.

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

TABLE 3: CONSUMER REVIEW OF COMPANY RESPONSES

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

Consumer Response Investigations

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

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

Shopping Challenges

The challenges that consumers face in the marketplace highlight the importance of a tenet which is central to the CFPB's mission – promoting markets in which consumers can shop effectively for financial products and services. When the costs, risks, and other key features of financial products are transparent and understandable, consumers are better able to compare products and choose the best one for them. This discussion presents preliminary observations about opportunities and challenges that consumers face when shopping for checking accounts.[15]

CHECKING ACCOUNTS

Background

Over 92 percent of American households hold some type of transaction account for their core cash management needs.[16] Most of those accounts are insured checking accounts at a bank, thrift, or credit union. According to one survey, households are switching their checking account providers at a rate of once every 11 years, and switching is on the rise.[17] Consumers shopping for banks in 2011, on average, looked at no more than two institutions.[18] While historically consumers may have been most likely to shop for a new bank when moving to a new city or neighborhood, increasingly consumers may be shopping in response to an unpleasant experience, such as changes in fees or other terms and conditions.[19]

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[15] For a discussion of shopping challenges in markets for mortgages, credit cards, and student loans, please see Consumer Financial Protection Bureau, "Semi-Annual Report of the Consumer Financial Protection Bureau, July 21 - December 31, 2011," January 30, 2012.

[16] Jesse Bricker, Brian Bucks, Arthur Kennickell, Traci Mach, and Kevin Moore, "Surveying the Aftermath of the Storm: Changes in Family Finances from 2007 to 2009," March 2011, at 27, http://www.federalreserve.gov/pubs/feds/2011/201117/201117pap.pdf (last viewed July 9, 2012).

[17] J.D. Power and Associates, "Shopping and Switching Rates Increase among Retail Bank Customers as Competition in the Industry Intensifies," March 1, 2011, http://businesscenter.jdpower.com/news/pressrelease.aspx?ID=2011020 (last viewed July 9, 2012).

[18] Id.

[19] J.D. Power and Associates, "Bank Customer Switching Rates Rise Again, Fueled by Issues with Fees and Poor Service," Feb. 27, 2012, http://businesscenter.jdpower.com/news/pressrelease.aspx?ID=2012017 (last viewed July 9, 2012).

Banks may charge a wide range of fees to holders of checking accounts.[20] Some fees, including monthly maintenance, are levied on a periodic basis. Others, such as fees for using the ATMs of other institutions or fees for in-person transactions with tellers, are incurred on a per-transaction basis. Depository institutions frequently also impose "penalty" fees for overdrafts, returned deposited checks, and other transactions that may impose additional risks or costs upon the institution.

Shopping Channels

While consumers have historically shopped – and continue to shop – for checking accounts at branch offices, a large portion of the population now relies upon the Internet. Use of the two primary shopping channels may not be mutually exclusive. A recent survey estimates that "76 percent of consumers view the bank branch as the primary place to open new accounts and 65 percent look there first when they *buy* banking products."[21] However, the survey also found that "70 percent of consumers first go online when researching banking products and services, up from 42 percent five years ago."

The growth of online shopping promises increased access to information and development of tools with which consumers can make online comparisons. Consumers can obtain at least some information about checking account products at most financial institutions' websites. They can also compare checking products along a limited number of dimensions at a number of third-party sites.[22] Still, a number of issues present challenges for consumer shoppers.

Transparency

DISCLOSURE OF TERMS AT BRANCH OFFICES

Regulation DD, which implements the Truth in Savings Act, requires a depository institution to disclose to a consumer, among other things, the terms and fees (and conditions under which the fees will be imposed) associated with maintaining a checking account before it opens the account for or provides services to the consumer.[23] The

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[20] Banks' revenue from checking accounts comes through a combination of net interest margin (interest earned from lending or investing the consumers' deposits, minus any interest paid to consumers' account), interchange earned on consumers' debit card transactions, and fees charged to the consumers themselves.

[21] Sherief Meleis et al., "Reconstructing the Retail Banking Business," Novantas Review, July 2011, at 13, http://www.novantas.com/article.php?id=317 (last viewed July 9, 2012).

[22] Examples include Bankrate.com and Findabetterbank.com.

[23] *See* 12 C.F.R. § 1030.4.

purpose of the regulation is to enable consumers to make informed decisions about accounts at depository institutions.[24]

However, in 2008, the Government Accountability Office (GAO) found that consumers may not be able to obtain the required information from bank branches at all times.[25] GAO employees conducted "secret shopper" visits to a non-generalizable yet sizable sample: 185 branches of 154 banks, thrifts, and credit unions during 2007 and 2008. Visitors found they were "unable to obtain, upon request, a comprehensive list of all checking and savings account fees at 40 of the branches (22 percent)."[26] Similarly, the "secret shoppers" were "unable to obtain the account terms and conditions, including information on when deposited funds became available and how overdrafts were handled, for checking and savings accounts at 61 of the branches (33 percent)."[27] These findings appear to be consistent with those published by the Unites States Public Interest Research Group (PIRG) in 2011.[28]

DISCLOSURE OF TERMS ONLINE

Currently, the regulation implementing the Truth in Savings Act, Regulation DD, also provides that if a consumer uses electronic means to open an account, such as through a website, the same disclosures required for opening an account in a bank branch must be provided to the consumer before the account is opened or a service is provided. However, because the regulation also provides that disclosures may be mailed to customers who request written account information when the customer is not "present," account terms may not be immediately available for customers shopping online.[29] In addition, Regulation E, which implements the Electronic Fund Transfer Act, requires disclosures of fees for electronic fund transfers or the right to make such transfers at the time the consumer contracts for the electronic fund transfer service or before the first transfer is made involving the consumer's account.[30] Examples of fees for electronic fund transfer services

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[24] *See id.* § 1030.1(b).

[25] Government Accountability Office, "Bank Fees: Federal Banking Regulators Could Better Ensure That Consumers Have Required Disclosure Documents Prior to Opening Checking or Savings Accounts," January 2008, http://www.gao.gov/assets/280/271686.pdf (last viewed July 9, 2012).

[26] *Id.* at 6.

[27] Id.

[28] U.S. Public Interest Research Groups, "Big Banks, Bigger Fees 2011: A National Survey of Bank Fees and Fee Disclosure Policies," April 2011, http://www.uspirg.org/sites/pirg/files/reports/uspirgBIGBANKSREPORTONLY.pdf (last viewed July 9, 2012).

[29] *See* 12 C.F.R. § 1030.4.

[30] *See id.* § 1005.7.

include fees for ATM withdrawals or purchases made using a debit card.31 However, these disclosures also may be provided too late to assist shoppers.

In 2008, the GAO found that information on fees, terms, and conditions was not readily available on the websites of the institutions visited by its "secret shopper" employees. The GAO was "unable to obtain a comprehensive list of fees from 103 of the 202 [websites] (51 percent). In addition, [it was] unable to obtain the terms and conditions from 134 of the 202 (66 percent)."32

ACCESSIBILITY AND PROMINENCE

Facilitas, Inc., a market research firm that publishes the website FindABetterBank.com and monitors checking account pricing daily at 139 institutions across the nation (including the 65 largest) has conducted additional research on disclosure of terms and pricing by depositories. The company tracks and scores the difficulty of finding information related to 24 common fees at each of the institutions the firm monitors, noting what terms are prominently posted online, what is only contained in legal disclosures, what is not posted and requires assistance from a customer service representative, and what is ostensibly not available outside of a branch. As of February 2012, the average accessibility score earned by banks and credit unions observed by Facilitas was 2.9 on a scale of 0 to 6, where a score of 3.0 indicates "persistent navigation" is required to find fee information online and a 2.0 suggests fee information is difficult to find or is not available on the bank's website.[33]

Other studies indicate that institutions that post information online often do so within complex legal disclosures. In a 2011 study of the websites of the ten largest depository institutions, the Pew Charitable Trusts was generally able to find fee information online for the institutions' checking products. However, for many of the institutions, the study found that the fee schedules were contained within lengthy documents containing all the terms and conditions for checking and savings products, with a median length of 111 pages.[34]

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[31] *See id.* §§ 1005.7, 1005.16.

[32] Government Accountability Office, "Bank Fees: Federal Banking Regulators Could Better Ensure That Consumers Have Required Disclosure Documents Prior to Opening Checking or Savings Accounts," at 38, January 2008, http://www.gao.gov/assets/280/271686.pdf (last viewed July 9, 2012).

[33] Data from Facilitas, Inc., received February 28, 2012. Scores below 2.0 indicate that the consumer had to navigate through an automated phone system to get information, which at times was difficult.

[34] The Pew Health Group, "Hidden Risks: The Case for Safe and Transparent Checking Accounts," April 2011, at 6, http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Safe_Checking_in_the_Electronic_Age/Pew_Report_HiddenRisks.pdf (last viewed July 9, 2012). In the 2012 follow-up to this study, Pew observed that the median length decreased to 69 pages; however the change was largely attributed to a change in methodology rather than an industry trend. The

NOMENCLATURE AND COMPARABILITY

Even when consumers are able to obtain complete pricing information on competing products, comparing those products can be challenging due to a lack of standardized descriptions for certain types of fees, especially with respect to overdraft transactions. For example, different depository institutions may use different terms for the fee charged to transfer money from a savings account or a line of credit to a checking account to cover an overdraft and for the fee charged if an overdraft is not repaid within a specified period of time.

Product Complexity

Subtle and sometimes significant variations in product pricing structures across institutions can make comparisons between products or providers cumbersome. For example, some accounts may charge monthly fees if the minimum daily balance requirements are not met for just one day or even for part of one day during a statement period, while other accounts have a fee trigger based upon the *average* monthly balance of the account.

Some institution practices, frequently undisclosed, may make it particularly difficult to anticipate overdraft usage and costs. For example, some institutions may post check, automated clearing house (ACH), and debit transactions in order from the largest to the smallest amount, while others might employ a chronological or low-to-high posting order. These posting-order rules impact the size and number of items that generate overdraft or non-sufficient funds (NSF) fees. Because many payments do not settle on the day on which they were conducted or authorized, consumers are hard pressed to predict the precise order in which items will be processed on a given day. Importantly, many disclosures merely state that the institution reserves the right to determine the order in which to process items.

Furthermore, many institutions' policies set risk-based limits based on an individual customer's credit standing, history with the institution, past overdraft usage, and other factors. Those account underwriting policies vary from institution to institution but cannot be used as a basis for comparing providers if undisclosed.

Consumer Expectations

Finally, as when shopping for other consumer financial products, consumers enrolling in new checking accounts may often underestimate the likelihood of negative outcomes,

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Pew Health Group, "Still Risky: An Update on the Safety and Transparency of Checking Accounts," June 2012, at 7, http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Safe_Checking_in_the_Electronic_Age/Pew_Safe_Checking_Still_Risky.pdf (last viewed July 9, 2012).

such as overdrawing their accounts or incurring overdraft-related fees.[35] Thus, consumers may pay less attention to these terms – even when they are well-disclosed – than to "front end" charges they will incur with more certainty, such as monthly maintenance fees, regardless of the fact that "back end" transaction fees may represent the majority of costs they are likely to incur.

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[35] Michael S. Barr et al., "Behaviorally Informed Financial Services Regulation," October 2008, http://www.newamerica.net/files/naf_behavioral_v5.pdf (last viewed July 9, 2012); ROGER BUEHLER ET AL., INSIDE THE PLANNING FALLACY: THE CAUSES AND CONSEQUENCES OF OPTIMISTIC TIME PREDICTIONS (2002). Bar-Gill (2004) made similar observations with respect to the credit card markets. Oren Bar-Gill, "Seduction by Plastic," 2004, http://law.bepress.com/cgi/viewcontent.cgi?article=1013&context=alea (last viewed July 9, 2012).

Delivering for American Consumers and Leveling the Playing Field

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

Resources for Consumers

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

CONSUMER RESPONSE

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

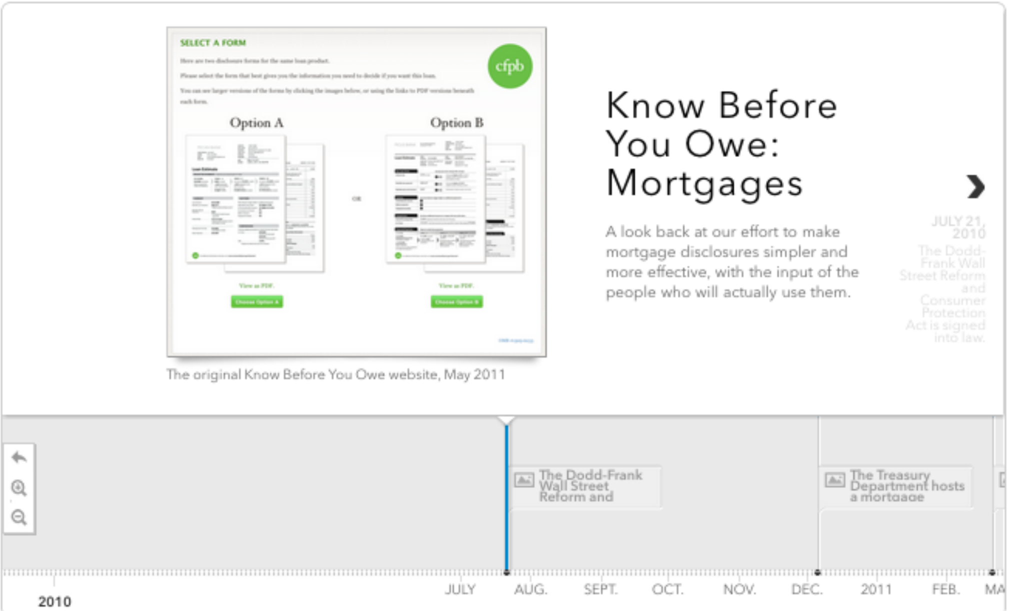
As Consumer Response processes complaints and responds to inquiries, it continues to seek new ways to improve existing processes to make them as efficient, effective, and easy-to-use as possible. Based on feedback from consumers and companies, as well as its own observations, the Consumer Response team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

CONSUMER EDUCATION AND ENGAGEMENT

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

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

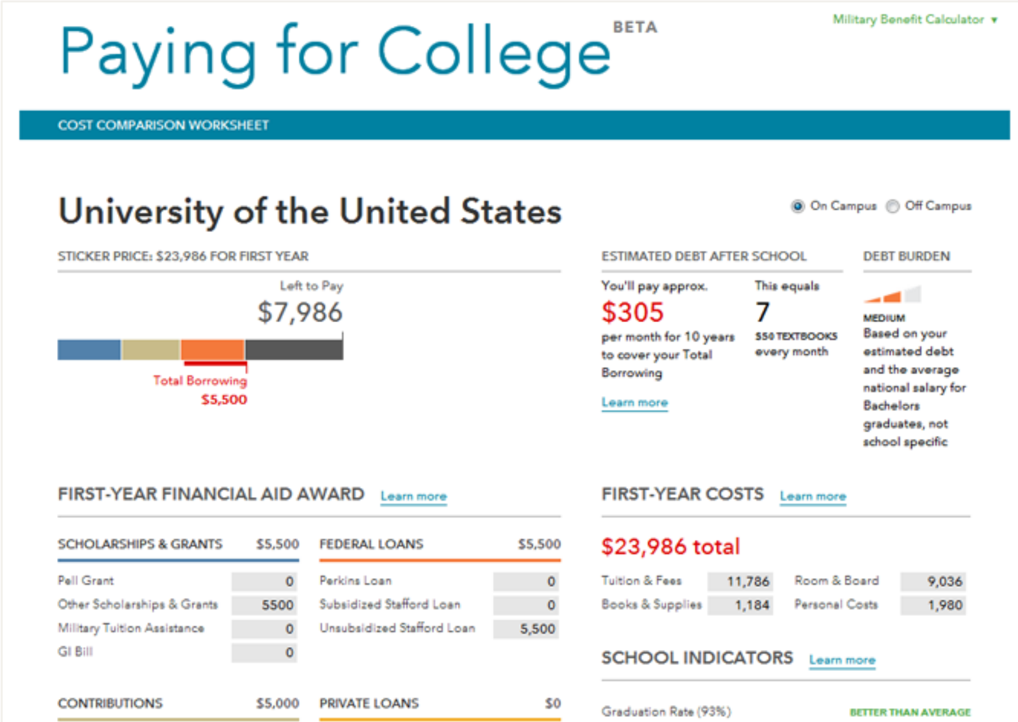
As a 21st-century agency, the Consumer Engagement office has focused on bringing financial decision-making tools and information to consumers through an accessible online format. Over the past year, a steadily increasing number of consumers took advantage of these offerings. The Bureau's website received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



www.consumerfinance.gov/knowbeforeyouowe

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

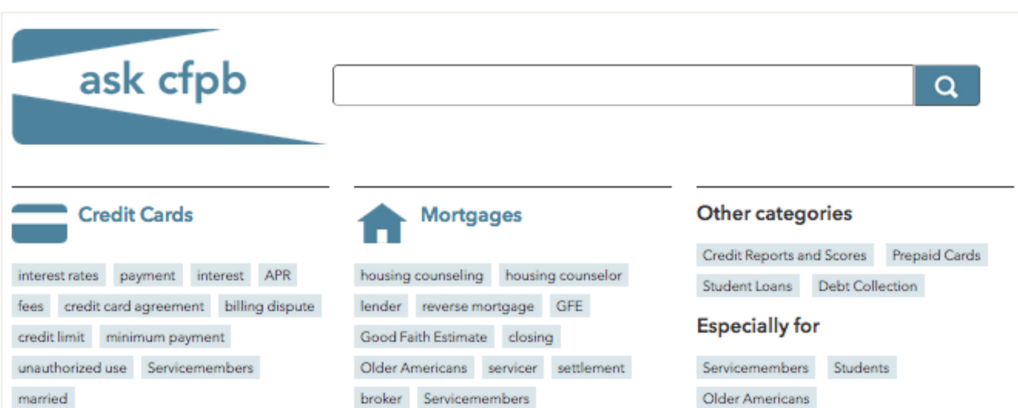
The Office of Consumer Engagement and Office for Students recently entered the second phase of its *Know Before You Owe: Student Loans* project by releasing a beta version of a financial aid comparison tool for public comment. This online tool is designed to help students and families make better-informed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



www.consumerfinance.gov/payingforcollege

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

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



www.consumerfinance.gov/askcfpb

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

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

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

The Bureau is committed to education that builds financial capability and that engages consumers at the right moment with information, tools, and skills to help them achieve their own financial goals. In keeping with that commitment, the Office of Financial Education helped educate people during tax time about opportunities to save a portion of their tax refund by providing useful materials to Volunteer Income Tax Assistance (VITA) sites nationwide. The results of that initiative will help focus and inform future efforts to help consumers reach their savings goals.

Servicemembers

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

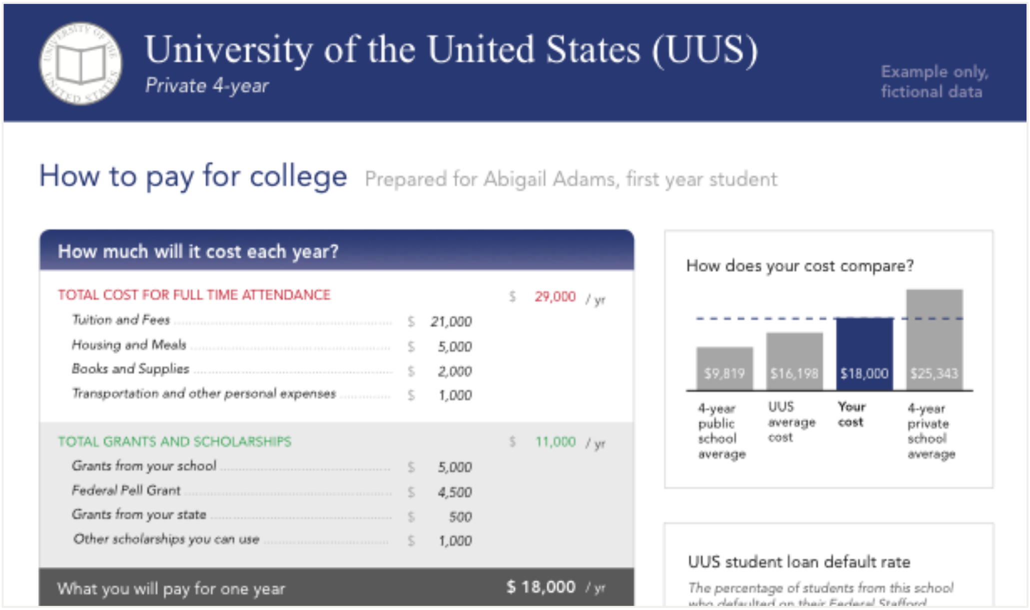
Building on its prior work with the U.S. Department of the Treasury (Treasury) and others to address the particular challenges that servicemembers often face in the mortgage markets, the Office continued its efforts to address the unique challenges presented by Permanent Change of Station (PCS) orders.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

Older Americans

The Division of Consumer Education and Engagement's Office for Older Americans has continued its outreach efforts around the country with its core constituency, key public officials, financial institutions, industry, advocates, and other stakeholders – including 81 events with more than 2,700 participants since October 2011. The Office's outreach work is helping to raise awareness of growing consumer financial challenges faced by older Americans and to bring various interests together to develop solutions on the local, state, and national level. To assist with this work, the Office issued a Request for Information (RFI) about elder financial exploitation and other issues impacting seniors in June 2012. The Office also worked with the CFPB's Research, Markets and Regulations Division to issue a report and consumer guide about reverse mortgages, a loan product sold to homeowners aged 62 and older.

Students

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



www.consumerfinance.gov/students/knowbeforeyouowe

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

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

Financial Empowerment

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

Outreach

In addition to the Bureau's work engaging and educating particular populations, the Bureau has hosted events all over the country to inform and receive input about its work on issues related to consumer financial products and services. More than 1,000 consumers have made their voices heard by participating in town halls and field hearings convened by the CFPB. The Bureau hosted two field hearings – on payday loans in Birmingham, Alabama and on prepaid cards in Durham, North Carolina – to actively solicit public input on key policy initiatives. In New York City, the CFPB convened a town hall meeting to learn from the public's experiences with consumer financial products and services. While in Sioux Falls, South Dakota the Bureau unveiled its Financial Aid Comparison Shopper at a gathering of high school seniors embarking on the college selection process.

In conjunction with field events, Director Cordray and Deputy Director Raj Date have held roundtables with community banks, credit unions, and other members of the financial services industry as part of our continuing commitment to engage with financial service providers. Since January 2012, Bureau representatives have met with hundreds of industry representatives and senior CFPB leadership has delivered several speeches at widely-attended industry conferences. The Bureau also has convened its first three small business panels in January, April, and May 2012. These panels, which are required whenever a rule that the CFPB is writing may have a significant economic impact on small businesses, provided vital insight from financial service providers as the Bureau strives to issue thoughtful, research-based rules.

The Bureau has also actively solicited the perspective of consumer and civil rights groups. In conjunction with field events, Director Cordray and Deputy Director Date have held roundtables with community-based organizations across the country. Since January 2012, the CFPB's Office of Community Affairs has engaged over 3,500 community group representatives through more than 100 meetings, roundtables, and public appearances in Washington, DC and throughout the country. Since January 2012, senior CFPB leadership delivered speeches at four national nonprofit conferences. As with industry outreach, the Bureau has ensured that consumer groups' perspectives inform its internal deliberations on policy initiatives.

Partnerships

The Bureau has furthered many existing partnerships and formalized several new ones. The CFPB received over 700 completed applications to serve on its Consumer Advisory Board. This Board, mandated by Section 1014 of the Dodd-Frank Act, will comprise a varied group of consumers, community organizations, governmental officials, and industry representatives who will provide Director Cordray with advice and consultation on consumer financial issues. The CFPB will be establishing community bank and credit union advisory groups to help ensure that the agency's rules do not unduly harm entities that we do not supervise.

To date, the Bureau has signed numerous memoranda of understanding (MOUs) with intergovernmental partners, including federal agencies, state financial regulatory entities, and state attorneys general. The CFPB has conducted meetings with over 200 intergovernmental stakeholders such as mayors, state legislators, and international officials to help ensure that consumer financial protection remains coordinated among these entities.

Regulations and Guidance

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

IMPLEMENTING STATUTORY PROTECTIONS

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

- Streamlining and integrating federal mortgage disclosures to ensure that consumers who have applied for a mortgage loan understand the terms of the transaction and to facilitate compliance by lenders and other financial services providers.

- Addressing widespread problems in the mortgage servicing industry by implementing Dodd-Frank Act requirements regarding periodic statements, force-placed insurance, prompt crediting of payments, responses to requests for pay-off amounts, and error resolutions. In addition, the Bureau plans to propose basic requirements to ensure that servicers maintain reasonable information management systems and reach out early to work with borrowers who are having trouble paying their loans.

- Refining existing rules regarding the compensation and qualification of mortgage loan originators, including brokers and loan officers, as well as simplifying the structure of upfront points and fees on certain loans.

- Implementing Dodd-Frank Act amendments to existing rules governing high-cost mortgage loans to apply the requirements to a broader group of mortgages and to increase consumer protections.

- Ensuring that consumers receive a copy of the appraisals conducted in connection with their mortgage loan applications.

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

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

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

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

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

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

The Bureau has also proposed a rule to establish procedures by which the CFPB may make any nonbank entity that the CFPB has reasonable cause to determine is posing a risk to consumers subject to its supervisory authority. The proposed rule would establish a process for the CFPB to give notice to the nonbank entities of such determinations and would provide them with a reasonable opportunity to respond. The proposed rule would not impose new substantive consumer protection requirements on any nonbank entity.

INTERPRETING AND STREAMLINING INHERITED REGULATIONS

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

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

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

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

Supervision

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

SUPERVISORY ACTIVITIES

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

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

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

EXAMINATION MANUAL, PROCEDURES, AND OTHER SUPERVISORY GUIDANCE

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

Procedures address the types of information necessary to review key payday lending activities, from initial advertisements and marketing to collection practices.

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

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

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

- Confidentiality protections that are provided to entities during the examination process;

- The CFPB's expectation that supervised entities will oversee their business relationships with service providers in a manner that ensures compliance with federal consumer financial laws; and

- Clarification that under the SAFE Act a state may grant a transitional loan originator license to an individual who holds a valid loan originator license from another state, as discussed further below.

INFRASTRUCTURE AND TECHNOLOGY

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

THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT OF 2008

Related to our Supervision mission is the CFPB's responsibility to administer the SAFE Act.[36] Enacted on July 30, 2008, the SAFE Act mandates a nationwide licensing and registration system for residential mortgage loan originators (MLOs).[37] The SAFE Act authorities transferred to the CFPB pursuant to the Dodd-Frank Act.[38]

To accomplish the goal of national licensing and registration, the SAFE Act prohibits individuals from engaging in the business of MLOs without first obtaining and maintaining annually a particular type of registration. Individuals who are MLOs employed by depository, and certain subsidiary, institutions regulated by the federal banking agencies[39] or the Farm Credit Administration (FCA) must federally register as a registered loan originator and obtain a unique identifier. All other individuals who are MLOs must be licensed by a state, register as a state-licensed loan originator, and obtain a unique identifier. The SAFE Act requires that federal registration and state licensing and registration be accomplished through the Nationwide Mortgage Licensing System and Registry (NMLSR), an online registration system.

The federal agencies previously charged with SAFE Act responsibilities had issued regulations to implement the Act.[40] In light of the transfer to the CFPB of the SAFE Act rulemaking authority of the federal banking agencies, the FCA, the Office of Thrift Supervision (OTS), and the U.S. Department of Housing and Urban Development

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[36] The SAFE Act requires an annual summary of the CFPB's activities under the Act. 12 U.S.C. § 5115(a). This section of the CFPB's Semi-Annual Report constitutes the annual SAFE Act Report for 2012.

[37] More specifically, the SAFE Act as enacted required the OCC, the FDIC, the OTS, and the NCUA, with the Farm Credit Administration (FCA), and through the FFIEC, to develop and maintain a federal system for registering MLOs employed by certain of their regulated institutions. In addition, the SAFE Act as enacted charged HUD with oversight of the states' compliance with systems for licensing and registering other MLOs in accordance with minimum standards established in the SAFE Act.

[38] With this transfer of authorities, the CFPB assumed: (1) responsibility for developing and maintaining the federal registration system (including rulemaking authority); (2) supervisory and enforcement authority for SAFE Act compliance for entities under the CFPB's jurisdiction; (3) oversight and related authority relating to states' compliance with SAFE Act standards for MLO licensing systems; and (4) related rulemaking authority.

[39] Defined in the SAFE Act as the Federal Reserve Board, the OCC, the NCUA, and the FDIC, collectively.

[40] In 2010, the Federal banking agencies, the OTS (subsequently eliminated by the Dodd-Frank Act) and the FCA published a combined final rule establishing similar requirements for federal registration. 75 Fed. Reg. 44,656 (July 28, 2010). In 2011, HUD published a final rule setting minimum standards for state licensing and registration. 76 Fed. Reg. 38,464 (June 30, 2011).

(HUD), the CFPB published an interim final rule establishing a new Regulation G (SAFE Mortgage Licensing Act-Federal Registration of Residential Mortgage Loan Originators) and a new Regulation H (SAFE Mortgage Licensing Act-State Compliance and Bureau Registration System).[41] This interim final rule became effective on December 30, 2011, and does not impose any new substantive obligations on persons subject to the existing SAFE Act regulations.

Since the transfer to the CFPB of the SAFE Act authorities, the Bureau has fielded questions regarding the validity of transitional licenses for MLOs subject to state-licensing requirements. The CFPB issued a bulletin on April 19, 2012, that clarified the questions of whether: (1) a transitional license would allow a MLO who is licensed in one state to act as a MLO in another state; and (2) a transitional license would allow a federally registered loan originator to act as a state-licensed MLO. As stated in that bulletin, the SAFE Act and Regulation H generally require that a state prohibit an individual subject to state MLO-licensing requirements from engaging in the business of a MLO in the state unless the individual first: (1) registers as a loan originator through and obtains a unique identifier from the NMLSR; and (2) meets certain minimum standards. The Bulletin clarifies that the SAFE Act and Regulation H allow a state, if it chooses, to provide a transitional MLO license to an individual who holds a valid MLO license from another state. This guidance, therefore, has the potential to increase employment mobility for state-licensed MLOs who move from one state to another. Because these MLOs are already licensed, issuance of such a transitional license is consistent with the protection provided to the public by the SAFE Act. However, states cannot permit a registered, but unlicensed, loan originator who is no longer employed by a federally regulated institution to act as a MLO while pursuing a state license. Recognizing that this may create impediments to job changes by MLOs, the Bureau will work with the states, industry, and the NMLSR to minimize these impediments going forward, consistent with the SAFE Act.

[41] 76 Fed. Reg. 78,483 (Dec. 19, 2011).

Enforcement

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

CONDUCTING INVESTIGATIONS

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

JOINT TASK FORCE ON FORECLOSURE SCAMS

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

RESIDENTIAL MORTGAGE-BACKED SECURITIES WORKING GROUP

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

WHISTLEBLOWER HOTLINE

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

Fair Lending

The CFPB's Fair Lending and Equal Opportunity Office leads the Bureau's efforts to ensure fair, equitable, and nondiscriminatory access to credit for individuals and communities. The Bureau's inaugural Semi-Annual Report described the tools Fair Lending uses to work toward this goal. This discussion will focus on one of those tools: outreach to consumers, industry, and federal and state agencies.[42]

OUTREACH AND COLLABORATION

The Fair Lending Office engaged in numerous outreach events from January to June 2012 in locations throughout the country, reaching consumers, consumer advocates, and industry representatives who are interested in promoting fair lending compliance.

April 2012 was Fair Lending and Fair Housing Month, and the Bureau hosted several activities to focus attention on these issues. On April 18, 2012, Director Cordray announced at an outreach event held at the National Community Reinvestment Coalition annual conference that the Bureau is "giving fair notice on fair lending" by issuing CFPB Bulletin 2012-04 which provides guidance on compliance with the Equal Credit

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[42] Separately, and pursuant to the Dodd-Frank Act's requirement in Section 1013(c)(2)(d) that the Bureau report to Congress annually on its efforts to fulfill its fair lending mission, the Office of Fair Lending will submit a single report in fall 2012 in satisfaction of this requirement, and the Bureau's reporting requirements under 15 U.S.C. § 1691f of the Equal Credit Opportunity Act and 12 U.S.C. § 2807 of the Home Mortgage Disclosure Act.

Opportunity Act and Regulation B.[43] The Fair Lending Office also issued a pamphlet aimed at educating consumers about credit discrimination and their rights.[44]

Fair Lending also has engaged in a variety of efforts to coordinate with other federal supervisory and enforcement agencies, and has begun outreach to state agencies. Those efforts include joining the U.S. Department of Justice, HUD, and the Federal Reserve as a co-chair of the Federal Financial Fraud Enforcement Task Force's Non-Discrimination Working Group. The Task Force brings together representatives from law enforcement agencies, regulatory authorities, inspectors general, state attorneys general, and local law enforcement in order to coordinate and increase effective enforcement in the lending discrimination and mortgage fraud areas. The Fair Lending Office also participates in the Federal Interagency Task Force on Fair Lending which brings together various federal regulatory agencies[45] to discuss and coordinate fair lending activities.

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[43] *See* 15 U.S.C. § 1691(a)(1); 12 C.F.R. § 1002.4. The Bulletin is posted on the Bureau's website at http://files.ConsumerFinance.gov/f/201404_cfpb_bulletin_lending_discrimination.pdf.

[44] The pamphlet is available on the Bureau's website at http://files.ConsumerFinance.gov/f/201204_cfpb_Credit_Discrimination_Brochure.pdf.

[45] The following agencies participate in the Federal Interagency Task Force on Fair Lending: HUD, the U.S. Department of Justice, the OCC, the Federal Reserve, the FDIC, the Federal Housing Finance Agency, the NCUA, and the FTC.

Building a Great Institution: Update

The CFPB strives to promote transparency, accountability, and fairness. Built on these values, the CFPB is better able to make consumer financial markets work for consumers, honest businesses, and the economy.

Open Government

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

Recent examples over the last few months that illustrate the Bureau's commitment to openness include:

- Freedom of Information Act (FOIA)

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

- Leadership Calendars

  The CFPB is committed to letting consumers know the daily schedules of its senior leadership. The monthly calendars of Director Richard Cordray, Deputy Director Raj Date, and the past Special Advisor to the Secretary of the Treasury

Elizabeth Warren have been posted to the Bureau's website. The Bureau provides the calendars in multiple formats on a monthly basis in order to enhance their usefulness.

- Budget Updates

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

- Procurement

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

- General Reports

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

- Guidance Updates

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

Budget

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

HOW THE CFPB IS FUNDED

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

- 10 percent of these Federal Reserve System expenses (or approximately $498 million) in FY2011;
- 11 percent of these expenses (or approximately $547.8 million) in FY2012; and
- 12 percent of these expenses (or approximately $597.6 million) in FY2013 and each year thereafter, subject to annual inflation adjustments.[46]

During FY2012, to date, the CFPB has requested transfers from the Federal Reserve totaling $257.7 million to fund Bureau operations and activities as described in this report.[47]

These funds are held in an account for the Bureau at the Federal Reserve Bank of New York. Bureau funds that are not funding current needs of the CFPB are invested in Treasury securities. Earnings from those investments are also deposited into the Bureau's account.[48]

If the authorized transfers from the Federal Reserve are not sufficient in FY2010-2014, the CFPB can ask Congress for up to $200 million, subject to the appropriations process.[49] The CFPB did not request an appropriation in FY2011 and does not plan on doing so in FY2012 or FY2013.

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

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

[48] *See* Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(b).

[49] *See id.* § 1017(e).

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect and retain for specified purposes civil penalties collected against any person in any judicial or administrative action under federal consumer financial laws.[50] The CFPB generally is authorized to use these funds for payment of restitution to victims, but may also use the funds for purposes of consumer education and financial literacy programs under certain circumstances. The CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York. The CFPB did not collect any civil penalties during the first three quarters in FY2012.

KEY CFPB EXPENDITURES IN FISCAL YEAR 2012

Through June 30, 2012, the CFPB has spent $247 million[51] in FY2012, and has incurred $208.3 million in obligations, including $101.1 million in salary and benefits, $91.0 million in contract and support services, and $16.1 million in travel and other expenses.[52]

Approximately half of the Bureau's spending was related to employee compensation and benefits and travel for employees on board. Over 70 percent of the amounts obligated in contracts and support services were for the acquisition of general administrative and support services from other government agencies and for the development and maintenance of the Consumer Response and additional information technology systems.

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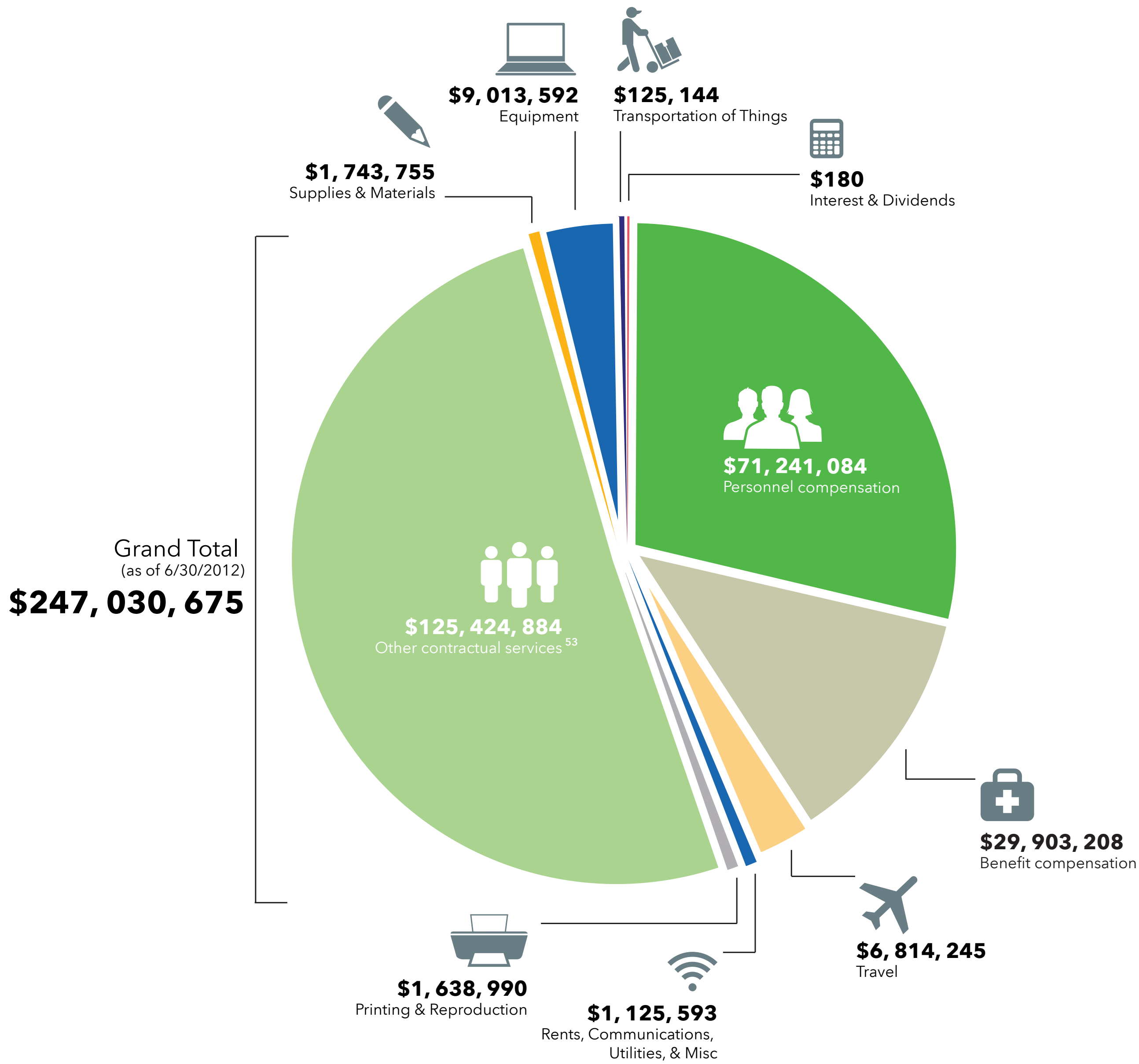
[50] *See id.* § 1017(d).

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

[52] Budget and spending information is made available at ConsumerFinance.gov/budget.

FIGURE 6: FY2012 YEAR-TO-DATE SPENDING BY EXPENSE CATEGORY



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

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

TABLE 4: 2012 YEAR-TO-DATE SPENDING BY DIVISION/PROGRAM AREA

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

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

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

KEY CFPB EXPENDITURES IN FISCAL YEAR 2011

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

Implementation Activities

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

- $18.6 million to Treasury for various administrative support services, including information technology and human resource support, office space, and detailees;
- $6.7 million to Treasury's Office of the Comptroller of the Currency for office space and support services for complaint processing;
- $6 million to Treasury's Bureau of the Public Debt for cross-servicing of various human resource and financial management services, such as core financial accounting, transaction processing and travel;
- $4.4 million to a contractor for human capital policies and assistance in developing salary and benefits packages consistent with statutory requirements;
- $4.3 million to an information technology contractor for project management support services; and
- $4.3 million to a contractor for the development of Consumer Response.

THE CFPB'S BUDGET PROCESS

The Bureau's Chief Operating Officer (COO) is responsible for coordinating activities related to the development of the CFPB's annual budget. The Office of the Chief Financial Officer within the COO has responsibility for developing the budget, and works in close partnership with the Office of the Human Capital, the Office of Procurement, the Technology and Innovation team, and other program offices to develop budget and staffing estimates in consideration of statutory requirements, performance goals, and priorities of the Bureau. The CFPB Director ultimately approves the CFPB budget. A discussion of the Bureau's goals and priorities, an updated set of performance measures, spending and staffing (FTE) estimates for FY2013 and projections for FY2014 will be included in the next CFPB Budget Justification, which is expected to be published in February 2013, in conjunction with the FY2014 President's Budget.

Diversity and Excellence

RECRUITING AND HIRING

Over the past year, the CFPB has endeavored to recruit and hire highly qualified individuals. These efforts have focused on filling vacancies at its headquarters in Washington, DC, and in its examiner workforce distributed across the country. The Bureau's examiners are organized by regions and anchored by key strategic satellite offices in three of the nation's financial hubs – Chicago, Illinois; New York City; and San Francisco, California. As of June 30, 2012, we have 889 staff on-board and working to carry out the CFPB's mission. These include approximately 230 highly qualified regulators, researchers, lawyers, and market practitioners who transferred from the consumer protection divisions of the prudential regulators and other federal agencies.

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

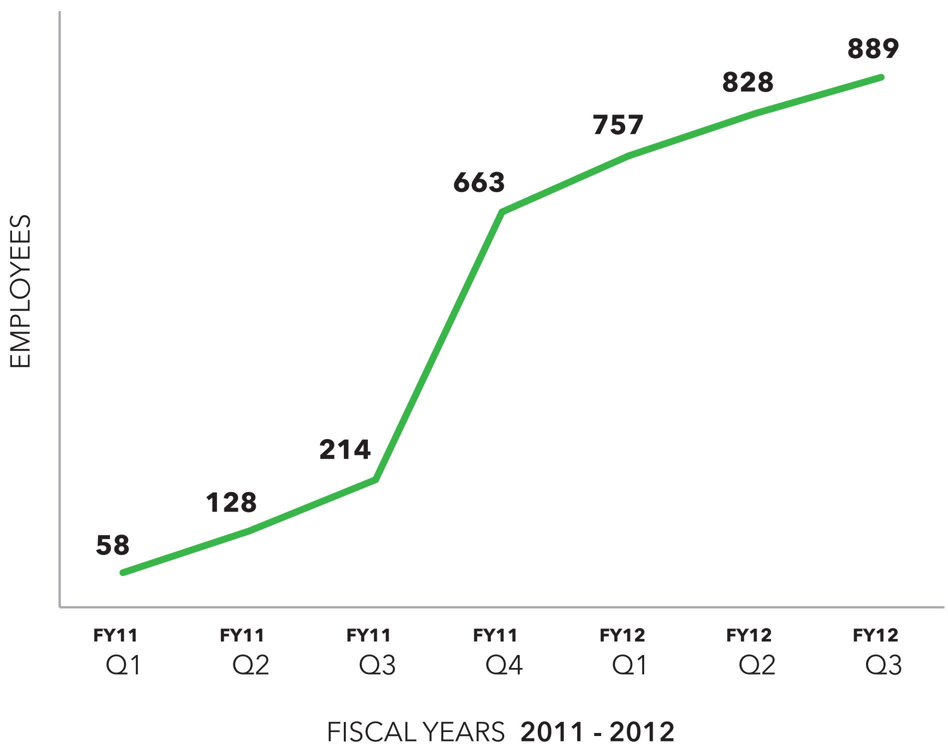
- Leveraging existing staff to be the CFPB's most vocal and effective recruiters;

- Using social media and web 2.0 technology to connect people and get the word out about employment opportunities at the Bureau;

- Conducting outreach events that feature our senior leadership and attract people to an agency that we hope they will view as a "best place to serve;" and

- Creating development programs for incoming staff such as the Presidential Management Fellow program and our Honors Analysts.

FIGURE 7: QUARTERLY GROWTH OF CFPB POSITIONS FILLED THROUGH JUNE 30, 2012



EDUCATION, TRAINING AND ENGAGEMENT

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

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

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

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

DIVERSITY

Diversity has been a cornerstone of the Bureau's foundation, its strategic workforce planning programs, and its contracting since its establishment.[54] In January 2012, the Bureau formally established an Office of Minority and Women Inclusion (OMWI) to ensure that inclusion continues to inform its work, and in April 2012 hired the first Director for this office.

The OMWI focuses on developing and refining standards for:

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

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

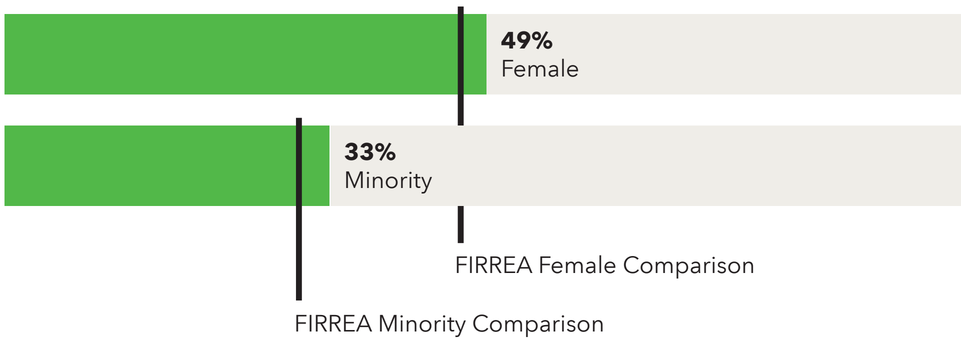
The CFPB has met with representatives from the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) agencies[55] and other stakeholders to assess how best to structure and staff the OMWI and to help identify best practices for workforce supplier diversity.

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

DIVERSITY IN THE CFPB'S WORKFORCE

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

FIGURE 8: BUREAU-WIDE GENDER AND MINORITY STATISTICS TO FIRREA COMPARISONS



Figures 8 compares CFPB's workforce to the FIRREA community with respect to diversity by gender, race, and national origin.

OMWI'S ROLE AT THE CFPB

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

Recruitment

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

Regulatory Oversight

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

DIVERSIFYING PROCUREMENT PARTICIPANTS

The CFPB continues to promote diversity among the companies that compete to receive its contracts. The Bureau's Procurement Office is measuring obligations for certain small business contracts awarded to minority-owned small disadvantaged businesses and women-owned small businesses against goals based on the percentage of total dollars spent or obligated on contract actions.[56] As shown in Figure 9 for FY2012 through June 30, 2012, 10.57 percent of CFPB contract dollars went to small disadvantaged businesses. Of that amount, 80 percent or roughly $4.1 million was awarded to certified 8(a) firms. Additionally, 5.30 percent of contract dollars went to women-owned small businesses.[57]

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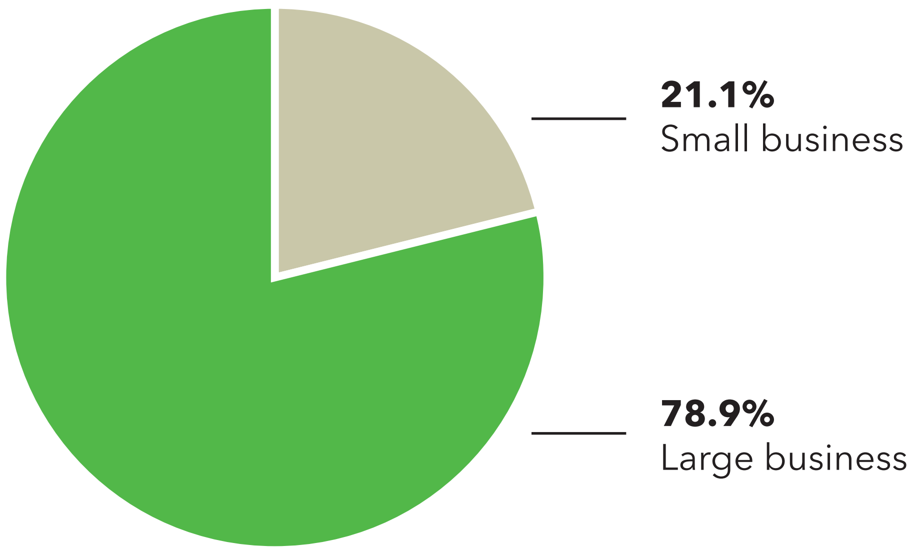
[56] Obligations are measured for contract awards valued above $3,000.

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

FIGURE 9: FY12 SOCIOECONOMIC OBLIGATIONS THROUGH JUNE 30, 2012



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

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

APPENDIX A:

More about the CFPB

GENERAL INFORMATION:

Email Address: info@consumerfinance.gov

Phone Number: 202-435-7000

Mailing Address:

Consumer Financial Protection Bureau
ATTN: Employee Name, Division, and/or Office Number
1700 G Street NW
Washington, DC 20552

CONSUMER RESPONSE/ COMPLAINTS:

Hours of Operation: 8 am - 8 pm EST

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

Español: 855-411-CFPB (2372)

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

Fax #: 855-237-2392

Consumer Response/Complaint Mailing Address:

Consumer Financial Protection Bureau
PO Box 4503
Iowa City, Iowa 52244

WHISTLEBLOWERS:

Email: whistleblower@consumerfinance.gov

Toll Free #: 855-695-7974

PRESS & MEDIA REQUESTS:

Email: press@consumerfinance.gov

OFFICE OF LEGISLATIVE AFFAIRS:

Legislative Affairs: 202-435-7960

CFPB OMBUDSMAN'S OFFICE:

Email: CFPBOmbudsman@cfpb.gov

Webpage: www.ConsumerFinance.gov/ombudsman

Toll Free #: 855-830-7880

Fax Number: 202-435-7888

APPENDIX B:

Statutory Reporting Requirements

This Appendix provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act. The sections of the report identified below respond to Section 1016(c)'s requirements.

Statutory Subsection	Reporting Requirement	Section	Page
1	A discussion of the significant problems faced by consumers in shopping for or obtaining consumer financial products or services	Consumer Challenges in Obtaining Financial Products and Services – Shopping Challenges	25-30
2	A justification of the Bureau's budget request for the previous year	Building a Great Institution: Update – Budget; Appendix H – Financial and Budget Reports	52-56 78-79
3	A list of significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year and the plan of the Bureau for rules, orders, or other initiatives to be undertaken during the upcoming period	Appendix C – Significant Rules, Orders, and Initiatives	68-70
4	An analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year	Consumer Challenges in Obtaining Financial Products and Services – Consumer Concerns	8-24
5	A list, with a brief statement of the issues, of the public supervisory and enforcement actions to which the Bureau was a party during the preceding year	N/A[58]	N/A
6	The actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions	Appendix D – Actions Taken Regarding Rules, Orders, and Supervisory Actions with Respect to Covered Persons Which Are Not Credit Unions or Depository Institutions	71

[58] The Bureau has been a party to no such actions during the preceding year.

7	An assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law	N/A[59]	N/A
8	An analysis of the Bureau's efforts to fulfill its fair lending mission	Delivering for American Consumers and Leveling the Playing Field – Fair Lending	48-49
9	An analysis of the Bureau's efforts to increase workforce and contracting diversity consistent with the procedures established by OMWI	Building a Great Institution: Update – Diversity and Excellence	59-63

[59] The Bureau has not learned of any such actions that have been filed since July 21, 2011.

APPENDIX C:

Significant Rules, Orders, and Initiatives

Section 1016(c)(3) requires "a list of significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year and the plan of the Bureau for rules, orders or other initiatives to be undertaken during the upcoming period."

In the past year, the Bureau adopted the following significant rules and orders and conducted the following significant initiatives:

- Targeted review of inherited regulations and restatement of inherited regulations via interim final rules;
- Issuance of rules to implement Dodd-Frank Act protections concerning consumer remittance transfers to foreign countries;
- Interim final rules defining procedures for investigations, rules of practice for adjudication proceedings, and procedures for disclosure of records and information;
- Proposed Rule regarding defining "larger participants" in certain markets;
- Issued the Bureau's *Supervision and Examination Manual*;
- Issued the *Short-Term, Small-Dollar Lending Examination Procedures*;
- Issued the *Mortgage Origination Examination Procedures*;
- Issued the *Mortgage Servicing Examination Procedures*;
- Notice and Opportunity to Respond and Advise process;
- Notice and Request for Information on checking account overdraft programs;
- Formal solicitation for nominations for CFPB's Consumer Advisory Board;
- Release and testing of a draft periodic mortgage statement;

- With the U.S. Department of Defense, the FTC, and the National Association of Attorneys General, the development of a database to combat consumer financial fraud directed at military members, veterans, and their families;

- With the FDIC, the Federal Reserve, the OCC, and the NCUA, issued joint guidance to address mortgage servicer practices that may pose risks to homeowners who are serving in the military;

- MOU with the FTC to protect consumers and avoid duplication of federal law enforcement and regulatory efforts;

- Began to take complaints on credit cards, bank products and services, private student loans, and consumer loans, through the Consumer Response function;

- Launched *Ask CFPB*, an interactive online tool that helps consumers find clear, unbiased answers to their financial questions;

- Released a beta version of the Financial Aid Comparison Shopper as part of *Know Before You Owe: Student Loans*, an interactive, online tool designed to help families plan for the costs of post-secondary education;

- Released a bulletin on third-party service providers to supervised entities;

- Released a compliance bulletin regarding the enforcement of Equal Credit Opportunity Act, and recognizing the disparate impact doctrine;

- Launched a public inquiry into how consumers and financial services companies are affected by arbitration and arbitration clauses;

- MOU with the prudential regulators to ensure the coordination of important aspects of the supervision of insured depository institutions with more than $10 billion in assets and their affiliates;

- Released a report and consumer guide about reverse mortgages;

- Interim Final Rule providing for confidential treatment of information generated and obtained by the Bureau, and establishing procedures for obtaining information from the Bureau as permitted by law;

- Final Rule regarding confidential treatment of privileged information;

- Supplemental ethics regulations for CFPB employees; and

- Interim Final Rule ensuring nondiscrimination on the basis of disability in programs and activities undertaken by the Bureau.

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

- Final rules to implement Dodd-Frank Act requirements defining lenders' obligations to assess borrowers' ability to repay mortgage loans, including certain protections from liability for "qualified mortgages;"

- Final rules to implement Dodd-Frank Act escrow requirements;

- Additional rules to provide further guidance to remittance transfer providers;

- Proposed integrated disclosures and accompanying rules for mortgage loans that satisfy the requirements of both the Truth in Lending Act and the Real Estate Settlement Procedures Act;

- Proposed rules to implement Dodd-Frank Act protections for the mortgage market, including provisions on loan originator compensation and qualification, restrictions on high-cost loans, servicing practices, provision of appraisal documentation to consumers, and (on an interagency basis) other appraisal practices;

- Participation in interagency processes to consider mortgage servicing standards;

- Propose rules to define the scope of the Bureau's nonbank supervision program;

- Final regulations based on certain interim final rules issued since July 21, 2011 including those that establish procedures for investigations and rules of practice for adjudication proceedings among others;

- Reports on private student loans and recommendations on best practices concerning financial advisors who work with older Americans, as contemplated in the Dodd-Frank Act;

- Continued expansion of the Bureau's capacity to handle consumer complaints with respect to all products and services within its authority;

- A pilot program to evaluate certain financial education programs in the field;

- Reports on various aspects of the Bureau's work and operations, including reports on Consumer Response, Financial Education, Fair Lending, and Human Capital among others, as contemplated in the Dodd-Frank Act; and

- First meeting of the Consumer Advisory Board.

APPENDIX D:

Actions Taken Regarding Rules, Orders, And Supervisory Actions With Respect To Covered Persons Which Are Not Credit Unions Or Depository Institutions

Section 1016(c)(6) requires a report on "the actions taken regarding rules, orders and supervisory actions with respect to covered persons which are not credit unions or depository institutions." In 2012, the Bureau has taken the following actions with respect to such companies:

- Proposed Rule regarding defining "larger participants" in certain markets; and

- Proposed Rule regarding procedures for supervising nonbanks that pose risks to consumers.

In addition to these items, other Bureau rules apply to both depository institutions and non-depository institutions.

APPENDIX E:

Reports

The CFPB has published the following reports:

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

APPENDIX F:

Congressional Testimony

Senior CFPB staff have testified before Congress on the following 21 occasions:

- **February 9, 2011:** Holly Petraeus before the House Committee on Veterans Affairs;
- **March 16, 2011:** Elizabeth Warren before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit;
- **April 12, 2011:** Holly Petraeus before the Senate Homeland Security & Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia;
- **May 24, 2011:** Elizabeth Warren before the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs;
- **July 7, 2011:** Raj Date before the House Financial Services Subcommittees on Financial Institutions and Consumer Credit and Oversight and Investigations;
- **July 13, 2011:** Kelly Cochran before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity;
- **July 14, 2011:** Elizabeth Warren before the House Oversight and Government Reform Committee;
- **July 28, 2011:** Dan Sokolov before the House Small Business Subcommittee on Investigations, Oversight and Regulations;
- **September 6, 2011:** Richard Cordray Nomination Hearing before the Senate Banking Committee;
- **November 2, 2011:** Raj Date before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit;.
- **November 3, 2011:** Holly Petraeus before the Senate Banking Committee;

- **November 15, 2011:** Skip Humphrey before the Senate Banking Subcommittee on Financial Institutions and Consumer Protection;

- **January 24, 2012:** Richard Cordray before the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs;

- **January 31, 2012:** Richard Cordray before the Senate Banking Committee;

- **February 15, 2012:** Richard Cordray before the House Financial Services Subcommittee on Oversight and Investigations;

- **March 29, 2012:** Richard Cordray before the House Financial Services Committee;

- **April 26, 2012:** Camille Busette before the Senate Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia;

- **June 6, 2012:** Richard Cordray before the Senate Banking Committee;

- **June 6, 2012:** Gail Hillebrand before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit;

- **June 20, 2012:** Raj Date before the House Financial Services Subcommittee on Insurance, Housing, and Community Opportunity; and

- **June 26, 2012:** Holly Petraeus before the Senate Committee on Banking, Housing and Urban Affairs.

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

APPENDIX G:

Speeches

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

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

- **March 6, 2012:** Remarks by Richard Cordray at National Association of Attorneys General in Washington, DC;

- **March 14, 2012:** Remarks by Richard Cordray at Independent Community Bankers of America National Convention in Nashville, TN;

- **March 16, 2012:** Remarks by Richard Cordray at Society of American Business Editors and Writers in Indianapolis, IN;

- **March 19, 2012:** Remarks by Richard Cordray at Credit Union National Association Governmental Affairs Conference in Washington, DC;

- **March 21, 2012:** Remarks by Richard Cordray at Consumer Bankers Association in Austin, TX;

- **March 28, 2012:** Remarks by Richard Cordray at U.S. Chamber of Commerce in Washington, DC;

- **April 10, 2012:** Remarks by Richard Cordray at Operation Hope in Washington, DC;

- **April 11, 2012:** Remarks by Richard Cordray on launch of the Financial Aid Comparison Shopper in Sioux Falls, SD;

- **April 18, 2012:** Remarks by Richard Cordray at the National Community Reinvestment Coalition in Washington, DC;

- **April 18, 2012:** Remarks by Richard Cordray at Jump$tart in Washington, DC;

- **April 20, 2012:** Remarks by Raj Date at Greenlining Institute Conference in Los Angeles, CA;

- **May 3, 2012:** Remarks by Richard Cordray at 2012 Simon New York City Conference in New York, NY;

- **May 7, 2012:** Remarks by Raj Date at Mortgage Bankers Association National Secondary Market Conference in New York, NY;

- **May 10, 2012:** Remarks by Richard Cordray at White House Financial Summit in Washington, DC;

- **May 11, 2012:** Remarks by Richard Cordray at Michigan State University College of Law Commencement in East Lansing, MI;

- **May 23, 2012:** Remarks by Richard Cordray at CFPB Prepaid Cards Field Hearing in Durham, NC;

- **June 5, 2012:** Remarks by Richard Cordray at White House press briefing on student loan transparency in Washington, DC;

- **June 11, 2012:** Remarks by Raj Date at American Bankers Association Conference in Orlando, FL;

- **June 11, 2012:** Remarks by Richard Cordray at World Elder Abuse Awareness Day Event in Washington, DC;

- **June 15, 2012:** Remarks by Richard Cordray at American Constitution Society Conference in Washington, DC;

- **June 21, 2012:** Remarks by Richard Cordray at press conference on Military Permanent Change of Station (PCS) Guidance for Mortgage Servicers in Washington, DC; and

- **June 27, 2012:** Remarks by Richard Cordray on Reverse Mortgages Study in Washington, DC.

Remarks can be found on ConsumerFinance.gov.

APPENDIX H:

Financial And Budget Reports

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

- **August 3, 2011:** CFO update for the third quarter of fiscal year 2011;
- **December 9, 2011:** Financial Report of the CFPB – Fiscal Year 2011;
- **December 30, 2011:** CFO update for the fourth quarter of fiscal year 2011;
- **January 20, 2012:** CFO update for the first quarter of fiscal year 2012; and
- **May 11, 2012:** CFO update for the second quarter of fiscal year 2012.[60]

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

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

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

- **September 28, 2011:** Funding Request to the Federal Reserve Board**;**
- **October 21, 2011:** Funding Acknowledgement from the Federal Reserve Board**;**

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

- **December 23, 2011:** Funding Request to the Federal Reserve Board**;**
- **January 6, 2012:** Funding Acknowledgement from the Federal Reserve Board**;**
- **March 30, 2012** Funding Request to the Federal Reserve Board**;** and
- **April 5, 2012:** Funding Acknowledgement from the Federal Reserve Board.[61]

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

APPENDIX I:

CFPB Organizational Chart

APPENDIX J:

Defined Terms

DEFINED TERM	
ACH	Automated clearing house
APR	Annual Percentage Rate
BUREAU	The Consumer Financial Protection Bureau
CFPB	The Consumer Financial Protection Bureau
COO	Chief Operating Officer
DODD-FRANK ACT	The Dodd-Frank Wall Street Reform and Consumer Protection Act
FCA	Farm Credit Administration
FDIC	The Federal Deposit Insurance Corporation
FEDERAL RESERVE	The Board of Governors of the Federal Reserve System
FEDERAL RESERVE BOARD	The Board of Governors of the Federal Reserve System
FEDERAL RESERVE SYSTEM	The Board of Governors of the Federal Reserve System
FFETF	Financial Fraud Enforcement Task Force
FFIEC	Federal Financial Institutions Examination Council
FIRREA	The Financial Institutions Reform, Recovery, and Enforcement Act
FLEC	Financial Literacy and Education Commission
FOIA	Freedom of Information Act
FTC	The Federal Trade Commission

FY	Fiscal year
GAO	Government Accountability Office
HAMP	Home Affordable Modification Program
HUD	The U.S. Department of Housing and Urban Development
MLO	Mortgage Loan Originators
MOU	Memorandum of understanding
NCUA	The National Credit Union Administration
NMLSR	Nationwide Mortgage Licensing System and Registry
NSF	Non-sufficient funds
OCC	The Office of the Comptroller of the Currency
OHC	Office of Human Capital
OMWI	Office of Minority and Women Inclusion
OTS	The Office of Thrift Supervision
PCS	Permanent change of station
PIRG	United States Public Interest Research Group
RFI	Request for Information
RMS	Residential mortgage-backed securities
SAFE ACT	The Secure and Fair Enforcement for Mortgage Licensing Act
SES	Supervisory Examination System
SIGTARP	Special Inspector General for the Troubled Asset Relief Program
TREASURY	The Department of the Treasury
VITA	Volunteer Income Tax Assistance