

DECEMBER 2012

Fair Lending Report of the Consumer Financial Protection Bureau



Consumer Financial
Protection Bureau

Message from Richard Cordray

Director of the CFPB



On July 21, 2011, the Consumer Financial Protection Bureau was launched as the first government agency solely dedicated to consumer financial protection. This report on Fair Lending describes the Bureau's efforts to build and implement our fair lending program.

As the past few years have shown, financial products have the potential to wreak havoc on consumers and the wider economy. Far too often, unequal access to responsible credit can be at the root of these trends and problems. When a potential homeowner cannot get a home mortgage or a small business owner cannot obtain a loan for capital improvements, because of the neighborhood where the home or business is located, both the consumer and the community they belong to suffer.

The belief that each of us can better our lot in life – that our children's future will be brighter than our own – is deeply ingrained in the fabric of this country. Essential to that belief is the premise that each of us can access equality of opportunity, and that it is not limited only to a certain privileged set of Americans who are especially blessed by fortune or background. Too often, that equality of opportunity is harder to find than any of us would like or want to believe.

The CFPB is committed to making fair, equitable, and nondiscriminatory access to credit for both individuals and communities a reality. Through the leadership of the Office of Fair Lending and Equal Opportunity and the collaboration of various divisions and offices across the Bureau, we strive to make the financial markets work for consumers, honest businesses, and the economy as a whole. We will work to educate consumers about their fair lending rights, and we will warn them

about the costs and risks associated with financial products and services while working to improve the practices of financial institutions.

Dr. Martin Luther King, Jr. once said, “Our lives begin to end the day we become silent about things that matter.” The Consumer Financial Protection Bureau is still in its infancy, but we are here today to say plainly that we will not be silent about discriminatory lending practices. Illegal discrimination in all of its forms is wrong, and it violates the fundamental American precept that each individual should have access to equality of opportunity. Our twin goals are to protect consumers and empower them to be able to protect themselves.

We are intent on making the financial markets work better for the people we serve. Consumers deserve to have someone who stands on their side and sees to it that they are treated fairly and equally in the financial marketplace.

Sincerely,

A handwritten signature in blue ink that reads "Richard Cordray". The signature is written in a cursive, flowing style.

Richard Cordray

Message from Patrice Alexander Ficklin



Assistant Director for Fair Lending and Equal Opportunity

In mid-May 2011, I took my oath to serve as Assistant Director and lead the Office of Fair Lending and Equal Opportunity at the Consumer Financial Protection Bureau. Since that day, the Office of Fair Lending and Equal Opportunity has been hard at work to ensure that all consumers, regardless of protected status, have fair and equal access to credit. I am honored to serve as Assistant Director for Fair Lending and Equal Opportunity and to share with you a progress report on the Bureau's efforts in this important area, which is at the intersection of consumer financial protection and civil rights.

Having served as counsel to financial services providers and to civil rights and advocacy groups, my role as Assistant Director for Fair Lending at the Bureau is deeply informed by these varied perspectives. Because of my experience, I came to the Bureau well aware of the deep commitment to fair lending that is shared by a broad constituency of consumer advocates, civil rights groups, and many in industry as well. These experiences have also led me to embrace this opportunity as one that will allow a fresh look at ways that a federal agency with fair lending supervisory, enforcement, and rulemaking responsibilities can ensure compliance with the federal fair lending laws, while also promoting access to responsible credit for underserved markets and consumers.

I have the honor of leading a team with diverse expertise and perspectives. These experiences translate into innovative thinking and approaches to questions related to equal access to credit and fair lending that thousands of consumers face every day. In addition to our supervisory,

enforcement, and rulemaking activities, our outreach efforts have deployed CFPB team members across the country, to work with industry and advocacy groups on the promotion of fair lending compliance and education. Our work is informed by these collaborative partnerships and ongoing dialogue, and we remain committed to these efforts as a means to consistently review and reassess our perspectives on the consumer financial marketplace and access to credit.

The Bureau's fair lending mission is not pursued in a vacuum. We will continue to collaborate with federal and state partners to achieve efficient and effective outcomes for the benefit of consumers. The Bureau is also an active participant in several interagency fair lending efforts, and works closely with the various federal agencies charged with fair lending supervisory and enforcement responsibilities. As you will see in this Report, the Bureau now has responsibility for preparing the comprehensive fair lending reports to Congress that are prescribed by the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act. These reports are the result of coordination and collaboration with other federal partners.

As a 21st century agency, the Bureau communicates with consumers in varied ways – through traditional means, including “Outside the Beltway” field hearings that are open to the public, and also through the latest technologies. I have been enriched by the opportunity to interact with consumers, and I look forward to continued dialogue. We want to hear from consumers about their personal consumer finance stories, and we also want to ensure that they have the latest and best information available to make informed decisions about the financial products that are best suited for their family's needs.

I encourage you to visit our website, consumerfinance.gov, where consumers can learn about the next field hearing; understand their fair lending rights; ask the CFPB a question; tell their consumer finance story through the “Tell Your Story” function; or read a blog entry about a current trend in the consumer finance marketplace. Consumers can also follow the Bureau via our Twitter feed and tweet their voice on consumer financial issues to us.

I am proud to present the Bureau's first Report on Fair Lending.

Sincerely,

A handwritten signature in blue ink that reads "Patrice Alexander Ficklin". The signature is written in a cursive, flowing style.

Patrice Alexander Ficklin

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Executive Summary

Endowed by Congress with a unique consumer financial protection mission, the Consumer Financial Protection Bureau (CFPB) brings a new focus to questions of fair lending and equal access to credit in the consumer finance marketplace.

In this inaugural Report on Fair Lending, the CFPB provides a comprehensive overview of our fair lending program and describes our work in this area from July 21, 2011 through July 20, 2012. Additionally, this Report fulfills congressional reporting requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (§ 1013(c)(2)(D) of Public Law 111-203), the Equal Credit Opportunity Act (ECOA) (15 U.S.C. § 1691f),¹ and the Home Mortgage Disclosure Act (HMDA) (12 U.S.C. § 2807).

Fair Lending Mandate

The Dodd-Frank Act vests the CFPB with specified supervisory, enforcement, and rulemaking authority with respect to a number of federal consumer financial laws, including ECOA and HMDA. ECOA has broad coverage, prohibiting discrimination in mortgage lending and a wide array of other types of lending, including auto finance, credit cards, business loans, and unsecured loans. HMDA requires that specified mortgage lenders annually collect and report mortgage lending data in order to determine whether institutions are serving the housing needs of their communities, to aid in targeting public investment, and to identify possible discriminatory lending patterns and enforce fair lending laws.

¹ The ECOA Report covers the period from July 21, 2011 through December 31, 2011.

In addition to responsibilities for ECOA and HMDA, Congress also charged the CFPB with addressing a number of fair lending-related areas of interest, set forth in the Dodd-Frank Act. These include:

- *Establishment of the Office of Fair Lending and Equal Opportunity.* Congress required the creation of the Office of Fair Lending and Equal Opportunity within the CFPB, and charged the office with ensuring that the CFPB provides “oversight and enforcement of Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities that are enforced by the CFPB, including the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act.” (Dodd-Frank Act § 1013(c)).
- *Rulemaking.* Congress mandated new rules under:
 - ECOA – to “facilitate enforcement of fair lending laws and enable communities, governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses” (Dodd-Frank Act § 1071);
 - HMDA – to require mortgage lenders to collect and report additional data fields (Dodd-Frank Act § 1094); and
 - The Truth in Lending Act (TILA) (15 U.S.C. § 1602) – to “prohibit . . . abusive or unfair lending practices that promote disparities among consumers of equal credit worthiness but of different race, ethnicity, gender, or age” (Dodd-Frank Act § 1403).
- *Reports to Congress.* Congress mandated CFPB reports on topics that raise fair lending-related issues, including remittances, credit scoring, and reverse mortgages. In addition, Congress directed the CFPB to “examine, at a minimum . . . the underwriting criteria used by private education lenders, including the use of cohort default rate” and to examine whether federal regulators and the public have access to sufficient information to “determine lender compliance with fair lending laws” (Dodd-Frank Act § 1077). Finally, the Dodd-Frank Act transferred to the CFPB annual reporting responsibilities set forth in ECOA and HMDA.

First Year Accomplishments

The Office of Fair Lending and Equal Opportunity, in conjunction with other CFPB offices, has spent considerable time during the CFPB's first year addressing the priorities established in our mandate, and expects that some will remain priorities in the months and years to come. In addition to our Congressional directives, we have identified a number of other important areas to be addressed as the CFPB executes its fair lending mission. This includes ensuring the appropriate breadth of the CFPB's fair lending supervision and enforcement activities, and specifically addressing compliance by a range of financial services providers – including both banks and nonbanks – that offer a variety of loan products such as home mortgages, auto loans, student loans, credit cards, and small-business loans.

Our first-year accomplishments include:

- Establishment of the Office of Fair Lending and Equal Opportunity, and the recruitment of a diverse and highly-qualified fair lending team;
- Commencement of the CFPB's fair lending supervision program, and completion of various levels of fair lending reviews at dozens of bank and nonbank institutions offering a variety of lending products;
- Commencement of the CFPB's fair lending enforcement program, and initiation of fair lending investigations;
- Ongoing work on amendments to the regulation that implements HMDA, and planning for the amendments to regulations that implement ECOA and TILA;
- Completion of an empirical study and report to Congress on the use of cohort default rates in private education lending;
- Ongoing collaboration and coordination with federal and state partners; and
- Outreach to private industry as well as fair lending, civil rights, and consumer and community advocates through dozens of meetings and events in Washington, DC and across the country.

Next Steps

The CFPB is committed to ensuring that all consumers and communities have fair and equal access to credit. We are still in the process of building our fair lending program and expect the CFPB's contribution to the work of ensuring compliance with fair lending laws and promoting access to credit will grow as our program progresses. We are also developing risk-based approaches to our fair lending supervision and enforcement work to efficiently allocate the CFPB's resources in a manner that provides the greatest benefit to consumers. As the CFPB and the Office of Fair Lending and Equal Opportunity mature, we pledge to continue to promote fair, equal, and nondiscriminatory access to credit and fair lending for all consumers and communities.

1. Building and Implementing the CFPB's Fair Lending Program

The Office of Fair Lending and Equal Opportunity plays a leading role in the CFPB's efforts to ensure fair, equitable, and nondiscriminatory access to credit for both individuals and communities. Our vision is a consumer finance marketplace where individuals and communities have fair and equal access to financial products and services, product pricing reflects risk and value, and terms and conditions are clear and nondiscriminatory. Because our mission intersects with that of many other offices within the CFPB, we are involved with initiatives in many areas of the CFPB's work.

Congress created the Office of Fair Lending and Equal Opportunity² in the Dodd-Frank Act.³ The Office of Fair Lending is located within the Division of Supervision, Enforcement, and Fair Lending, which is headed by Associate Director Steven Antonakes. Within the Division, the Office of Fair Lending works closely with our supervision and enforcement counterparts to ensure that financial institutions supervised by the CFPB comply with federal fair lending laws and regulations over which the CFPB has jurisdiction. We provide guidance and support to large bank and nonbank examination teams to ensure that financial institutions' fair lending policies and practices are thoroughly examined and that concerns or violations are identified and addressed. We are also active in the CFPB's enforcement process and, together with our enforcement colleagues, lead the CFPB's fair lending enforcement program and priorities.

² Hereinafter referred to as the Office of Fair Lending.

³ Pub. L. No. 111-203, tit. X, § 1013(c)(1), 124 Stat. 1376, 1970 (2010) (codified at 12 U.S.C. § 5493(c)(1)).

1.1 Building the Office of Fair Lending and Equal Opportunity

To implement the CFPB's vision for the consumer financial marketplace, Assistant Director Patrice Alexander Ficklin has assembled a diverse and highly-qualified fair lending team consisting of attorneys, law clerks, risk analysts, operations analysts, and administrative specialists. The team brings to the CFPB a vast array of expertise and experience, from the federal prudential regulators, the United States Department of Justice (DOJ), the United States Department of Housing and Urban Development (HUD), the Federal Trade Commission (FTC), state attorneys general offices, a local human relations commission, civil rights organizations, and financial services providers. This diverse group is unified by one common goal – a commitment to promoting fair lending and equal access to credit.

Access to credit is the ticket to a middle-class lifestyle, which typically requires loans to go to college, make everyday consumer purchases, buy a car, own a home, or to cope with temporary financial difficulties. Those who work to promote equal access to credit – whether in government, private practice, or within regulated institutions themselves – are truly advancing the current civil rights cause.

Counsel, Office of Fair Lending and Equal Opportunity

2. First Year Accomplishments

The CFPB has many tools across several divisions – including the Division of Supervision, Enforcement, and Fair Lending; the Division of Research, Markets, and Regulations; and the Division of Consumer Education and Engagement – to fulfill its fair lending mission. Through close collaboration with CFPB partners, the Office of Fair Lending uses all the tools at its disposal, including supervision, enforcement, consumer education and engagement, the study of consumer financial markets, empirical research and analysis, and rulemaking to ensure that the CFPB’s mission of promoting fair and equal access to credit is a reality for consumers and communities alike.

2.1 Using Fair Lending Supervisory Oversight and Enforcement to Identify and Eliminate Consumer Harm

On October 13, 2011, the CFPB released its Supervision and Examination Manual, which was the culmination of months of work by many offices within the CFPB, including the Office of Fair Lending. The Manual is a guide to how the CFPB will supervise and examine consumer financial services institutions under its jurisdiction for compliance with the Federal consumer financial laws. The Manual contains supervisory guidance on ECOA and HMDA. On April 18, 2012, the CFPB

issued a Compliance Bulletin on Fair Lending that addressed lending discrimination.⁴ The Bulletin stated that “[c]onsistent with other federal supervisory and law enforcement agencies, the CFPB reaffirms that the legal doctrine of disparate impact remains applicable as the Bureau exercises its supervision and enforcement authority to enforce compliance with the ECOA and Regulation B.”⁵

The CFPB’s supervision program assesses large bank and nonbank compliance with Federal consumer financial laws and regulations. CFPB-supervised entities include banks, thrifts, and credit unions with assets over \$10 billion, and their affiliates and service providers, as well as nonbank financial services providers such as mortgage lenders and brokers, payday lenders, private education lenders, and their service providers. In the CFPB’s supervision of large banks and nonbank financial entities, we are committed to conducting examinations that focus on risk to consumers and place the highest importance on identifying any violations of Federal consumer financial laws and eliminating any resulting harm to consumers. We also expect that regulated entities under the CFPB’s jurisdiction will have effective compliance management systems, including effective *fair lending* compliance management systems, which are adapted to the institution’s business strategy and operation.

Thus far in fiscal year 2012, the Office of Fair Lending has supported CFPB examiners in activities at dozens of institutions – both bank and nonbank. These activities ranged from assessments of the institutions’ fair lending compliance management systems to in-depth reviews of products or activities that may pose heightened fair lending risks to consumers.

The Office of Fair Lending has led efforts to train CFPB examiners on the federal fair lending laws, and developed procedures to assist these examiners in the identification of potential fair lending violations. As part of the CFPB’s new employee orientation program, every examiner joining the CFPB receives fair lending training, which was developed and is conducted by the Office of Fair Lending. In addition, attorneys from the Office of Fair Lending periodically brief regional examination teams on fair lending topics and provide updates on fair lending trends and issues observed through examinations. In June 2012, the CFPB launched its Fair Lending Examination

⁴ CFPB Bulletin 2012-04 (Fair Lending) (Apr. 18, 2012), *available at* http://files.consumerfinance.gov/f/201404_cfpb_bulletin_lending_discrimination.pdf.

⁵ CFPB Bulletin, *supra* note 4, at 1.

Techniques training program, a two-week course that was developed through close collaboration among the Offices of Fair Lending, Large Bank and Nonbank Supervision, and others. The course is designed to provide additional in-depth training to CFPB examiners and is a prerequisite to the CFPB's examiner commissioning process.



Assistant Director Patrice Alexander Ficklin, CFPB Deputy Director Raj Date, and Nonbank Supervision Assistant Director Peggy Twohig participate in a field hearing on payday lending in Birmingham, AL.

2.2 Fair Lending Enforcement Activity

The CFPB has many tools available to promote fair and nondiscriminatory treatment of consumers, including the authority to bring enforcement actions. The CFPB has the ability to conduct investigations, file administrative complaints, and hold hearings and adjudicate claims through the CFPB's administrative enforcement process. The CFPB has independent litigating authority and can therefore file cases in federal court alleging violations of fair lending laws under the CFPB's jurisdiction. The CFPB will also refer findings of certain ECOA violations to the DOJ. The CFPB coordinates closely not only with the DOJ, but also with other federal enforcement agencies and state regulators, including the FTC, HUD, and state attorneys general, to ensure that fair lending enforcement efforts are consistent, efficient, and effective.

The Offices of Fair Lending and Enforcement work closely and collaboratively on investigations that may involve fair lending issues, in order to leverage the expertise of the respective offices toward the goal of effective enforcement of fair lending laws. The CFPB's Fair Lending and Enforcement offices have a number of pending fair lending investigations, including matters arising from the CFPB's supervisory activity and joint investigations with other federal agencies. While the details of ongoing investigations are confidential, the CFPB's conclusions will typically be made public if an enforcement action is filed at the conclusion of an investigation.

The Office of Fair Lending has developed and conducted training courses for enforcement attorneys on fair lending issues as well.

2.3 Fair Lending Consumer Education and Engagement

Central to the CFPB's work is consumer education and engagement. The Dodd-Frank Act established the Office of Financial Education, which is vested with the responsibility of developing and implementing initiatives intended to educate and empower consumers to make better financial decisions.⁶ The Offices of Fair Lending and Financial Education work together to educate consumers and promote awareness of federal fair lending laws, such as ECOA, with the goal of helping consumers recognize prohibited practices and protect themselves from discriminatory acts. For example, in a brochure released in May 2012, entitled "Credit Discrimination is Illegal," consumers are advised about ECOA's protections, warning signs of discrimination, and how to protect themselves by being active, engaged consumers. More information is available at consumerfinance.gov/fair-lending/.

⁶ Dodd-Frank Act, § 1013(d)(1).

As a 21st century agency, the CFPB uses both traditional resources, such as its “Credit Discrimination is Illegal” brochure; and social media connections, including a post by Assistant Director Ficklin titled “Fair Notice on Fair Lending”⁷ and other blog entries, to reach and engage consumers. Because educated consumers are the first line of defense against discriminatory practices, consumer education in fair lending and access to credit matters is and will remain essential to achieving the CFPB’s fair lending mission.

About the Consumer Financial Protection Bureau

The Consumer Bureau is focused on making the consumer financial markets work for families by helping consumers to take more control over their financial lives. We are working to foster a marketplace:

- Where consumers can see prices and risks up front and can easily compare products
- Where financial service providers can't build a business model around unfair, deceptive, or abusive practices
- That works for all consumers, responsible lenders, and the economy as a whole

Submit a complaint

If you believe you have been discriminated against, you can file a complaint with the Consumer Bureau by visiting:

- consumerfinance.gov
- complaint line (855) 411-CFPB (2372)
- TTY/TDD (855) 729-CFPB (2372)

Tell us your story

Whether or not you file a complaint, you can help us protect consumers and create a fairer marketplace by telling us about your experience. Visit our website and look for **Tell Your Story** under the Participate tab.

Join our social networks

- facebook.com/cfpb
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consumerfinance.gov

Know Your Rights: Credit Discrimination is Illegal

cfpb Consumer Financial Protection Bureau

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Dedicated to making markets work for American consumers

⁷ Patrice Ficklin, Fair Notice on Fair Lending, Consumer Financial Protection Bureau (Apr. 18, 2012), available at <http://www.consumerfinance.gov/blog/fair-notice-on-fair-lending/>.

2.4 A Data-Driven Approach to Fair Lending – Collaboration with Research, Markets, and Regulations

The Division of Research, Markets, and Regulations brings together Ph.D. economists, financial industry experts, and experienced attorneys to lead the CFPB’s efforts to articulate informed perspectives about current issues in consumer financial markets. Each of these offices plays an integral role in the CFPB’s mission of ensuring equal access to credit.

The Office of Research includes dedicated fair lending research staff who conduct empirical fair lending analyses in connection with the CFPB’s supervisory and enforcement activities, as well as special projects and initiatives. Together we have developed and continue to develop tools that allow the CFPB to identify areas of heightened fair lending risk and promote efficiency in our supervisory and enforcement efforts.



CFPB Director Richard Cordray and CFPB Deputy Director Raj Date take questions from the audience at the field hearing on payday lending in Birmingham, AL.

The various Markets offices are organized by product area and are charged with providing guidance on, and analysis of, specific consumer financial services markets. The offices also participate in the

development and analysis of consumer protection policy options in a variety of areas that are relevant to fair lending and access to credit matters. These areas are Mortgage and Home Equity Markets; Card and Payment Markets; Installment and Liquidity Lending Markets; and Deposits, Collections, and Credit Information Markets. Information on market trends relating to fair lending is then fed into other aspects of the CFPB's work in fair lending. For example, the Office of Fair Lending worked closely with the Office of Installment and Liquidity Lending Markets and the Office of Research this year to respond to Congress's request that the CFPB examine and report on a series of questions related to private education loans and private educational lenders. A detailed description of this study and our conclusion follows.

2.5 Dodd-Frank Act Report to Congress on Private Student Loans

On July 20, 2012, the CFPB and the Department of Education (DOE) submitted a report to Congress on Private Student Loans (PSL),⁸ responding to the Dodd-Frank Act's mandate that the agencies discuss:

- [T]he underwriting criteria used by private educational lenders, including the use of cohort default rate (as such term is defined in section 435(m) of the Higher Education Act of 1965);
- [W]hether Federal regulators and the public have access to information sufficient to provide them with assurances that private education loans are provided in accord with the Nation's fair lending laws and that allows public officials to determine lender compliance with fair lending laws; and
- [A]ny statutory or legislative recommendations necessary to improve consumer protections for private education loan borrowers and to better enable Federal

⁸ Consumer Financial Protection Bureau and the Department of Education, *Private Student Loans (2012)*, available at http://files.consumerfinance.gov/f/201207_cfpb_Reports_Private-Student-Loans.pdf.

regulators and the public to ascertain private educational lender compliance with fair lending laws.⁹

In addition to an in-depth discussion of the private student lending market, products, and consumers, the report also considered fair lending compliance in the PSL market. In particular, the report examined the eligibility, underwriting, and pricing criteria used by private educational lenders, with a specific focus on the use of cohort default rate.

2.5.1 COHORT DEFAULT RATE

Cohort default rate (CDR) is a measure of the federal student loan repayment history of a particular group or “cohort” of borrowers. The CDR is the percentage of each post-secondary school’s borrowers entering repayment on federal student loans in a particular two-year period who default prior to the end of that period.

CDR is one tool used for determining a school’s eligibility for federal student loan programs. The DOE removes a school’s eligibility for these programs when the institution’s three most recent CDRs are above 25%, or where the most recent CDR is greater than 40%. The DOE uses CDR as an eligibility cutoff at these relatively high levels because CDR is intended to be used as a broad measure to evaluate the risk to taxpayers of guaranteeing loans at a particular school. CDR was not specifically intended to assist private lenders in eligibility, underwriting, and pricing decisions,¹⁰ particularly at much lower levels of default (e.g., under 8%). However, CDR has been used by private student lenders as a proxy for a student’s likelihood of repaying debt.

2.5.2 USE OF CDR BY PRIVATE STUDENT LENDERS

The CFPB received information from nine of the largest private student lenders about how they use CDR and other institution-based criteria to determine a student’s eligibility¹¹ for their loan

⁹ See Dodd-Frank Act, § 1077.

¹⁰ See *Ass’n of Accredited Cosmetology v. Alexander*, 979 F.2d 859, 861 (D.C. Cir. 1992); see also S. Rep. No. 102–58 (1991).

¹¹ The term “eligibility” refers to whether a lender accepts applications from a particular postsecondary school’s students. In other words, if a lender set its eligibility cutoff at a CDR of 8%, then students from those schools with a

programs, as well as underwriting and pricing. We found that the primary use of CDR by the sample lenders is to set school eligibility cutoffs; in fact, a majority reported relying almost exclusively on CDR to set their school eligibility cutoffs,¹² with eligibility cutoffs between 6% and 12%.¹³ A few lenders also reported using CDR as part of, if not the primary consideration in, underwriting and pricing decisions; however, most reported using traditional, individually-applied criteria, such as minimum credit score, debt-to-income ratio, etc.

2.5.3 FAIR LENDING IMPLICATIONS OF CDR

The use of CDR at very low default levels is a fair lending concern because racial and ethnic minority students are disproportionately concentrated in schools with higher CDRs.¹⁴ For instance, we found that African American students attending public four-year institutions were almost four times more likely than students generally to attend schools with a CDR above 8%.

Hispanic students attending private four-year institutions were over seven times more likely than students generally to attend schools with a CDR above 8%.^{15,16} Accordingly, use of CDR to

rate at or below 8% would be eligible to be considered for a loan, whereas students from schools with a rate above 8% could not receive a loan, regardless of any particular student's creditworthiness (or that of his or her co-applicant).

¹² Most lenders who provided data also reported reliance on other nominal criteria such as requiring that a school be Title IV eligible, be located in the United States or Canada, and have had no sanctions imposed by the DOE related to financial, administrative, or loan performance reasons. Some lenders reported that they except Historically Black Colleges and Universities. Additionally, a few lenders reported setting eligibility cutoffs using CDR in conjunction with other factors such as internal portfolio performance, while others have phased out this particular use of CDR and replaced it with a school's graduation rate (which we note may raise similar fair lending concerns).

¹³ We note that some lenders had substantially more generous cutoffs.

¹⁴ To analyze the relationship between CDR and schools' racial and ethnic demographics we studied 2007, 2008, and 2009 Integrated Post-Secondary Educational System data on school characteristics and enrollment, including statistics on race and ethnicity, with the DOE's official CDRs from 2007, 2008, and 2009. Due to the two-year nature of the statistic, 2007, 2008, and 2009 are the three most recent CDR datasets available as of the writing of the CFPB's July report.

¹⁵ We carried out a regression analysis with CDR as the dependent variable and various racial and ethnic demographic categories as the explanatory variables. This analysis confirmed the results discussed above as it found that CDR was positively correlated with the percentage of minority students enrolled at postsecondary schools.

determine loan eligibility, underwriting, and pricing may have a disparate impact on minority students by reducing their access to credit and requiring those minority students who do meet the lenders' eligibility thresholds to pay higher rates than are otherwise available to similarly creditworthy non-Hispanic White students at schools with lower CDRs.

¹⁶ We tested the 8% cutoff because it is the most common CDR cutoff used by the lenders who provided data, not because it has any obvious intrinsic predictive value.

TABLE 1: AVERAGE RACIAL AND ETHNIC DEMOGRAPHICS ABOVE AND BELOW 8%, BY SCHOOL TYPE, 2008-2009 ACADEMIC YEAR

	Demographic Distribution Below 8%						
	Male	Female	White	Hispanic	Black	American Indian	Asian
	%	%	%	%	%	%	%
All	44.0%	56.0%	60.5%	9.3%	10.0%	0.8%	6.6%
Public 4-Year	45.5%	54.5%	63.9%	8.7%	8.3%	0.8%	7.2%
Private Not-for-Profit-4-Year	42.6%	57.4%	60.6%	6.5%	8.8%	0.6%	6.0%
Private for-Profit-4-Year	39.0%	61.0%	46.5%	7.9%	20.8%	0.7%	3.9%
Public 2-Year	43.0%	57.0%	51.3%	15.4%	16.9%	1.3%	6.6%
Private Not-for-Profit-2-Year	28.3%	71.7%	63.8%	16.2%	10.9%	0.3%	3.3%
Private for-Profit-2-Year	37.6%	62.4%	47.3%	23.9%	15.0%	0.9%	4.1%
Public Less-than-2-Year	44.8%	55.2%	44.0%	33.3%	11.7%	4.3%	4.3%
Private Not-for-Profit, Less-than-2-Year	32.5%	67.5%	46.3%	22.5%	20.3%	0.5%	4.0%
Private for-Profit, Less-than-2-Year	20.1%	79.9%	40.8%	26.4%	19.2%	0.5%	3.4%

	Demographic Distribution Above 8%						
	Male	Female	White	Hispanic	Black	American Indian	Asian
	%	%	%	%	%	%	%
All	41.2%	58.8%	49.4%	17.0%	16.7%	1.0%	4.7%
Public 4-Year	40.8%	59.2%	46.6%	17.7%	25.1%	1.4%	2.7%
Private Not-for-Profit-4-Year	39.9%	60.1%	33.9%	33.2%	23.9%	0.7%	1.2%
Private for-Profit-4-Year	35.2%	64.8%	33.4%	10.5%	23.3%	0.8%	2.4%
Public 2-Year	43.1%	56.9%	55.0%	15.6%	12.4%	1.0%	5.9%
Private Not-for-Profit-2-Year	37.6%	62.4%	41.5%	17.9%	22.3%	0.5%	4.8%
Private for-Profit-2-Year	36.1%	63.9%	37.7%	20.8%	24.2%	0.8%	3.2%
Public Less-than-2-Year	35.7%	64.3%	70.8%	5.1%	19.8%	1.0%	1.0%
Private Not-for-Profit, Less-than-2-Year	54.8%	45.2%	12.8%	58.9%	20.7%	0.3%	6.9%
Private for-Profit, Less-than-2-Year	28.0%	72.0%	30.2%	31.3%	26.4%	0.6%	2.6%

Source: IPEDS 2009 and PEPS. Data are reported for the 50 States, D.C., Puerto Rico, and the territories.

While we were mindful that our analysis used aggregate data – and we were therefore prevented from drawing conclusions about any specific lender’s practice – we were able to generally conclude that lenders’ consideration of CDR in either school eligibility or underwriting and pricing criteria may reduce credit access and increase costs disproportionately for minority borrowers. Accordingly, use of CDR may require further analysis by lenders to ensure compliance with fair lending laws.

Federal student loans are generally a better choice for consumers than PSL. However, the availability of such loans is statutorily limited and they do not cover the full cost of attendance at many schools. Accordingly, PSL can be an important consumer financial product and lenders that offer the product must do so in accordance with the nation’s fair lending laws.

The CFPB will continue to work with federal partners, industry, and consumer advocates to explore means through which fair lending risk in private student lending can be mitigated, given the unique underwriting challenges presented.

2.6 Amending Fair Lending Regulations

The Dodd-Frank Act transferred rulemaking authority under ECOA and HMDA to the CFPB.¹⁷ The CFPB published its restatements of ECOA’s implementing regulation, Regulation B, and HMDA’s implementing regulation, Regulation C, in interim final rules in December 2011.¹⁸

Section 1071 of the Dodd-Frank Act amended ECOA to require financial institutions to collect and report to the CFPB data on lending to small, minority-, and women-owned businesses in order to “facilitate the enforcement of fair lending laws and enable communities, governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses.”¹⁹ The Dodd-Frank Act also directed the CFPB to prescribe rules and guidance as necessary to carry out, enforce, and compile data pursuant to that

¹⁷ See Dodd-Frank Act, §§ 1002(12), (14), and 1022.

¹⁸ Equal Credit Opportunity (Regulation B), 76 Fed. Reg. 79,442 (Dec. 21, 2011) (codified at 12 C.F.R. pt. 1002); Home Mortgage Disclosure Act (Regulation C), 76 Fed. Reg. 78,465 (Dec. 19, 2012) (codified at 12 C.F.R. pt. 1003).

¹⁹ Dodd-Frank Act, § 1071(a).

section. In April 2011, the CFPB issued guidance stating that the data collection and submission obligations arising under these ECOA amendments do not arise until the CFPB issues implementing regulations.²⁰

The CFPB has begun the planning process to promulgate rules concerning small, minority-, and women-owned business loan data collection and reporting. We are currently gathering information from stakeholders to better understand the relevant business lending markets, and to determine what data are available and how best to collect those data. The CFPB has also been in dialogue with a number of interested governmental stakeholders about this issue, including the DOJ, the Department of Commerce, the Department of Treasury, the Small Business Administration, and the Board of Governors of the Federal Reserve System (FRB).

Section 1094 of the Dodd-Frank Act amends HMDA to require the collection and submission of additional data fields related to mortgage loans, including certain applicant, loan, and property characteristics, as well as “such other information as the Bureau may require.”²¹ The CFPB is examining what changes it may propose to Regulation C. As required under the Dodd-Frank Act, the CFPB will ensure the protection of mortgage applicants’ and mortgagors’ privacy interests in the disclosure of any additional data fields to the public under HMDA.²² A discussion of the prescribed amendments to Regulation C follows, in the HMDA Report section of this Report to Congress.

Finally, section 1403 of the Dodd-Frank Act requires that the CFPB prescribe regulations under TILA to prohibit “abusive or unfair lending practices that promote disparities among consumers of equal credit worthiness but of different race, ethnicity, gender or age.”²³ The CFPB has begun preliminary planning with regard to this rule.

²⁰ Letter from Leonard Kennedy, CFPB General Counsel, to Chief Executive Officers of Financial Institutions under Section 1071 of the Dodd-Frank Act (Apr. 11, 2011), *available at* <http://files.consumerfinance.gov/f/2011/04/GC-letter-re-1071.pdf>.

²¹ Dodd-Frank Act, § 1094(3).

²² *See* Dodd-Frank Act, § 1022(C)(8).

²³ Dodd-Frank Act, § 1403.

3. Reporting on the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act

3.1 Reporting on the Equal Credit Opportunity Act

Prior to the passage of the Dodd-Frank Act, the FRB was required under ECOA to file an annual report to Congress describing the administration of its functions under ECOA, an assessment of the extent to which compliance with ECOA has been achieved, and a summary of enforcement actions taken by other agencies with responsibilities under ECOA. On the CFPB's designated transfer date of July 21, 2011, the FRB's responsibility for this report was transferred to the CFPB.²⁴ This part of the CFPB's Fair Lending Report will provide the information required by ECOA: first, it will describe the CFPB's and other agencies' enforcement efforts and assessment of the extent of compliance with ECOA; then, it will summarize the outreach efforts of the various agencies charged with responsibility under ECOA. This ECOA report will cover the period between July 21, 2011, and December 31, 2011; future reports will encompass an entire calendar year.

²⁴ See 15 U.S.C. § 1691f.

3.1.1 ECOA ENFORCEMENT

Several federal government agencies, including the CFPB, have administrative enforcement authority under ECOA. ECOA makes it illegal for a creditor to discriminate in any aspect of a credit transaction against any applicant on the basis of race, color, national origin, religion, sex, marital status, age (so long as the applicant is old enough to enter into a binding contract), receipt of income from any public assistance program, or exercising in good faith a right under the Consumer Credit Protection Act.

As discussed in Part II, the CFPB is committed to ensuring that the institutions under its jurisdiction comply with ECOA. The CFPB's efforts related to ECOA, as prescribed by the Dodd-Frank Act, and the enforcement efforts and compliance assessments made by all the agencies assigned enforcement authority under section 704 of ECOA²⁵ are discussed in this section.

3.1.2 PUBLIC ENFORCEMENT ACTIONS

In addition to the CFPB, the agencies charged with enforcement of ECOA under section 704 include: the FRB, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration (NCUA) (collectively the Federal Financial Institutions Examination Council agencies or FFIEC agencies);²⁶ the FTC, the Farm Credit Administration (FCA), the Department of Transportation (DOT), the Securities and Exchange Commission (SEC), the Small Business Administration (SBA), and the Grain Inspection, Packers and Stockyards Administration of the Department of Agriculture (GIPSA).²⁷ During the reporting period, from July 21, 2011 through December 31, 2011, the FDIC filed one public ECOA

²⁵ 15 U.S.C. § 1691c.

²⁶ The FFIEC is a "formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions" by the member agencies listed above and the State Liaison Committee "and to make recommendations to promote uniformity in the supervision of financial institutions." See <http://www.ffiec.gov/>.

²⁷ 15 U.S.C. § 1691c.

enforcement action.²⁸

3.1.3 VIOLATIONS CITED DURING ECOA EXAMINATIONS

Of the institutions examined, the FFIEC agencies reported that the most frequently cited Regulation B violations were:

TABLE 2: MOST FREQUENTLY CITED REGULATION B VIOLATIONS BY FFIEC AGENCIES

FFIEC Agencies Reporting	Regulation B Violations
CFPB, FRB, FDIC, OCC, NCUA	<p>12 C.F.R. § 1002.4 – Discrimination on a prohibited basis in a credit transaction.</p> <p>12 C.F.R. § 1002.5(b) – Improperly requesting information about race, color, religion, national origin, or sex.</p> <p>12 C.F.R. § 1002.13(a) and (b) – Failure to collect information about applicants seeking credit primarily for the purchase or refinancing of a principal residence, including applicant race, ethnicity, sex, marital status, and age, for monitoring purposes.</p> <p>12 C.F.R. § 1002.9 (a)(2) and (b)(2) – Failure to provide sufficient information, including specific reasons for adverse action, in adverse action notification.</p> <p>12 C.F.R. § 1002.7(d)(1) – Improperly requiring a borrower to obtain the signature of a spouse or other person in order to be considered for credit approval.</p>

²⁸ Because the authorities under the Dodd-Frank Act transferred to the CFPB on July 21, 2011, this report’s reporting period is July 21, 2011, through December 31, 2011. The FTC reported for the entire calendar year 2011 and reported a public enforcement action in April 2011. This action is not reported here because it is outside of the time period of this report. Similarly, the FRB reported that a referral made to the DOJ prior to the time period covered by this report, led to a public enforcement action by the DOJ in December 2011. For more information about that action, please see <http://www.justice.gov/opa/pr/2011/December/11-ag-1694.html>.

Of the remaining agencies, only the FCA conducted examinations and reported results. The Regulation B violations most frequently cited by the FCA were:

TABLE 3: MOST FREQUENTLY CITED REGULATION B VIOLATIONS BY OTHER ECOA AGENCIES

Other ECOA Agencies	Regulation B Violations
FCA	<p>12 C.F.R. § 1002.9 – Failure to provide timely adverse action notices, incomplete documentation to support the adverse action taken, or failing to give specific reasons for adverse actions taken.</p> <p>12 C.F.R. § 1002.13(b) – Failure to complete voluntary monitoring forms when borrower chose not to provide requested information regarding ethnicity, race, and sex.</p>

The DOT, GIPSA, the SBA, and the SEC reported that they received no complaints based on ECOA or Regulation B. The FTC is an enforcement agency and does not conduct compliance examinations.

3.1.4 REFERRALS TO THE DEPARTMENT OF JUSTICE

Three FFIEC agencies referred a total of 12 matters to the DOJ during the reporting period. These matters alleged discriminatory treatment of persons in credit transactions due to race, national origin, age, or marital status.

3.1.5 INTERAGENCY OUTREACH RELATED TO ECOA

The FFIEC agencies all report substantial outreach and interagency activity aimed at ensuring creditors’ compliance with ECOA and Regulation B, and that fair lending laws are enforced in a consistent and fair manner.

The CFPB, along with the DOJ, HUD, the FRB, and the National Association of Attorneys General serves as co-chair of the Federal Financial Fraud Enforcement Task Force’s Non-Discrimination Working Group, with Assistant Director Ficklin representing the CFPB. The Financial Fraud Enforcement Task Force was established in November 2009 by an Executive Order to strengthen the efforts of the DOJ in conjunction with federal, state, and local agencies “to investigate and

prosecute significant crimes and other violations relating to the . . . financial crisis and economic recovery efforts, recover the proceeds of such financial crimes and violations, and ensure just and effective punishment of those who perpetuate financial crimes and violations.”²⁹ The Task Force brings together representatives from law enforcement agencies, regulatory authorities, inspectors general, and state attorneys general in order to combat financial fraud. This interaction fosters high level discussions among relevant stakeholders about policies, procedures, rulemakings, and other major initiatives. The Task Force’s Non-Discrimination Working Group in particular is dedicated to improving efforts to detect and eliminate discrimination in the lending and financial markets.

The FRB took a lead role in the Working Group’s effort to analyze data on the Department of Treasury’s Home Affordable Modification Program for evidence of potential discrimination by participating servicers. The Working Group sponsored a field hearing in San Francisco in the fall of 2011, providing outreach to local housing organizations, community groups, and financial institutions. In addition, on November 2, 2011, the FRB hosted an interagency webinar, *Fair Lending Issues and Hot Topics*, along with the CFPB, the OCC, the DOJ, HUD, the NCUA, and the FDIC. Over 6,000 registrants participated in the webinar, which included presentations on redlining, fair lending exams, maternity leave discrimination, broker compensation, and unsecured consumer loans.

The CFPB, HUD, the DOJ, the OCC, the FRB, the FDIC, the Federal Housing Finance Agency, the NCUA, and the FTC participate in the Federal Interagency Task Force on Fair Lending to discuss and coordinate fair lending activities. The Task Force meets bimonthly to share information and views on emerging fair lending issues.

The CFPB also belongs to a working group of federal agencies – with the DOJ, HUD, and the FTC – that regularly meets to discuss fair lending enforcement. These regular discussions are designed to ensure that enforcement efforts are well-coordinated. Additionally, the CFPB is part of the FFIEC Subcommittee on HMDA and the Community Reinvestment Act (CRA). The purpose of this subcommittee is to encourage the discussion of issues pertaining to the collection and processing of HMDA and CRA data, which financial institutions are legally obligated to report.

²⁹ Exec. Order No. 13519, 74 Fed. Reg. 60,123 (Nov. 17, 2009).

In addition, several FFIEC agencies participated in meetings, conferences, and trainings throughout the country. Outreach efforts included meetings with consumer advocates, civil rights groups, supervised institutions, and industry representatives. The CFPB's fair lending outreach is described in detail later in this Report.

3.2 Reporting on the Home Mortgage Disclosure Act

The CFPB's HMDA reporting requirement³⁰ calls for the CFPB, in consultation with HUD, to report annually on the utility of itemizing certain mortgage loan data.³¹ Like the reporting requirement under ECOA, the HMDA reporting requirement was transferred from the FRB to the CFPB pursuant to the Dodd-Frank Act. The CFPB's reporting on HMDA, made in consultation with HUD, is presented here.

Congress enacted HMDA in 1975 in response to Congressional findings indicating that some depository institutions had at times contributed to the decline of certain geographic areas by failing to provide adequate housing financing on reasonable terms and conditions. HMDA and its implementing regulation, Regulation C, require the collection and reporting of loan-level mortgage data by certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions. The data include, for example, the total number and dollar volume of mortgage applications and resulting mortgage loans and, for each application, the action taken by the creditor; the location of the property to be mortgaged; the race, ethnicity, and gender of each applicant; and the income relied on in the application.

Regulation C states three purposes of HMDA served by the collection and reporting of these data. First, these data help in determining whether financial institutions are serving the housing finance needs of their communities.³² These data are also relevant to reviewing certain institutions'

³⁰ See 12 U.S.C. § 2807.

³¹ 12 U.S.C. § 2803(b)(4).

³² 12 C.F.R. § 1003.1(b)(1)(i).

obligations under the CRA. Second, the data can be used to assist public officials in the distribution of public-sector investment, so as to attract private investment to areas that need it most.³³ Third, the mortgage loan data submitted under HMDA are used to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes,³⁴ including ECOA and the Fair Housing Act.³⁵

The Dodd-Frank Act transferred HMDA rulemaking authority from the FRB to the CFPB³⁶ and expanded the scope of the data that must be collected and submitted under HMDA. Section 1094 of the Dodd-Frank Act amended HMDA to require HMDA-reporting entities to collect and report a number of new data elements, including elements related to additional loan, applicant, and property characteristics, as well as to allow the CFPB to require the collection and reporting of “such other information as the Bureau may require.”³⁷ At present, the CFPB’s efforts to implement these changes are in the pre-rule stage.

³³ 12 C.F.R. § 1003.1(b)(1)(ii).

³⁴ 12 C.F.R. § 1003.1(b)(1)(iii).

³⁵ 42 U.S.C. § 3601 *et seq.*

³⁶ See Dodd-Frank Act, §§ 1061 and 1094.

³⁷ Dodd-Frank Act, § 1094(3).

4. CFPB Outreach: Working with Private Industry, Fair Lending, Civil Rights, Consumer and Community Advocates

4.1 Private Industry Outreach

As one of its core functions, the Office of Fair Lending is responsible for “working with private industry . . . on the promotion of fair lending compliance and education.”³⁸ Consequently, the CFPB regularly engages with representatives from private industry – including financial services providers, fair lending compliance specialists, and regulatory attorneys – at conferences, meetings, colloquia, and roundtables throughout the country. The CFPB seeks to engage stakeholders with an interest in fair lending, with the understanding that there is much insight to be gained from varied perspectives that represent many distinct points of view. In this spirit, the CFPB frequently meets with private industry. These interactions have allowed the CFPB to learn about emerging fair lending and regulatory issues, convey the CFPB’s regulatory compliance expectations, and promote fair lending compliance and education pursuant to Congress’s direction.

³⁸ Dodd-Frank Act., § 1013(c)(2)(C).

Since July 2011, the CFPB has participated in numerous formal events with a fair lending focus; additional engagements with private industry are being planned. The CFPB has addressed trade associations, several leading industry law firms, executives from leading consulting compliance firms, and state banking associations as well as senior officials at banks and nonbanks subject to the CFPB's jurisdiction. In addition, Assistant Director Ficklin and senior fair lending staff regularly answer questions from industry counsel, bank representatives, and fair lending specialists about CFPB examinations, enforcement actions, and interagency coordination; similarly, staff attorneys in the Office of Regulations regularly answer questions from the same stakeholders about the correct interpretation of fair lending regulations and application to their business practices.

4.2 Outreach to Fair Lending, Civil Rights, Consumer and Community Advocates

As a civil rights-oriented office within the CFPB, the Office of Fair Lending works with “fair lending, civil rights, [and] consumer and community advocates” to promote fair lending compliance and education.³⁹ These engagements take place throughout the country in government offices, places of worship, community meeting spaces, at CFPB headquarters, and via teleconference or videoconference. Consumer advocates communicate directly with the CFPB, and the CFPB learns about emerging fair lending issues from these groups that have regular interactions with the consumers they serve.

³⁹ Dodd-Frank Act § 1013(c)(2)(C).



Office of Fair Lending and Equal Opportunity Assistant Director Patrice Alexander Ficklin, along with other members of the CFPB's leadership, speak at the National Community Reinvestment Coalition's annual conference.

During the past year, CFPB staff traveled throughout the country to meet with groups focused on fair lending issues; since July 2011, Fair Lending staff members participated in several dozen such events. The Office of Fair Lending regularly meets with civil rights organizations as well as consumer and community advocates.

In April 2012, which the CFPB recognized as Fair Housing and Fair Lending Month, Director Cordray delivered a keynote address announcing the CFPB's release of a Compliance Bulletin regarding fair lending, discussed in Part II. In support of this focus, the CFPB released an informative brochure and blog post that empower consumers to protect themselves from credit discrimination. This event exemplifies how the CFPB can raise awareness about fair lending education and compliance simultaneously. The Compliance Bulletin provides guidance to regulated entities and their affiliates in industry; the credit discrimination brochure and blog arm consumers with knowledge to navigate the consumer marketplace in a more secure manner.

In addition, senior CFPB leadership participated in periodic "Outside the Beltway" events at cities and communities across the country. These field hearings allow CFPB leadership to meet and

participate in roundtables and larger discussions with consumers, consumer advocates, community groups, civil rights groups, and industry representatives. As part of this outreach, Assistant Director Ficklin co-led a hearing panel at the payday lending field hearing held in January 2012 in Birmingham, Alabama.

All of these events provide the CFPB and the Office of Fair Lending with the opportunity to reach out in order to promote fair lending compliance and education, identify emerging issues and new risks, and champion fair and equal access to credit.

5. Fair Lending Look Ahead

In this inaugural Fair Lending Report, we have introduced some of the CFPB's collaborative work in fair lending, both within the CFPB's various divisions and offices and across federal and state agencies. We have also introduced the Office of Fair Lending and Equal Opportunity – its mission, staff, and work. The CFPB's work in the area of fair lending is a priority and has only just begun.

The CFPB will provide its Fair Lending Report annually. In future reports, we look forward to updating Congress about the CFPB's accomplishments in the areas of fair lending and equal access to credit. We will provide an update on the CFPB's work to supervise bank and nonbank financial services institutions and the CFPB's public fair lending enforcement actions, as well as activities and accomplishments across various offices to further the CFPB's fair lending mission. We will report on ECOA compliance as assessed by the agencies charged with enforcing that statute as well as fulfill the HMDA reporting requirement. Finally, we will describe our efforts to reach consumers and industry to promote fair lending compliance and education. In doing so, we will strive to fulfill Congress's mandate that the CFPB work to "ensure the fair, equitable, and nondiscriminatory access to credit for individuals and communities" across America.