

The Consumer Financial Protection Bureau (CFPB), Recent Developments: May 5, 2014 – May 9, 2014

CFPB Issues Proposed Rule Amending Privacy Disclosure Requirements

On May 6th, the CFPB issued a proposed rule that would amend some of the privacy notice requirements imposed by the Gramm-Leach-Bliley Act (GLBA).¹ Among other things, GLBA requires financial institutions (a broadly defined term under the statute including both banks and non-banks) to provide their customers with annual privacy notices describing whether and how the financial institution shares a consumer's nonpublic personal information. Currently GLBA requires that financial institutions deliver annual privacy notices to consumers individually. However, the proposed rule would allow financial institutions to simply post their annual privacy notices online, so long as they limit their customer data-sharing and satisfy other requirements such as not sharing data in a manner that would trigger a consumer's opt-out rights. Comments on the proposed rule will be due 30 days after publication in the Federal Register.

CFPB Releases Report Highlighting Mortgage Issues Faced by Older Americans

On May 7th, the CFPB released a snapshot report highlighting perceived challenges faced by older Americans regarding their mortgage debt.² The report's analysis, which is based on data gathered from the Census Bureau, the Federal Reserve and consumer complaints received by the CFPB, identified the following issues:

- **More seniors with mortgage debt.** According to the report, more seniors have outstanding mortgage debt than in previous decades.
- **Greater median debt amount.** The median outstanding balance owed on mortgages held by older Americans increased 82 percent from 2001 to 2011. The report also found that more than half of retired homeowners spend a third or more of their household income on housing related costs.
- **Delinquency and foreclosure rates increased.** Over the period from 2007 to 2011, the percentage of seriously delinquent (more than 90 days delinquent) homeowners aged 65 to 74 increased from 0.85 percent to 4.96 percent. For homeowners over 75 the percentage increased from 1.01 percent to 5.87 percent.

¹ The proposed rule is available [here](#).

² See the report [here](#).

In conjunction with releasing the report, the CFPB also issued a consumer advisory advising older Americans on how to balance servicing their mortgage debt with their retirement income and other expenses.³

GAO Issues Report Identifying Improvements Needed in CFPB's Internal Controls and Accounting

On May 2nd, the Government Accountability Office (GAO) issued a management report that identifies necessary improvements in the CFPB's internal controls and accounting procedures.⁴ According to the report, the CFPB "did not effectively design or implement...[(i)] internal control over its year-end accrual process to ensure accounts payable amounts recorded were complete and accurate and...[(ii)] controls to ensure accurate and complete recording of its property and equipment transactions." The GAO report includes recommendations for the CFPB to improve its financial reporting practices.

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³ See the consumer advisory [here](#).

⁴ See the GAO report [here](#).

The Consumer Financial Protection Bureau (CFPB), created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, implements and enforces federal consumer financial law. Greenberg Traurig monitors the CFPB's activities, including the almost daily movement on multiple industry fronts that the CFPB makes as it redefines consumer finance law. An entirely new system has been and is being created for the consumer financial services industry. Once complete, the question will be, "How does our clients' business match up?" Our GT CFPB Team regularly observes and analyzes the actions of the CFPB in order to advise clients in best practices, risk management and compliance procedures.

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