

The Consumer Financial Protection Bureau (CFPB), Recent Developments: June 16, 2014 – June 20, 2014

FFIEC Revises HMDA Information

On June 16th, the Federal Financial Institutions Examination Council (FFIEC) released an informational letter regarding revisions to Home Mortgage Disclosure Act (HMDA) requirements for loan applications received on or after January 10, 2014.¹ The CFPB issued regulations in January 2014 that expanded the scope of the Home Ownership and Equity Protection Act (HOEPA) to include home equity lines of credit (HELOCs). The FFIEC is revising HMDA reporting requirements and procedures to reflect this change in HOEPA coverage. The FFIEC recently released a revised version of the 2014 HMDA Edits to comply with the HOEPA rule change.² A new version of the HMDA Data Entry Software incorporating the HOEPA revisions should be available in August 2014.

CFPB Teams with Libraries to Educate Consumers

On June 16th, CFPB Director Richard Cordray spoke at the Marian J. Mohr Memorial Library in Rhode Island about the CFPB's ongoing effort as a part of its education mandate to partner with local libraries and transform them into "neighborhood centers of financial education."³ Cordray stated that the CFPB envisions "a United States where libraries are one of the most trusted sources that people turn to in order to find information about how to take out a responsible mortgage. Or, they may go to their library to get tips on how to manage their credit card debt. We want consumers to feel comfortable walking into a library and asking where they can find basic information about budgeting, savings, investments, and credit."

CFPB Enters Consent Order with National Bank Regarding Alleged Mortgage Servicing Misconduct

On June 17th, the CFPB, along with Department of Justice (DOJ), Department of Housing and Urban Development (HUD), and attorneys general in 49 states and the District of Columbia, filed a proposed consent order in federal court that would resolve allegations of mortgage servicing misconduct at a large national bank.⁴ The proposed consent order would require the bank to: (i) pay a \$10 million fine to cover losses it caused to the Federal Housing Administration, Department of Veterans Affairs, and the Rural Housing Service; (ii) pay \$40 million to borrowers whose homes were foreclosed upon; and (iii) provide \$500 million in loss-mitigation relief to underwater borrowers. In a parallel settlement with the DOJ, the bank must also pay a \$418 million fine.

The complaint alleges that the bank engaged in systemic mortgage servicing misconduct. In filing the complaint, the CFPB is exercising its enforcement authority with respect to entities engaging in unfair,

¹ See the notice letter [here](#).

² See the 2014 HMDA Edits [here](#).

³ See Cordray's prepared remarks [here](#).

⁴ See the complaint [here](#) and the proposed consent order [here](#).

deceptive, or abusive practices. Specifically, the complaint alleges that the bank engaged in following misconduct:

- **Payments and fees:** The complaint alleges that the bank failed to promptly and accurately apply borrowers' payments, and also charged unauthorized fees for default-related services.
- **Loss mitigation:** The complaint alleges that the bank did not provide accurate information about its loss mitigation options, and also that the bank failed to properly consider and process borrowers' loss mitigation applications.
- **Foreclosure practices:** The complaint alleges that the bank did not provide accurate information to borrowers about the status of foreclosure proceedings. The bank also allegedly engaged in robo-signing of foreclosure documents.

CFPB Issues Final Rule on Cease-and-Desist Orders

On June 18th, the CFPB published in the Federal Register a final rule regarding temporary cease-and-desist orders.⁵ The CFPB is authorized to issue temporary cease-and-desist orders pursuant to Section 1053(c) of the Dodd-Frank Act and the final rule establishes procedures for issuing them. The rule becomes effective on July 18, 2014.

CFPB Issues Manual on Elder Financial Abuse and Literacy

Last week, the CFPB issued a new guide, "Protecting Residents from Financial Exploitation," that is aimed at helping "operators and staff of nursing facilities and assisted living residences protect the people in their care from financial exploitation through prevention and early intervention."⁶ In addition to providing basic information about consumer finance, the manual also outlines ways for operators and staff to "create awareness, policies and processes to protect the facility residents." This new guide is a part of the CFPB's Office for Older Americans continuing effort to protect older Americans from financial abuse.

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.

⁵ See the final rule [here](#).

⁶ See the manual [here](#).

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