

CFPB Observer: Recent Developments from Sept. 22-26, 2014

FFIEC Releases 2013 HMDA Data

On September 22nd, the Federal Financial Institutions Examination Council (FFIEC) released Home Mortgage Disclosure Act (HMDA) data covering mortgage lending activity for 2013. HMDA generally requires mortgage lenders to report information about loan applications they receive and about loans they originate or purchase. The FFIEC is responsible for collecting and distributing the data. Among other things, the data includes information about the loan amount, loan type, loan purpose and applicant characteristics (e.g., race, ethnicity, sex and income). The resulting data set is generally used by both regulators and the public to determine whether financial institutions are serving the housing needs of their communities, and also to identify potential fair lending violations.

The 2013 data set contains information on approximately 14 million home loan applications. The total number of loan originations declined by 11 percent from 2012. Refinancings also declined by 23 percent, but home purchase originations were up by almost 13 percent. The FFIEC makes the [full data set](#) available on its website, but the CFPB also has an [interactive tool](#) that allows users to manipulate the data.

CFPB Director Remarks on Student Debt and Public Service

On September 23rd, CFPB Director Richard Cordray made an [announcement on public service and student debt](#). Director Cordray spoke about the impact of student loan debt on community service and the economy in general. He stated that the CFPB is “deeply concerned about how debt influences career choices by acting as a barrier to public service for a rising share of student loan borrowers. This may cause shortfalls in key roles such as teachers, healthcare workers, public safety personnel, and other public service professions.” However, he was encouraged by the fact that organizations such as AmeriCorps and the Peace Corps are signing the CFPB’s pledge to help their employees better handle their student loan debt. The CFPB’s goal is to ensure that everyone eligible for federal student loan forgiveness takes advantage of the opportunity.

CFPB and FTC Plan “Debt Collection & the Latino Community” Roundtable

The CFPB and the Federal Trade Commission (FTC) will hold a roundtable titled “Debt Collection & the Latino Community” on October 23, 2014, at California State University in Long Beach, California. The roundtable will examine how debt collection and credit reporting issues affect Latino consumers, especially those with limited English language skills. Roundtable participants will include consumer

advocates, industry representatives, state and federal regulators and academics. The event is free and open to the public, but attendees should [RSVP for the event](#). It will also be streamed live on the CFPB's website. More information regarding the roundtable is available on the [FTC's website](#).

GAO Report Recommends CFPB Takes Steps to Protect Consumer Data

Last week the Government Accountability Office (GAO) [released a report](#) addressing the CFPB's consumer financial data collection efforts and its compliance with related laws and federal requirements, including government-wide privacy and information security requirements. The report concluded that "additional efforts are needed in several areas to reduce the risk of improper collection, use or release of consumer financial data." The GAO reviewed the CFPB's consumer data collections that have been conducted over the past two-and-a-half years. The report found that the CFPB lacks written procedures and comprehensive documentation for a number of its processes, including data intake and information security risk assessments. As a result, the GAO recommended that the CFPB establish or enhanced its written policies and procedures for: "(1) data intake, including reviews of proposed data collections for compliance with applicable legal requirements and restrictions; (2) anonymizing data; (3) assessing and managing privacy risks; and (4) monitoring and auditing privacy controls; and (5) documenting results of information security risk-assessments consistently and comprehensively."

The report also recommended that the CFPB implement various privacy control steps and information security practices. Among other things, the GAO recommended that the CFPB develop a comprehensive written privacy plan that brings together existing privacy policies and guidance, implement a training program for staff that handle sensitive personal information, and obtain periodic independent reviews of its privacy practices.

CFPB Announces Project Catalyst Research Pilot Program

On September 25th, the CFPB announced a [new Project Catalyst pilot program](#) that will examine the effectiveness of early intervention credit counseling for consumers who are at risk of default on their credit card debt. The CFPB launched Project Catalyst in 2012 as "an initiative designed to encourage consumer-friendly innovation and entrepreneurship in markets for consumer financial products and services." Through the program, the CFPB engages with companies and entrepreneurs that are developing new forms of consumer financial products and services. In this recently-announced program, two institutions have agreed to share with the CFPB their insights from a credit card credit counseling trial project. The institutions "will offer early-intervention credit counseling to consumers at risk of defaulting on their credit card debt."

CFPB Seeks Approval for Field Study of its "Owning a Home" Program

On September 26th, a [notice was published in the Federal Register](#) regarding a new CFPB information collection field study. The purpose of the information collection is to evaluate and improve the CFPB's "Owning a Home" project. The Dodd-Frank Act requires the CFPB to develop a consumer education program and the project is a part of that program. The "Owning a Home" project is designed to help consumers make more informed decisions about mortgage loans. To determine the benefits of the

program, the CFPB is seeking approval to conduct a field study of the benefits provided to prospective borrowers by use of the program.

Law Enacted Exempting Condominiums from Certain Requirements under the ILSFDA

On September 26th, President Barack Obama [signed into law](#) legislation that will exempt condominium units from the registration requirements of the Interstate Land Sales Full Disclosure Act (the ILSFDA). When the exemption goes into effect March 25, 2015, condominium developers will no longer have to register their development projects as is currently required under the ILSFDA. In addition, developers will no longer have to provide federal property reports to purchasers. However, developers will still be required to adhere to the ILSFDA's antifraud provisions.

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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