

CFPB Observer: Recent Developments from July 7-10, 2015

CFPB Issues Report on Servicers Servicing Servicemembers' Student Loans

On July 7, the CFPB released a report covering student loan servicing complaints received by the CFPB from servicemembers. The report, "[Overseas & Underserved: Student Loan Servicing and the Cost to Our Men and Women in Uniform](#)," summarizes issues the CFPB has observed with respect to servicers' treatment of servicemembers and compliance with the specific requirements under the Servicemembers Civil Relief Act (SCRA). For example, the report describes some servicemembers having difficulty getting servicers to abide by the SCRA's 6% interest rate cap on credit obligations incurred prior to military service or activation for active duty servicemembers. In addition, the CFPB has found servicemembers face difficulty in the discharge of loan co-signers. The CFPB has been focused on student loan servicing issues, having launched a [public inquiry](#) in May 2015 into student loan servicing practices affecting consumers. In particular, the CFPB has been concerned with consumers experiencing difficulty in repayment, delinquent borrowers having trouble getting loan modifications, and the economic incentives that affect the level of service provided.

CFPB Issues Guiding Principles for Faster Payment Networks

On July 9, the CFPB presented [several consumer protection principles](#) intended to guide the private sector in its development of new and faster electronic payment networks to replace existing networks, such as the automated clearinghouse network. Among the CFPB's principles are that any new payment system should be "secure, transparent, accessible, and affordable to consumers." In addition, the CFPB emphasized the importance of having systems in place to deal with fraud and to promptly resolve errors. Other principles include consumer control over payments, data security and privacy, transparency, accessibility, ensuring the availability of funds, and strong accountability measures to address system misuse.

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.

This *GT Alert* was prepared by **Gil Rudolph**, **Brett Kitt**, **Scott Sheehan** and **Peter Cockrell**. Questions about this information can be directed to any member of Greenberg Traurig's **Consumer Financial Protection Bureau (CFPB)** team of professionals:

- [Gil Rudolph](#) | Co-Chair, Financial Regulatory & Compliance | +1 202.530.8575 | rudolphg@gtlaw.com
- [Brett Kitt](#) | Financial Regulatory & Compliance | +1 202.533.2359 | kittb@gtlaw.com
- [Scott Sheehan](#) | Financial Regulatory & Compliance | + 1 713.374.3543 | sheehans@gtlaw.com
- [Michael Sklaire](#) | Financial Services Litigation & Regulation | +1 703.749.1308 | sklairem@gtlaw.com
- [Andy Berg](#) | Financial Services Litigation & Regulation | +1 202.331.3181 | berga@gtlaw.com
- [Michele Stocker](#) | National Chair, Financial Services Litigation | +1 954.768.8271 | stockerm@gtlaw.com
- [Jennifer Gray](#) | Financial Services Litigation & Regulation | +1 310.586.7730 | grayjen@gtlaw.com
- [Murray B. Silverstein](#) | Financial Regulatory & Compliance | +1 813.318.5741 | silversteinmb@gtlaw.com
- [Brian Schulman](#) | Financial Services Litigation & Regulation | +1 602.445.8407 | schulmanb@gtlaw.com
- [Jacob Bundick](#) | Financial Services Litigation & Regulation | +1 702.792.3773 | bundickj@gtlaw.com
- [Alan Slomowitz](#) | Government Law & Policy | +1 202.533.2318 | slomowitza@gtlaw.com
- [Albert Wynn[‡]](#) | Government Law & Policy | +1 202.530.8531 | wynna@gtlaw.com
- [Patrick Anderson](#) | Government Law & Policy | +1 202.331.3100 | andersonp@gtlaw.com
- [Thomas McKee](#) | Litigation | +1 703.749.1300 | mckee@gtlaw.com
- [Peter Cockrell](#) | Financial Regulatory & Compliance | +1 202.530.8517 | cockrellp@gtlaw.com

[‡] *Admitted in Maryland, and not admitted in Virginia.*

Albany +1 518.689.1400	Denver +1 303.572.6500	New York +1 212.801.9200	Shanghai +86 (21) 6391 6633
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Delaware +1 302.661.7000	New Jersey +1 973.360.7900	Seoul∞ +82 (0) 2 369 1000	Westchester County +1 914.286.2900
			West Palm Beach +1 561.650.7900

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