



Consumer Federation of America

1620 I Street, N.W., Suite 200 * Washington, DC 20006

The New Consumer Financial Protection Bureau

Mission:

Implement and enforce federal consumer financial laws so that all consumers have access to markets for consumer products and services and that these markets are fair, transparent, and competitive.

| <u>Financial Service/Products Covered:</u> | <u>Financial Services/Products Not Covered</u> |
|---|--|
| Credit | Securities |
| Banking | Insurance regulated by the states |
| Payment Products, e.g. debit cards | Motor vehicle dealer-lenders |
| Credit Reporting | Merchants, if credit only offered for non-financial good/service |
| Debt Management and Collection | |
| Real Estate Settlement Services | |
| Remittances | |
| Check Cashing | |

Leadership:

A director of the CFPB will be appointed by the President and confirmed by the U.S. Senate.

Formal Operations Begin:

The CFPB takes over authority transferred from other federal agencies on July 21, 2011.

Functions:

- Enforce federal consumer financial laws and prevent unfair, deceptive and abusive practices;
- Collect, research, monitor, and publish information to identify risks to consumers and the proper functioning of markets;
- Supervise large banks and most non-banks for compliance with federal consumer financial laws;
- Collect, investigate and respond to consumer complaints; and
- Conduct financial education programs.

Powers:

- Issue rules, orders and guidance regarding federal consumer financial laws, and prohibit unfair, deceptive, or abusive acts or practices.
- Issue rules, orders and guidance to ensure that the features of any product or service are fully, accurately and effectively disclosed so that consumers understand the costs, benefits, and risks. CFPB can develop model disclosure forms.

- Enforce violations of federal consumer financial laws and agency rules by large banks and most non-banks.
- Supervision of Non-banks:
 - Covers mortgage lenders, loan modification and foreclosure relief services, private education lenders, and payday lenders, or a “larger” market participant, which CFPB will define in consultation with the FTC. Also supervises lenders whose products pose risks to consumers.
- Banks and Credit Unions with Total Assets Greater than \$10 Billion:
 - Authority to require, report, and conduct examinations and will coordinate supervision with prudential and state bank regulators; CFPB has primary enforcement authority.
- Banks and Credit Unions with Total Assets Less than \$10 Billion:
 - CFPB does not have supervision and enforcement authority over these institutions. (This authority is retained by prudential regulators.) CFPB can include examiners on sampling basis of the prudential regulator’s examinations. CFPB must notify prudential regulator if it believes that a bank or credit union has violated a federal consumer law and the prudential regulator must respond to the CFPB within 60 days.

| CFPB Implements and Enforces the Following Consumer Financial Laws: | |
|--|---|
| Alternative Mortgage Transaction Parity Act | Home Mortgage Disclosure Act |
| Consumer Leasing Act | Home Ownership and Equity Protection Act |
| Electronic Fund Transfer Act (except sec. 920) | Real Estate Settlement Procedures Act |
| Equal Credit Opportunity Act | S.A.F.E. Mortgage Licensing Act |
| Fair Credit Reporting Act (except sec. 615(e), 628) | Truth in Lending Act |
| Home Owner’s Protection Act | Truth in Savings Act |
| Fair Debt Collection Practices Act | Omnibus Appropriations Act, sec. 626 |
| Federal Deposit Insurance Act (sec. 43, b-f) | Interstate Land Sales Full Disclosure Act |
| Gramm-Leach-Bliley Act (sec. 502-509, except sec. 505 as it applies to 501(b)) | |

Functional Units:

Research – research, analyze, and report on market developments, access to fair and affordable credit, consumer use and understanding of disclosures, and the experiences of traditionally underserved consumers.

Community Affairs – provide information, guidance, and technical assistance to traditionally underserved consumers and communities.

Complaints – provide a toll-free telephone number, website, and database for centralized collection and monitoring of and responses to consumer complaints.

Fair Lending and Equal Opportunity – provide oversight and enforcement of the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act, and coordinate fair lending efforts with other agencies and state regulators to promote consistent, efficient, and effective enforcement of fair lending laws.

Office of Financial Education – educate and empower consumers to make better informed financial decisions and provide access to financial counseling, information to assist with evaluation of credit products, information on preparing for educational expenses and financial aid applications, and development of long-term savings strategies.

Office of Service Member Affairs – educate and empower service members and their families to make better informed decisions; coordinate efforts with the complaint unit to monitor service member complaints and federal and state agencies on consumer protections for service members.

Office of Financial Protection for Older Americans – facilitate financial literacy for consumers age 62 and older, focusing on protection from unfair, deceptive and abusive practices; monitor designations of financial advisors and alert the SEC and state regulators to those that are unfair, deceptive or abusive; conduct research to identify best practices to educate and counsel seniors on personal financial management, focusing on unfair, deceptive and abusive practices, long-term savings, and planning for retirement and long-term care.

CFPB and the States:

- Lenders overseen by the CFPB must comply with state laws and regulations.
- State attorneys general can enforce the CFPB's rules and regulations. For national banks and federal thrifts, state attorneys general can enforce CFPB regulations, but not the general provisions of the Dodd-Frank Act.
- State consumer financial laws are only preempted if the state law would discriminate against national banks in comparison to state banks, or if the state consumer financial law prevents or significantly interferes with the exercise by the national bank of its powers in accordance with the Supreme Court's *Barnett Bank* decision.
- State attorneys general may bring an action against any national bank to enforce applicable law and seek relief authorized by the law in accordance with the Supreme Court's *Cuomo* decision.

Funding:

In FY 2011, the Federal Reserve will transfer 10 percent of its total operating expenses to the CFPB. The Federal Reserve will transfer 11 percent in FY 2012 and 12 percent in 2013 and the following years. The amount will be adjusted based on inflation. The initial funding amount will be approximately \$400 million.