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HOLDING THE CFPB ACCOUNTABLE: REVIEW OF FIRST SEMI-ANNUAL REPORT

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

ON

REVIEWING THE FIRST SEMI-ANNUAL REPORT, EXAMINING HOW WELL THE CONSUMER FINANCIAL PROTECTION BUREAU IS FULFILLING ITS MISSION HOLDING THE CFPB ACCOUNTABLE

JANUARY 31, 2012

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HOLDING THE CFPB ACCOUNTABLE: REVIEW OF FIRST SEMI-ANNUAL REPORT

TUESDAY, JANUARY 31, 2012

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:04 a.m. in room 538, Dirksen Senate Office Building, Hon. Tim Johnson, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN TIM JOHNSON

Chairman JOHNSON. Good morning. I call this hearing to order.

Before we begin, I would like to send my best wishes to Senator Mark Kirk for a speedy recovery. Senator Kirk is a valued Member of this Committee and he is the Ranking Member of the Mil Con/VA Subcommittee on Appropriations, which I chair. I have no doubt that with his strong will and determination, he will be back at work as soon as humanly possible. Our thoughts and prayers are with him and I look forward to his return.

Today marks the first Banking Committee hearing of the year. I am confident that we will have another productive year in the Committee as we build on the foundation set in the first session.

Our Committee tackled an aggressive agenda last year and I thank all of my colleagues for their contributions. In 2011, we held 72 public hearings and Executive Sessions, including 60 oversight hearings. Of those, 26 were Subcommittee hearings and I want to commend each of our Subcommittee Chairs and Ranking Members for their leadership. Additionally, we held over 70 bipartisan staff briefings.

I am proud to say that we were successful at finding bipartisan consensus more than a few times. The Committee reported out favorably 26 nominations, with the full Senate confirming 17 of those nominees. We also unanimously approved two long-term reauthorizations, for the National Flood Insurance Program and for the charter of the Export-Import Bank of the United States.

Senator Shelby, I would like especially to thank you for working with me last year to plan bipartisan hearings to lay the foundation together for housing finance reform. I am hopeful that in 2012, we can continue to work across the aisle, and I am encouraged by the bipartisan markup scheduled for later this week. On Thursday, I expect this Committee to approve bipartisan bills reauthorizing our national transit programs and increasing sanctions on Iran.

Looking ahead to the rest of the year, my priorities will be to oversee implementation of the Wall Street Reform, to continue

building consensus on housing finance reform, and to look out for the interests of rural and tribal areas and the smaller financial institutions that serve them, to strengthen national and international security, to act on the President's nominees, and to pass critical program reauthorizations.

The Committee will also continue to closely monitor the situation in Europe, as well as explore new issues, such as the development of mobile payments. In the coming weeks, we will take a closer look at the state of the housing market, examine some of the proposals for addressing housing stock surplus, and hear from the Federal Reserve on the upcoming monetary policy report.

Based on the bipartisan successes we had last year and the imperative to meet the continued economic challenges that face our country, I remain optimistic we will find common ground again this year.

Let me now turn to an issue that we should all agree on, examining how well the Consumer Financial Protection Bureau is fulfilling its mission. I would like to welcome Richard Cordray, the newly appointed Director of the Consumer Bureau to the Committee to provide testimony and the Bureau's first semi-annual report to Congress.

I would remind my colleagues that we are not here today to debate Mr. Cordray's appointment. Our job is to roll up our sleeves and provide meaningful oversight of the Consumer Bureau to make sure that it is doing its job of protecting consumers and fostering an open and efficient consumer financial marketplace.

The Wall Street Reform Act gave this Committee an important tool to help ensure that the Bureau is accountable to American consumers by requiring the Director to appoint to and appear before this Committee at least two times a year. It is our job to help make sure that the agency is doing its job effectively and efficiently.

So to my colleagues who do not believe that the Consumer Bureau is accountable, I point out the simple fact that it is, and that is why we are here today.

Mr. Cordray, I know that you share my strong commitment to oversight, accountability, and transparency of the Consumer Bureau. In fact, this is the 13th time since Wall Street Reform became law that a Bureau employee has appeared before a committee of Congress. And your agency's outreach to stakeholders in your rulemaking process has been applauded across the board.

It has been 6 months since the Consumer Bureau officially opened for business and only 4 weeks since it acquired all of its powers. Yet in that short time, Bureau employees have been hard at work. They have finalized a rule on consumer remittances and are currently reviewing comments on close to 20 other proposals. They have developed the "Know Before You Owe" programs, which are meant to simplify mortgage and credit card disclosures. They are developing a student loan worksheet to help students and their families shop for loans. They have also rolled out supervisory and examination programs for large depository institutions and for nondepository institutions. Mr. Cordray, we look forward to hearing from you in greater detail about this ongoing work.

Recently, you made comments about the CFPB's role in reducing regulatory burden on small community banks and credit unions.

This is an important issue to the consumers and institutions in my State of South Dakota. I am interested to hear more about the Bureau's plan to ensure that in future rulemakings the right balance is struck between consistent protections for consumers and regulations for small institutions.

Finally, I would like to hear about progress in two areas that the Committee reviewed last fall, consumer protections for servicemembers and veterans and for older Americans.

Mr. Cordray, although you and your staff of the Consumer Bureau are faced with a difficult task, I have confidence that you are all up to the challenge. I look forward to your testimony and working with you to enhance our consumer financial markets.

Now I turn to Ranking Member Shelby for his statement.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Mr. Chairman.

Today, the Committee will hear from Richard Cordray, the Director of the Bureau of Consumer Financial Protection. Since the Bureau was first proposed, I have expressed my grave concerns about its lack of accountability. I did not think then and I still maintain that it is inconsistent with our constitutional values to have so much power vested in the hands of one bureaucrat without adequate supervision by the elected representatives of the American people. Nevertheless, the Dodd-Frank Act intentionally designed the Bureau to be free of even the most basic checks and balances.

Unfortunately, the President has now circumvented one of the only remaining checks with his recess appointment of Mr. Cordray. I suspect that the Supreme Court will ultimately decide the constitutionality of the President's action. Until then, Mr. Cordray has indicated that he will exercise the full authorities of the Bureau.

Because of the structure of the Bureau, this means that Mr. Cordray will have unfettered power over the operation of the Bureau. His decisions alone will determine how the Bureau approaches its work. If he so chooses, he does not have to answer to anyone. This is not a choice any bureaucrat should have. Since his appointment, Mr. Cordray has indicated that he intends to proceed cautiously and prudently when he exercises his authority. The real test, however, will be whether this caution finds its way into the Bureau's actions.

Unfortunately, the Bureau's early history is not encouraging. Over the past year, actions taken by the Bureau have repeatedly been inconsistent with the promise of its leaders. For example, under Dodd-Frank, the Bureau is required to convene panels of small businesses to discuss the impact of proposed regulations. Mr. Cordray himself has stated that the Bureau would convene these small business panels, and I quote, "not just because the law tells us to do so, but because we recognize that it will help us do our work better." Since its inception, however, the Bureau has yet to convene a single small business panel, despite having issued multiple rules.

Moreover, the Bureau has indicated that it has no plans to convene these panels for some of its most important rulemakings, including rules on mortgage underwriting standards. Officials at the Bureau have said that it will comply with the Administrative Pro-

cedures Act. They have even pointed to the APA as one of the checks on the Bureau's authority. Yet the Bureau has repeatedly evaded the intent of the APA by issuing interim final rules without asking for public comment before the rules become effective.

Consequently, the Bureau has been able to impose costly regulations on the American economy without providing the American people with any opportunity for comment. Listening to the rhetoric coming from the Bureau's leadership, one would think that the Bureau would have gone out of its way to actively seek public comment on its rules. In a speech last year, the Bureau's Deputy Director outlined how the Bureau would approach its work. He stated, and I quote, "The Bureau will invite public input to provide a fact base to help the Bureau evaluate the cost, benefits, and impacts of those rules and to suggest alternatives." Those were his words. He also stressed that the Bureau was, quote, "going to be fact-based, pragmatic, and deliberative." The Bureau's recent rulemaking process suggests that its officials like to give the appearance of listening to the public, but really believe that the Bureau knows what is best without much public interference. Moreover, it suggests that the Bureau's own agenda will not be impeded by procedures or the need to collect facts and public comments.

The Bureau's recent rule on remittance transfers provides another example of the divergence between the Bureau's rhetoric and its actual operation. The leadership of the Bureau has said that it will seek, quote, "to make regulations more effective at achieving intended benefits for consumers while lowering costs for lenders." The Bureau's remittance transfer rule suggests that lowering costs is not high on its priorities. The primary purpose of the rule is to lower the cost of remittances, yet the Bureau's own analysis reveals that compliance with this rule will require more than 7.6 million hours. That means that more than 3,800 full-time employees will be required to work on compliance for this single rule.

So rather than conduct a cost-benefit analysis to determine if this rule is justified, the Bureau has indicated that it will impose the rule and examine its impact after the fact. Ironically, we were told that the Bureau would be a data-driven agency where research was core to its work. In contrast, the Bureau's remitted transfer rule suggests that when it comes to basing its rules on a thorough examination of facts and data, the Bureau is not all that interested in living up to its own rhetoric.

Early last year, 44 of my colleagues and I sent a letter to the President stating that we would refrain from considering the nomination of any person to be the Bureau's first Director until certain changes were made to the Bureau's structure, not its authorities. During the September hearing on Mr. Cordray's nomination here, I stated that I believed that these changes would help to preserve the system of checks and balances embodied in our Constitution. Mr. Cordray's recess appointment has shown, however, that the President is not much interested in any constitutional checks on his power. My Democratic colleagues seem to share the same opinion.

The Bureau is budgeted to receive a total of $329 million in funds from the Federal Reserve Board this year. This could grow to well over half-a-billion dollars as early as next year. So by de-

sign, these payments were made directly to the Bureau without any oversight through any Congressional appropriations process.

It is also my understanding that the Bureau has already hired 800 people, and it has been reported that the Bureau hopes to hire as many as 1,000 people by the end of this year, some making more than $225,000 a year. How have my Democratic colleagues in the Senate responded to this incredible bureaucratic expansion? They have resisted every Republican effort to make the Bureau more accountable to the American people by changing the structure. To make things worse, they have also cut this Committee's funding by 25 percent, making it even more difficult to oversee these massive bureaucracies that are growing in power and size under Dodd-Frank.

As I have said many times, things are not getting better, just bigger and more unaccountable. In fact, our financial regulators have become bureaucracies that are now too big to oversee and it is only getting worse under the Democratic rule. Our financial regulators now resemble the financial firms they were created to regulate.

The Consumer Bureau is the most recent iteration of the same problem. It tells the public one thing but delivers another. It evades the law by relying on technicalities and small print. It ignores consumers while advancing its own special interests. And it operates behind a facade of accountability when it, in fact, exercises unchecked power in the marketplace.

Just as financial firms need to be held accountable, so do financial regulators. I believe that the Bureau's short history has only made the case for reform even more compelling.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Shelby.

Are there any other Members who wish to make a brief opening statement?

Thank you all. I want to remind my colleagues that the record will be open for the next 7 days for opening statements and any other material you would like to submit.

With that, Mr. Cordray, you may proceed with your testimony.

STATEMENT OF RICHARD CORDRAY, DIRECTOR, CONSUMER FINANCIAL PROTECTION BUREAU

Mr. CORDRAY. Thank you, Mr. Chairman, Ranking Member Shelby, and Members of the Committee. We want to thank you for this opportunity to present the first semi-annual report of the Consumer Financial Protection Bureau detailing the Bureau's work in its first 6 months.

Before I became Director, I promised Members of Congress in both chambers and on both sides of the aisle, including a number of you, that I would be accountable to you for how the Consumer Bureau carries out the laws you have enacted. I said that I would always welcome your thoughts about our work. I stand by that commitment today. I am pleased to be here to tell you about our work and to answer your questions.

The people who work at the Consumer Bureau are always happy to discuss our work with the Congress. This is the 13th time we have testified before either the House or the Senate, and my col-

leagues and I look forward to working closely with you, with the businesses who serve their customers in the consumer finance markets, and with the hundreds of millions of American consumers themselves.

I am honored to serve as the first Director of the new Consumer Bureau. I am energized and inspired by the many talented people who work at the Bureau and I am driven by the challenges and responsibilities of our mission to protect American consumers.

Our mission is of critical importance to making life better for Americans. Consumer finance is a big part of all our lives. Mortgages allow people to buy a home and spread the payments over many years. Student loans give young people with talent and ambition the opportunity to get an education. Credit cards give us immediate and convenient access to money when we need it. These products enable people to achieve their dreams. But as we have all seen in recent years, they can also create dangers and pitfalls if they are misused or not properly understood.

During my years in State and local government, I became deeply engaged in consumer finance issues. I saw good people struggling with debt they could not afford. Sometimes those people made bad decisions they came to regret. Sometimes an unexpected event, like a loved one getting sick or a family member losing a job, overwhelmed even their most careful planning. Still other times, I saw unscrupulous businesses who obscured the terms of loans or engaged in outright fraud, causing substantial harm to unsuspecting consumers, even ruining their lives and devastating their communities.

I am certain that each one of you hears every day from your friends, your neighbors, and your constituents who have these kinds of stories to tell. These people do not want or expect any special favors. They just ask for a fair shake and a system of consumer finance that actually works for consumers and a chance to get back on track toward the American dream.

One of our primary objectives at the Consumer Bureau is to make sure the costs and risks of financial products are made clear. People can make their own decisions and nobody can or should try to do that for them. But it is the American way for responsible businesses to be straightforward and up front with their customers, giving them all the information they need to make informed decisions. That is good for honest businesses and it is good for our economy.

A particular quote caught my eye recently which embodies this view. It goes, "free men engaged in free enterprise build better nations with more and better goods and services, higher wages, and higher standards of living for more people. But free enterprise is not a hunting license." That was Governor Ronald Reagan in 1970. I agree with what he said and it is a view widely shared by the people who work with me at the Consumer Bureau.

So another key objective is making sure that both banks and their nonbank competitors receive the even-handed oversight necessary to promote a fair and open marketplace. Our supervisors will be going onsite to examine their books, ask tough questions, and fix the problems we uncover. Under the laws enacted by Con-

gress and with the Director now in place, we have the ability to make sure this is true across all financial products and services.

The Consumer Bureau will also make clear that violating the law has consequences. Through our field examiners, our direct contact with consumers and businesses, and our highly skilled researchers, we have multiple channels to know the actual facts about what is happening in the marketplace. We plan to use all the tools available to us to ensure that everyone respects and follows the rules of the road. Where we can cooperate with financial institutions to do that, we will. When necessary, however, we will not hesitate to use enforcement actions to right a wrong.

As we move forward with our work, we need to hear directly from the consumers we protect and the businesses who serve them. We do this on our Web site, *consumerfinance.gov,* where customers, consumers, and businesses are all able to tell us their stories.

We also make it a point to get out of Washington regularly and hear from people firsthand. Thus far, we have held town hall meetings in Philadelphia, Minneapolis, and Cleveland, and a field hearing in Birmingham. We are hearing from thousands of Americans about what works and what does not. We are listening closely and we hope that many of you will join us at these events when we come to visit your communities.

Accomplishing our mission will take time, but as you can see from our semi-annual report, we are already taking important steps to improve the lives of consumers.

Thank you. I look forward to your questions.

Chairman JOHNSON. Thank you very much for your testimony.

As we begin questions, I will ask the Clerk to put 5 minutes on the clock for each Member and hopefully we will have two rounds.

As Director, you will be expected to be independent, exercise independent judgment, and act independently from the White House and the Treasury Department. Are you prepared to act independently and use your own judgment?

Mr. CORDRAY. Mr. Chairman, yes, I am, and yes, we are. We understand that our role under the law is to be an independent Federal agency and our job is to carry out the laws that Congress has enacted and protect consumers in the marketplace. We will, though, stand with public officials of both parties from all over the country, Federal, State, and local, who want to work with us to protect consumers. That will help us do our work.

Chairman JOHNSON. You have talked about reducing the regulatory burden on small community banks and credit unions. How will you ensure that the right balance is struck between consistent protections for consumers and your suggestion for tiered regulation for small institutions in the Consumer Bureau's rulemaking? What other actions can the agency take to minimize the impact of regulations on these institutions without sacrificing protections for consumers?

Mr. CORDRAY. Thank you for raising that issue, Mr. Chairman. Many people raised that with us. Many of the Members of this panel have raised that with us. First of all, I can say that I have made a promise openly at this Committee hearing when I was up for my nomination that we would work to reduce the burdens of our work on community banks and credit unions, who I firmly be-

lieve, and have said before and will say constantly, had very little to do—nothing, really, to do—with bringing on the financial crisis and have a traditional model of doing business that is consumer service oriented, is community oriented, and is the kind of model we want to encourage in this marketplace.

I have told the community banks that I am going to create a special advisory panel of community banks to speak directly to me and to the Bureau about the work we are doing, to raise their concerns with us and to inform us about how we are doing and how what we are doing affects them. I have also pledged to do the same with the credit unions.

We also are going to be mindful of that in each of our rulemakings. The remittance rule, which was mentioned earlier, that we have finalized the beginnings of that rule, includes also a proposed rule where we are considering further and seeking broad input on whether we should set a threshold for that rule so that community banks and credit unions below a certain threshold can be free of its burdens, where the burdens really outweigh the benefits to their consumers and to those institutions. So that is something we will continue to consider in that case over the next several months, and we are going to take a similar approach wherever it is feasible, wherever it makes sense to do so, in consultation with the community banks and credit unions.

Chairman JOHNSON. In November, the GAO released its annual audit of the Consumer Bureau's fiscal year 2011 financial statements. The GAO gave the CFPB a clean audit and the highest rating that not every agency receives. What steps will you take, Director Cordray, to ensure the Bureau continues to lead by example with its own finances?

Mr. CORDRAY. Mr. Chairman, we were gratified to get a clean audit and a strong audit from the GAO. As you know, we are subject to multiple audits per year and also to oversight by the Inspector General of the Federal Reserve. As a public official, it has always been important to me personally that we be able to show a strong record of audits in my offices—as a county treasurer, as a State treasurer, as a State Attorney General. In each of those offices, I inherited problems in the prior audits that we cleaned up and we had clean audits during my time there. I expect and intend, and it is important to me personally, to try to maintain a similar record here in this Federal agency.

Chairman JOHNSON. How will your recess appointment impact the work of the Consumer Bureau?

Mr. CORDRAY. I do not know that it will impact it at all, sir. I understand that I have been appointed as Director. That gives me responsibilities under the law to carry out, both myself and the Bureau. It feels that my legal responsibility is to do the best job I can at that and that is what I am totally focused on doing.

Chairman JOHNSON. Leveling the playing field among financial institutions is an important part of the Consumer Bureau's nonbank authority. Future rulemakings should provide consistent protections for consumers and regulations for all institutions that offer similar products. Many people are awaiting your nonbank large market participant rule. That rule will also provide businesses which will now be regulated by the Consumer Bureau with

some legal certainty. When will the large market participant rule be finalized?

Mr. CORDRAY. The larger participant rule will be finalized on the statutory timeframe, which is by this summer. We are underway. I believe we have already put out a notice where we have asked for comment and we have received many comments already on what we might propose as that rule. We will be bringing out the proposed rule soon. It will be subject to the notice and comment process and we will transform that into a final rule on the statutory deadline that we have been given by the Congress.

Chairman JOHNSON. Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Cordray, as I noted in my opening statement, recently, you stated that the Bureau will convene small business panels as part of its rulemaking. And your quote is, "not just because the law tells us to do so, but because we recognize that it will help us do our work better." It is a good quote.

However, the Bureau did not convene a panel before publishing the final rule on remittance transfers. I understand that you believe you were not legally required to hold panels for this rule because the Federal Reserve Board proposed the rule, but the intent of Congress, I thought, was pretty clear regarding the potential effects of your rules on small and medium-sized businesses.

I am concerned that you have already displayed a propensity, perhaps, to use technicalities to achieve your own goals. Perhaps I am wrong. Could you explain your actions or the actions of the Bureau—I know you have not been there long—regarding the small business panels and your intentions in the future? We think that is important, to comply with the letter and the spirit of the law.

Mr. CORDRAY. Yes, Senator. I agree, and let me clear up the record on that. I appreciate the opportunity to do that.

Senator SHELBY. OK.

Mr. CORDRAY. So, as I said, the small business panels—I meant it then and I mean it now—are both required by the law, except in certain instances, and they will help us do our work better.

With respect to the remittance rule, that was a rule that was proposed by the Federal Reserve before we became a Bureau. We inherited the rule and took it through to completion. In the law, the timing that the Congress created on small business panels is that they are to be convened and we are to get their input prior to proposing a rule. So for the remittance rule, that time had passed before we gained any authority over that rule.

What we did was we solicited broad input from all comers, including small businesses and others, and we took that into account in proposing the final rule, which has been adopted, and in further proposing the rule that I mentioned a moment ago, which is to set a threshold below which we may well find it appropriate to exempt smaller institutions entirely from the burdens of that, if that is appropriate.

We do intend with our next rule, which is the consolidation of the forms for mortgages, to convene small business panels. In fact, that is underway now, the process for doing that. And we will do it as the law requires in every instance, again, not just because the law tells us to, but because it is a good idea.

Senator SHELBY. Would you look at the possibility of revisiting, if you thought it was necessary—other people thought it was necessary—the rule that you just passed regarding remittances? I do not know the details of it. I just know it is going to cost a lot of money to comply with.

Mr. CORDRAY. Well, you know, it needs to be put in perspective. Our understanding is it will cost a quarter for every $100 of remittance transfers. It is a price to pay——

Senator SHELBY. You are saying 25 cents, not a quarter of the hundred dollars, but 25 cents.

Mr. CORDRAY. Twenty-five cents per $100, or a quarter-of-a-cent per dollar. That is a price to pay, but it is a small price to pay for the fact there has never been any consumer protections for people who sent money overseas, often to loved ones and family members where they could not tell what money was going to be actually received. It was on them to have to take on the burden of any errors that were made. These people deserve consumer protections.

Senator SHELBY. I want to get into the area of safety and soundness in the Federal Deposit Insurance Corporation. The Dodd-Frank Act does not require you, as Director, to consider the safety and soundness of institutions or the potential for bank failures when you engage in rulemaking, supervisory or enforcement actions. In fact, the drafters of Dodd-Frank were adamant about this. They argued that a safety and soundness check on your actions would essentially, quote, "gut your agency." You stated that the Federal banking regulators, and I will quote you again, "have safety and soundness as their primary concern. We have consumer protection as our primary concern."

How do you intend to reconcile your actions at the Bureau, where I presume you will give no consideration to the safety and soundness of institutions, with your responsibilities as a Board member of the FDIC where there you must consider the safety and soundness of individual institutions? It looks to me like it should be a balance there, because safety and soundness is important, but so is consumer protection, both. I do not think you have one without the other. If you do not have safety and soundness, you might not have that institution. You will not have.

Mr. CORDRAY. Yes. I agree with that, Senator. I think it is a balance. What I said was their primary responsibility is safety and soundness. Our primary responsibility is consumer protection. I think it would be highly irresponsible if we were to pay no attention to safety and soundness. We are going to be consulting and coordinating with the other banking agencies at all times. That is why I believe Congress put us on the Financial Stability Oversight Council, to work with them, and to take account of their views.

I agree with you, it would be irresponsible to think you can protect consumers while you are killing off institutions that are serving consumers. That does not fit together.

Senator SHELBY. There has got to be a balance, has there not?

Mr. CORDRAY. I agree.

Senator SHELBY. And you are going to try to have a balance?

Mr. CORDRAY. We will do that by listening closely to our fellow banking agencies who have that as their primary mission. I serve on the FDIC Board with them——

Senator SHELBY. I know that.

Mr. CORDRAY.——and yes, we will.

Senator SHELBY. The area of too big to fail, very important to a lot of us and I hope to you. During the Senate's consideration of the Dodd-Frank Act, it voted down an amendment by Senators Brown and Kaufman which would have limited the size of banks. Under the amendment, no bank would have been permitted to hold more than 10 percent of the total amount of insured deposits and a limit would have been placed on nondeposit liabilities of each bank at 2 percent of GDP. This amendment would have ensured that the failure of a single financial institution would not bring down the entire system. I supported the amendment.

Do you support limiting the size of banks as proposed by the Brown-Kaufman amendment, and if not, what steps would you take to ensure that banks are not too big to fail?

Mr. CORDRAY. Senator, my understanding of our authority at the Consumer Bureau is we do not have any authority over those issues. We do not have any authority to limit the size of banks. We do not have any authority to set interest rates or the price of financial products. I do not know——

Senator SHELBY. But you are on the FSOC, are you not?

Mr. CORDRAY. I am on the FSOC.

Senator SHELBY. Now, that is a consideration of too big to fail.

Mr. CORDRAY. Mm-hmm.

Senator SHELBY. So you do have some—maybe not in the Bureau——

Mr. CORDRAY. Yes. Yes.

Senator SHELBY.——but then by cause of your other placement of where you serve, right?

Mr. CORDRAY. Yes—fair enough. I would say, just to be honest with you, sir, I do not know that I have enough perspective at this point to assess the pros and cons of that amendment, so——

Senator SHELBY. Well, Dr. Volcker stated here before, perhaps if they are too big to fail, they are too big to exist, maybe. You know, you have got to think about the taxpayer and so forth.

Mr. CORDRAY. Mm-hmm. Mm-hmm.

Senator SHELBY. Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman, for calling this hearing.

In the worst financial crisis in generations, consumers were not protected from the tricks and traps, and Federal regulators were often more concerned about the interests of Wall Street than Main Street. And we now have an obligation to hold both Wall Street and non-Wall Street lenders and providers of financial services accountable for whether they treat consumers fairly, and it could be done by laying down clear rules of the road, and so that is why I look forward to your work at the agency.

Let me ask you a couple of specific questions. I want to ask you about prepaid cards, something that I have been pursuing for a while now, a product whose use has exploded in the past few years, especially among under-banked consumers. Since credit cards, debit cards, and gift cards have all been regulated to some degree, prepaid cards remain one of the few largely unregulated products

in the marketplace. And as for the fees consumers pay on them, there are a wide range of undisclosed, and I believe in many cases unreasonable, fees, and they certainly do not come with FDIC insurance or protection against theft or loss for the consumer. So we have introduced legislation, the Prepaid Card Consumer Protection Act. What progress has the Bureau made in analyzing this issue and moving forward on consumer protections on these cards?

Mr. CORDRAY. Let me say a couple things in response to that, Senator, and we appreciate your particular interest in this subject and the legislation you have introduced on the concerns you raised, both disclosures and transparency on these products and also protections for the money that people have, in effect, deposited with the product as opposed to with a banking institution.

There are two phenomena at work here. Number one, prepaid cards are an example of the tremendous innovation that occurs all the time in the financial markets. You know, just in my generation, when I was a kid, credit cards were a new and exotic product. Now, they are almost universal in our economy. Debit cards are a more recent product that are now widespread and in common use. Prepaid cards are one of the newest products, but obviously on the cutting edge of finance. More and more people are beginning to use them, so we need to look and make sure that there are appropriate protections for consumers there. Sometimes it takes the law and the regulatory scheme time to catch up with innovations.

I would also say that it is reflective of the fact that regulation can push usage around in the market. As you said, there are now protections and constraints on credit cards and new ones recently on debit cards. That is pushing the market more toward prepaid cards, which are not subject to that. So we certainly want to have some sort of level playing field so that products are being chosen by consumers and offered by institutions based on their merits, not because there is some sort of differential regulatory regime.

Senator MENENDEZ. Well, we certainly appreciate innovation and we want to see innovation. By the same token, when you see a market that goes from the regulated process to the unregulated process, there is a reason——

Mr. CORDRAY. Yes.

Senator MENENDEZ.——and part of that reason, it is far more profitable, because very often the circumstances under which that profitability is achieved is at the expense of the consumers in a disproportionate fashion.

Mr. CORDRAY. Mm-hmm.

Senator MENENDEZ. So is this an area the Bureau is going to be looking at?

Mr. CORDRAY. Yes. It is an area we are looking at. It is an area of concern for both the reasons I stated. We are also aware that the Congress is looking at it, and certainly if you legislate on the subject, we will be happy to carry out the laws as you enact them.

Senator MENENDEZ. Let me ask you, you mentioned about, in your opening statement, about simplified rulemaking, particularly for smaller institutions. That is something that I think is welcome to a lot of the Members' ears here. Along these lines, can you tell the Committee how your agency will craft regulations and provide regulatory guidance in a way that makes compliance simple and

workable for community banks and small nondeposit regulated entities?

Mr. CORDRAY. Sure, and I will say two things about the work we are already doing. Number one, we are trying to be highly inclusive in going about this. It was mentioned earlier that maybe the Bureau has given the impression, some thought, that we know best. What we find is we will know better as we hear from others, both the people who operate in these markets, the financial institutions themselves, and the consumers who tell us about impacts. So our "Know Before You Owe" projects are pitched entirely around getting the input that allows us to streamline, simplify, and render more transparent the disclosures here.

We also have inherited a huge thicket of rules from other agencies, and we have already published a public Federal Register notice asking people broadly for their ideas about how we can streamline those rules, cut down burdens that are not delivering benefit to consumers. We are in the comment process on that. We will have comments back sometime later next month. And then we are going to set to work at seeing what we can do to show people that we can streamline rules and be an agency that is mindful of the burden on financial institutions as well as delivering value for consumers.

Senator MENENDEZ. Mr. Chair, if I may, one last question, particularly to the minority community in the country, very important. One of your mandates is to facilitate innovation through transparency, and one study suggests that half of the country, over a hundred million adults, cannot find $2,000 in an emergency if given 30 days to do so. Has the Bureau or does the Bureau intend to look into how to meet the credit need of this very large and underserved population?

Mr. CORDRAY. Yes, Senator, and we actually started. We had a field hearing in Birmingham a couple weeks ago which was our first beginning look at the market where it is clear that in this country, as you say, there is a clear consumer demand for short-term, small-dollar loans to help people get through crises, emergencies, when they do not have a stash of money that they can draw on or they do not have a friendly relative who is willing to pony up that money for them.

There are a number of products out there that are serving that need. We want to make sure that those products are actually helping consumers rather than harming them. But it is a significant problem that has been unsolved in this country, I believe, is that there is this demand. We need to fulfill this demand and we need to spur competition to fill that demand, and that is something that we are thinking about very carefully. We do not have all the answers on it, frankly, but over time, we are going to be trying to figure it out and working with industry and consumers to understand it.

Senator MENENDEZ. I look forward to working with you.

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Corker.

Senator CORKER. Thank you, Mr. Chairman, and thank you for having the hearing, and Mr. Cordray, thank you for coming. Especially in light of the circumstances over the last period of time, I

appreciate the time you have spent with us in our office and on the phone and the conversations that we have had.

You know, the title of the hearing is interesting, "Holding the CFPB Accountable." In this role as set up, who is it exactly that you do report to?

Mr. CORDRAY. Well, I would say that we are on the same level with every other independent Federal agency in the Federal Government, and particularly with the other banking agencies. Ultimately, in my view, we report to Congress. You are the ones who enacted——

Senator CORKER. But who exactly do you report to, really? I mean there is no board or anything. So who do you report to?

Mr. CORDRAY. In my view, I report to Congress. I was in front of the House Oversight Committee last week to report to them at their request. I am here in front of this panel today at your request. I will be here as often as you want me to be, or meeting privately, so that you know exactly what we are doing and you have input into what we are doing.

Senator CORKER. And each year when your agency needs funding and kinds of questions like our Chairman asked about being efficient and all of that, who is it that you seek those appropriations from each year?

Mr. CORDRAY. Under our law, which is what gives us authority, the Congress enacted that we follow, we receive funds from the Federal Reserve——

Senator CORKER. So no one.

Mr. CORDRAY. We are equivalent to all of the other banking agencies who do not go through the Congressional appropriation process, but we are subject to being brought up here and having you grill us and talk to us about exactly your thoughts about how we are spending money——

Senator CORKER. So let me ask you a question. Regardless of how people feel about the health care legislation that passed, I do not think there is any question, but yet some of the constitutional challenges that are going to the Supreme Court have sort of muddied the water. Regardless of how you feel about it, States are not sure exactly what they are going to do.

Have you all had conversations, especially over the last couple of weeks, within the agency about the fact that there is no question that most of the rulemaking that you do, or much of it, will be challenged constitutionally because of the way things have occurred that have nothing to do with you, but they have just occurred. Have you all had any conversations regarding that whatsoever?

Mr. CORDRAY. We have had consideration of it. I have been thinking of it myself. It feels to me that—you know, I have been appointed as the Director. I understand that there are concerns and issues people have about that. Having been appointed as the Director, though, I have legal responsibilities under the law that you all enacted that I have to carry out. I have to do that. I am going to do the best I can with that——

Senator CORKER. I understand that and I appreciate that, and actually, I appreciate the way you have answered many of the questions today. But what I think you have said is you have actually had internal conversations with your staff about the fact that

as these rules are made, there is no question that there are going to be constitutional challenges to those, which in many ways, instead of creating predictability out in the consumer market and predictability out in the financial markets, we are going to have challenges. I would predict many will rise to the level of the highest court in the land. So it is an interesting place that you find yourself, again, not of your choosing.

Let me ask you this, moving on to policies. Risk-based pricing is something that has been very much a part of our financial system. Those people who pay late pay more, and those people who pay on time typically get credit at lesser rates. We had conversations with someone who was going to be potentially in your position prior to moving on to Senate races and those kind of things and it appeared to us that they did not really believe in risk-based pricing. I am just wondering if you could really clearly state to us, when people pay late, should they pay more? When they have lesser credit, should they pay more for credit? Is that a concept that you are going to reinforce in the consumer agency?

Mr. CORDRAY. Senator, I believe that is the way the market works. I mean, when you price a product, you have to take into account cost. One of the costs that you have to take account of is risks of default, risks of loss. They can come from many different sources, not just the fact that someone on the other end of the bargain does not follow through. But that certainly is something that I think any responsible business may have to take account of in pricing their product.

Senator CORKER. I notice that you send out emails. I get them regarding if I have heard any stories about things that have happened, to please share them, when somebody has had problems. And by the way, I hope we have a consumer leader like yourself that will pursue those kinds of things. I think all of us want to ensure that when we have bad actors—and we do. I mean, that just happens. We have bad actors from time to time that need to be prosecuted.

Are you also with equal vengeance, though, sending out those emails to people who know of borrowers who committed fraud, who purposely turned in the wrong income statements and those kinds of things? Are you going to be rooting out that kind of activity, also?

Mr. CORDRAY. Well, we do not ourselves have criminal authority, as you know, but we can make referrals. Over the years, when I was Attorney General and at the local level, I saw bad conduct by some businesses and I saw bad conduct by some individuals and consumers. And in the real estate market, the flipping and other types of scams and frauds involved, you know, both types of parties.

Senator CORKER. So you are going to pursue both with vengeance? I have not received any of those emails yet, by the way, but I look forward to receiving them.

I will just close with this. You know, both the Chairman and Ranking Member brought up issues of cost. I do hope—I think one of the concerns that people had with the agency being set up as it was and not being concerned about the financial system itself. I do hope you will pursue the aggregate cost of credit.

I spent my life—I spent my civic life prior to being here focused on issues relating to low-income citizens and that is really why I am in the Senate today. I find that a lot of times when we think we are doing something good as it relates to credit, what we actually do is limit credit for people who are less fortunate and have lower incomes. I hope as you look at this, you will take that into consideration, the aggregate cost of credit in general, especially as to lower income, and I thank you for your service.

Chairman JOHNSON. Senator Akaka.

Senator AKAKA. Thank you very much. Good morning, Mr. Cordray. Welcome to the Committee.

Mr. CORDRAY. Thank you.

Senator AKAKA. For the first time in history, we have an agency with a singular consolidated mission, to provide a voice for the consumers of our country, to protect consumers from the predatory lending practices that contributed to the economic crisis from which we are still recovering, and to empower and educate consumers to make informed financial decisions. Mr. Cordray, I am very pleased to welcome you here to this hearing and am confident that you will make the Consumer Financial Protection Bureau a strong defender for consumers. So I look forward to working with you.

Some Senators have expressed a view that eliminating the Director of the Consumer Financial Protection Bureau and creating a board instead would improve accountability. In my view, having a single director responsible for the Bureau's results promotes accountability, efficiency, and effectiveness. The Government Accountability Office has repeatedly emphasized the importance of focused sustained leadership to tackle complicated challenges.

Director Cordray, can you please discuss how, in your view, the Bureau will be held accountable to the American people?

Mr. CORDRAY. Well, thank you, Senator. I think that we are held accountable in the law in a number of ways. I have said, there are different bodies and independent agencies that are structured in different ways. Some have a board. Some have a board and a director. Some have a director. There are examples of each and they all can work well.

I do think that in our situation, the law that we are carrying out provides for a single director. That means there is one person, in this case myself, who sits here and is responsible to you to answer your questions, and if I cannot give you a satisfactory answer, I am responsible to go back and get that answer and bring it back to you. There is no passing the buck. There is no, I would like to say this but others might say something else, diffused responsibility. So there is something to be said for that.

But the accountability here, as I said before, I think lies from our Bureau to Congress. You are the ones who passed the laws that give us the only authority we have to do anything. We are responsible to you for how we carry out those laws. You can bring us here to testify at any time. You can have us come to meetings and brief your staff, as many of you have done, and we will listen closely to you and try to make sure you know exactly what you need to know about the work we are doing and have input into that work.

Senator AKAKA. Director Cordray, a Government Accountability Office review of the Federal financial literacy efforts received sig-

nificant attention last year. However, contrary to media's inaccurate reporting, GAO did not find evidence of overlapping duplication among the 56 programs and did not identify cost savings that would result from consolidating financial literacy programs. According to GAO, this issue was examined by the previous Administration, which found that each program was targeted to a specific audience, such as students or veterans, and carried out by an agency with expertise for a given topic. As a result, GAO noted that fragmentation of financial literacy efforts makes coordination essential. Specifically, GAO recommended CFPB coordinate closely with Treasury to clearly define financial literacy roles and activities to make the best use of resources.

My question to you is, what steps has the Bureau taken to address this recommendation?

Mr. CORDRAY. So that is a good question, Senator. It is critically important that there be coordination. The law has provided that there is the Financial Literacy and Education Commission called FLEC and set up the Director of the Consumer Bureau to be the Vice Chair of it, working with other agencies. But it goes beyond just other agencies. There are a lot of nonprofits. There are a lot of private sector banks and others who offer financial literacy efforts. There is no need for us to reinvent the wheel.

When I was a State Treasurer in Ohio, we worked for financial education in our schools and we eventually got a law passed that changed it so that every high school student in Ohio now has to have personal finance education before they can graduate. I think that is a good model for the Nation. But there is lots of curriculum. There is lots of material out there. A lot of it is very good material. And if we coordinate with one another, we can save resources and be more effective and more efficient. That is what I think the Financial Literacy and Education Commission is intending to do and that will be my approach to it as the Vice Chair.

Senator AKAKA. Thank you. Thank you very much, Mr. Chairman.

Chairman JOHNSON. Senator Johanns.

Senator JOHANNS. Mr. Chairman, thank you.

Mr. Cordray, thank you for being here with us today. Today, I want to visit with you about some thoughts I have about your appointment, not necessarily to revisit that and stir that up, because I think that is going to happen. I think there is going to be litigation that will make that happen. But in my mind, your being here today raises some very fundamental questions about the Constitution, about the interrelationship of the President with Congress, and ultimately, at the end of the day, the extent of your power in this position.

Now, my views on this are not isolated views. Let me, if I might, kind of set the stage here with some references to some people who have served as United States Senators, some who I have great respect for. Then-Senator Barack Obama, when a recess appointment came out of the Bush administration, referred to recess appointments as the wrong thing to do. He referred to a recess appointee, not necessarily that specific appointee, but a recess appointee as damaged goods. That is his words. And then he referred to the situ-

ation the country would find itself in and he said, quote, "We will have less credibility," because of that recess appointment.

The Majority Leader, Minority Leader at the time, described it as an end run around the Senate and the Constitution. He called it an abuse of power.

Senator John Kerry, again, a gentleman that I have worked with and have a lot of respect for, referred to recess appointments as an abuse of power of the Presidency.

Sometimes in this business, there is a certain amount of political push and shove that goes on, obviously. I do not think that is what they were talking about here. I think they were talking about genuine issues of constitutional power.

Now, in your case, if we accept the premise of your validity in this position, then we accept the premise that our ability to offer advice and consent basically disappears because the President can determine when we are in recess and when we are not in recess and just appoint whomever, and then we do not have a constitutional provision for advice and consent of the Senate.

Now, I have been through that process. I have a tremendous amount of respect for that process. I think I benefited greatly and I hope the country benefited greatly from me going through that process and seeking a vote of the Senate. And I had no idea when I started it whether I would win or lose.

Now, there is even a greater challenge here. We took the opportunity to do some research, and there are not a lot of cases out there, as you might expect, on the issue of what impact does this have on your power, but back in 1989 when Congress created the Office of Thrift Supervision, there was a challenge to the Director, and I want to read something to you. Judge Lamberth of the, I think it was the U.S. District Court for the District of Columbia, found that the company that was raising the challenge, and I am quoting here, "was subject to regulation only by individuals with legal authority to act." He then goes on to say, "Because the Director was not properly appointed, he has no power or right to exercise the Director's appointment powers than this court does," and then says Olympic has the ability to seek an injunction to restrain, to stop the Director.

So not only do we have this constitutional issue, which I think is fundamental to our power of advice and consent under the Constitution, but if you are successfully challenged, would you agree with me that your actions will be invalid during the time that you are in this position?

Mr. CORDRAY. Senator, I do not know that I believe that is clear cut one way or the other. It is also not clear cut by any means that this is not a valid appointment. I believe it is. I have read the Justice Department's opinion, which I thought was persuasive.

But in any event, I do take your point and your concern. I know that you went through a confirmation process to become a cabinet officer. Undoubtedly, you appointed numerous people when you were Governor who went through confirmation processes. You are very familiar with this process.

As you know, I was in this process. I was nominated in July, came up, had a hearing here, met with many of you and appreciated the opportunity to meet with you, and ultimately went to a

vote. So I benefited by months of that experience and understanding over the course of it, the value of hearing from and having input from the Senators who took the time to spend time with me and give me their views about my appropriate role.

I have been appointed as Director. There may be issues about that. I understand people have different points of view about that. But I now have legal obligations I am supposed to carry out for this Bureau. I am going to do that. We are going to continue to walk straight ahead, one step at a time, trying to fulfill our legal responsibilities, and that is, it seems to me, the best I can do at this point.

Senator JOHANNS. I have run out of time, but I will wrap up with this. I cannot imagine how anybody could maintain under the circumstances that your appointment and your service is valid. And I cannot imagine, then, based upon the precedent that I see, how the actions you are taking will be upheld, and I think that is a very, very serious consequence for our Nation.

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

I just, simply put, cannot believe we are still having this debate. The job of—Richard Cordray's job is so important. We know what all kinds of people have said. The American Financial Services Association, a trade group for consumer lenders, said there is a receptivity by the CFPB to learn that is very refreshing. They want to get it right.

The American Bankers Association said the agency approach to bank oversight was pretty good news. The Independent Community Bankers called the process for refining model mortgage forms refreshing. It was clear, more to the point, and was a substantial improvement.

The CFPB had its banks audited by GAO, which found their financial statements are fairly presented in all material respects. There is strong, effective internal control over financial reporting.

The Acting Comptroller of the Currency, not exactly known for his hostility to banks, has said last week that some attempts to regulate the opaque over-the-counter derivatives market might be an overreaction.

All of these speak to the focus of this agency and the effectiveness of this agency, and that we are still having this debate—and let us lay out some facts before people continue here to play this inside baseball game that the country simply does not care about, that President Obama has overstepped or overreached.

First of all, President Bush made 171 recess appointments. President Clinton made 139 recess appointments—eight years, I understand. President Obama has made only 32 recess appointments, and his recess appointments in large part are because one political party, the other political party, has blocked time after time after time even bringing these to a vote. We were not saying to my colleagues on the other side of the aisle, vote for Rich Cordray. We were just saying, give him a vote. This is the first time, as I have said in this Committee and on the floor a number of times, the first time in American history, according to the Senate Historian, where

a political party has blocked a nominee simply because they do not like the agency.

So if the other side would get their way on this and that precedent would stand, the next time there is a Commissioner appointed for the FDA, are we going to say, we are not going to approve him until we weaken food safety laws, as Senator Jack Reed has said? Is that the way we are going to operate this place? We cannot operate this Government when one party says, we are not going to confirm somebody because we do not like the agency over which he—which he will administer or regulate.

In the end, we know that the other side was simply doing the bidding of Wall Street. That is what they have always done. That is what they are doing today. That is what they will continue to do.

But this agency has important work to do. You can see already their effectiveness, when people from whom you would not expect compliments like that are saying those positive things.

So let us put that aside and talk about Rich Cordray, about what the Consumer Bureau can do, as in my Subcommittee when Skip Humphrey testified about what they are doing with seniors to protect seniors, and what Mrs. Petraeus, Holly Petraeus has talked about, how we protect veterans. That is why these agencies are here, not to score political points but to protect them against the kind of financial service abuses that too many veterans, too many seniors have been subjected to.

In my last minute or so, I would like to ask Mr. Cordray a question. Every year, I invite college presidents from around Ohio, about 55 or 60 of them, 2-year, four-year, private, public schools, to come to Washington. We spend a day, day-and-a-half talking about issues that affect them, whether it is their graduates finding jobs, whether it is student loans, whether it is affordability generally, whether it is training scientists, all the things that our colleges and universities do so well.

One of the issues that we addressed most recently is the rising cost and the strain that student loans are putting on middle-class kids and working-class kids that graduate from college with far too much debt. That is why I proposed the Private Student Loan Ombudsman Office that was included in the CFPB. Mr. Cordray, tell me what the Bureau has done to address the rising level of educational debt in the country. What are your future plans as you begin to run this agency and figure out how to protect students in these kinds of situations?

Mr. CORDRAY. Sure, Senator. First of all, you will be pleased to know we have hired a terrific individual, Rohit Chopra, to serve as that Private Student Lending Ombudsman in the agency.

We also have made student loans one of the focuses of our "Know Before You Owe" project. We reached out to the Department of Education, trying to work in partnership with those who are relevant in the space, and we developed a Student Aid Shopping Sheet which is now being promoted around the country to simplify and clarify for young people and their families, who very often it is the first time they have undertaken an obligation of this size and magnitude and it is going to be critical to the future of that child and their opportunities, exactly what they are getting into, exactly

what the terms of their loans would be, the repayment terms, the cost, their interest rate and the like.

And we are also working to further promote clarity around the repayment terms of student loans. We have a calculator tool on our Web site that people can use, young people who often do not appreciate the difference between Federal student loans and private student loans, to understand the difference in terms, to understand the timing of repayment.

And we are going to look for more opportunities to try to positively affect this marketplace. It is too important for young people. You and I both know many, many young people who could not get a college education or any higher education, community college with vocational training, if they did not have help and loans, and they cannot get it from their family. And they need to understand the choices they are making so that they can make good decisions about their future. And the Bureau stands ready to assist and to help this marketplace be clear and transparent for them.

Chairman JOHNSON. Senator Moran.

Senator MORAN. Mr. Chairman, thank you very much.

I had no intention of going down the path of your confirmation process except I will now respond to my colleague from Ohio. Whether or not Mr. Cordray was confirmed had no effect upon the consequences of Dodd-Frank to Wall Street. And to suggest that at least I had refused to confirm Mr. Cordray because of my protection of Wall Street, I find unfounded. And I cannot imagine that there is not a constitutional issue about what Article II, Section 2 of the United States Constitution means when it says the President can make appointments when the Senate is in recess. So that issue is—certainly presents itself—I do not think it presents itself today. It has presented itself or will present itself in court. I did not intend to use this hearing as an opportunity to rehash this issue, but I do want to respond to the gentleman from Ohio to indicate that I simply disagree with his premise about those of us who found fault, not with Mr. Cordray but with the confirmation, or the lack of confirmation and the President's appointment.

Mr. Cordray, I did not hear but understand that you responded to Chairman Johnson about community banking and I appreciate hearing that. I would indicate to you that in my short period of time as a United States Senator, trying to get a regulatory environment in which community banks can lend money to creditworthy borrowers has been a cause of mine, and it seems to me that the regulatory environment in which they operate is oppressive and uncertain. And so your suggestion about appointing an advisory group of community bankers, of lenders to advise you, I certainly do not disagree, would suggest that is valuable.

But I would only point out that at every opportunity in which I have had to question witnesses from the OTC, the Treasury Department, the FDIC, they have all done the same thing. They have those advisory committees and yet the growth in regulations continue and the sense by community bankers that they are not understood still prevails. So I do not want to discourage you from doing that, but please, at least from my perspective, understand that that is probably not sufficient. It will depend upon your attitude and approach.

And then in that regard, before you respond, our small lenders, community banks, credit unions, they need clarity, not only for their own sake but for, in my view, the ability to grow the economy. I do think that there is a lot of reluctance on the part of many small businessmen and women to make decisions because they do not know what next is coming from Washington, D.C., what the rules are going to be.

And in regard to financial institutions, the phrases that have been around for a long time are pretty well understood—unfair, deceptive. But the legislation that created your position has, to bankers, to us, a new word called "abusive." And my request of you is that before you find something to be an abusive action by any financial institution, that you take the full steps of defining what the word "abusive" means beyond whatever in my view minor definitions, lack of substantive definition there is to that word in the Dodd-Frank legislation and would ask that you have an opportunity for public comment.

I have seen examples in just recent days in which financial regulators have determined a practice that, until that point, was never considered to be inappropriate, but then go ahead and criticize a financial institution for that conduct. And so my request of you is to do what due process requires, if nothing else, fairness requires, define what "abusive" means before you find some practice to be abusive.

Mr. CORDRAY. So thank you, Senator. We will be careful about that. And to return to the issue of community banks and credit unions, I have a track record on this. I was a State and local official in Ohio. I have worked with the community banks and credit unions in Ohio. They know me well. They have spoken to the fact that they found me to be a pragmatic and listening person who cared about and was mindful of their business model and how we could preserve it.

I will say that the thing that hurt the community banks as much as anything was not so much too much regulation of them as a complete lack of regulation of many of their competitors in the mortgage market who did not adhere to the same standards. Sometimes people would come in asking them for a loan that they knew was irresponsible. They would say no, and they would see those people go right down the street and get a loan from someone who was not licensed or was not regulated and could just sell it on to someone else, and therefore did not have to care whether it succeeded. They would be right about the loan, but it did not matter. And they lost market share to those people. So our leveling the playing field between the banks and nonbanks in the mortgage market in particular is very important to protect the community banks and credit unions.

Beyond that, we will be, as I have said, we will be mindful of burdens we are imposing on them. We will listen closely to what they tell us about the effects on their operations and we will do our best to take account of that.

But the other thing that hurt the community banks and credit unions as much as anything in our lifetime was the financial meltdown, the credit crunch that toppled a bunch of community banks and caused many of their loans to default because of the deep re-

cession we suffered. If we could have headed that off by a more sensible approach to these financial markets 10 years ago, community banks and credit unions could have thrived. Their model, to me, is the winning model. It is a customer service model. It is a community oriented model. It is one that we want to preserve and encourage, and that is my personal background and viewpoint on it.

Senator MORAN. Mr. Cordray, thank you. It is—what you point out is accurate and it is the community bankers who believe that they, in most instances, had nothing to do in causing the problem but yet still are in the bullseye for additional regulation.

My time has expired. I would only indicate that I am the Ranking Republican on the Appropriations Subcommittee for Financial Services, where we have responsibility for determining, at least initially, the appropriation for the SEC, the CFTC, the FDIC, the Treasury Department. While you are not subject to our Subcommittee's jurisdiction—and I cannot speak for Mr. Durbin—I would indicate to you a desire, a willingness to have conversations with you about the appropriations process through the Federal Reserve and your funding, if you are willing to visit with me.

Mr. CORDRAY. I would be glad to visit with you and glad to have our staff come and speak to your staff and make sure you know everything you need to know about what we are doing. Yes.

Senator MORAN. Mr. Cordray, thank you.

Mr. CORDRAY. Thank you.

Chairman JOHNSON. Senator Merkley.

Senator MERKLEY. Thank you very much, Mr. Chair.

I thought I would focus on this issue of the remittance fee that has come up. It is not addressed in any detail in your report. I assume that is because your report was covering through December 31 and the rule was completed in January.

But I just want to state my understanding is that when people seek to transfer money internationally, this rule says they need to be told up front how much money is going to actually arrive, in other words, no hidden fees, you see the full impact of the exchange rate that is being assigned to it. And in addition, if the money does not arrive or if the money that arrives is different than what the person was told, there is a way to fix that. Is that the essence of this rule?

Mr. CORDRAY. It is, Senator. If I could say, when you or I, and I venture to say every one of the people who is sitting in this room, when we write a check or we make a bank transfer or we use a credit card, we are entitled to some basic consumer protections. We expect that, we rely on it, and it is appropriate.

In this market, though, for people who send money overseas, typically to loved ones—it is one of the most steadfast, loyal acts I can imagine, people taking the little they have, dividing half of it and sending some back to mothers and fathers left behind—they are entitled to consumer protections, too, and that is what this rule embodies.

Senator MERKLEY. Well, I think that this kind of rule is very compatible with a competitive marketplace. That is, if I am seeking to send money overseas but I cannot get a firm estimate of what the fees are going to be, I have no way to compare vendors and,

therefore, there is no—it rewards predatory practices. But with this rule, it rewards the efficient provision of services to the economy. Am I correct on that? It empowers the consumer to shop between vendors.

Mr. CORDRAY. That is how I see it. That is how the Bureau sees it, and I believe that is how Congress saw it, which is why it required us to adopt a rule of this sort.

Senator MERKLEY. Well, I appreciate that you have done so. I hope in your next 6-month report we will see an initial evaluation of the implementation. And if there are ways to make the enforcement more cost effective, more efficient, certainly that will be appropriate.

But I was getting some numbers on the cost of a $200 transfer. Estimates are that the costs currently range from 3 percent to 13 percent. That is a 10-percent spread. Now, some of that may be a difference in destinations, but some may be a difference in the embedded exchange rates and practices of the vendors. Certainly, within that 10 percent spread, the quarter that you referred to, that is, one-quarter of 1 percent as on a $100 transfer, and it may be a lower amount on a larger transfer since it is spread over the costs of—enforcement is spread over a larger sum—it seems like a small price to pay for creating a competitive marketplace and ending predatory practice and creating fairness. And if somebody just rips you off and never delivers the money, you have redress. It seems like a very small price to pay for a fair and competitive marketplace that will produce all kinds of efficiencies that will offset that fee.

Mr. CORDRAY. That is the judgment I understand Congress to have made. It seems like a reasonable judgment. Of course, our job is to carry out the law regardless. But I do think that is right. And as I said, we are further proposing to see if there is an appropriate threshold we might set for community banks and credit unions that do not do these transactions in the normal course of business. They should not necessarily be subject to the same burdens, and we are going to be considering that over the next several months.

Senator MERKLEY. When you speak of the same burdens, are you speaking of kind of the enforcement strategies or are you speaking of providing pricing up front, fair pricing? Would that also disappear?

Mr. CORDRAY. That is something we are going to try to consider, what an appropriate threshold would be. I think that the protections for consumers, you know, the argument there is they should be the same. But if there are very few transactions and there are plenty of other places that consumers can go and we have made it easier for them, as you say, to shop, which is very important in this market, and as you say, it has not been a transparent market, it has not been a market that has included shopping, then we may well be able to exempt some of the smallest institutions that do not need to do the same kind of compliance as larger institutions when they are doing very, very few transactions.

Senator MERKLEY. Well, I certainly applaud you for this rule, for fairness for American consumers, and the fact that you are setting the rules of the road for an effective, competitive marketplace that is so important in our capitalist system. I do hope in the next 6-

month report we will see an analysis as you work to continue to make it operate in the most effective manner.

I wanted to turn to page 28 in your report where you mention that you are exploring an issue between the difference between credit scores sold to consumers and those that are provided to lenders. This is a new issue to me, one that I had not heard of. Can you just kind of summarize how this came to light and what you are exploring? Is this appropriate under the law? Why is there a distinction, and so forth?

Mr. CORDRAY. So in the law, which, of course, is the authority we have, there were two studies Congress asked us to do by last summer. The first one had to do with remittance transfers and to what extent that information could be used to help create credit reports and credit scores for individuals who might not otherwise have enough data to score them accurately.

The other one was we were asked to issue a report on the sort of variations that people have seen but do not quite understand among different types of credit scores. So, for example, when you ask for your credit report and your credit score, you may get one number from the credit reporting firm and yet when a bank or some financial institution asks for the same data to sort of judge what interest rate is appropriate to set for you, they may get a different set of data or it may be affected by the fact that you have made the request. That may be taken into account in setting the score. There are just lots of little things that were not well understood that might affect us. So we——

Senator MERKLEY. I am going to cut you off there because I now recognize I am over my time. I will read your report.

Mr. CORDRAY. OK.

Senator MERKLEY. I will be interested in understanding it. Thank you.

Mr. CORDRAY. I will be happy to follow up with you or your staff.

Senator MERKLEY. Thank you, Mr. Chair.

Chairman JOHNSON. Senator Schumer.

Senator SCHUMER. Well, thank you, Mr. Chairman, and I want to thank our witness for being here. I am happy to see he is fulfilling his duties as first Director of this historic new Bureau, one that I and several Members of the Committee fought hard for and will be one of the lasting legacies of Dodd-Frank with a real chance to directly impact the lives of virtually every person in America.

Mr. Chairman, I cannot help but note the fact that we had a healthy attendance in Committee this morning and a healthy debate with strong views on both sides of the aisle. I heard the comments of my colleagues from Nebraska. There was a discussion last week on the other side to consider a boycott of the hearing and a few Members appear to have followed through on the boycott and were absent from the hearing. But the plans of a mass protest appear not to have gone over with many Members on both sides of the aisle, of course, including the other side, and that strikes me as a good thing, but also an admission that continuing to hold this nomination hostage until we agree to gut the Bureau that we just passed, notwithstanding a few of the comments, for instance, of my colleague from Nebraska, means that my colleagues have dialed

down some of their opposition on this issue. It is a losing fight politically for them.

Many on the other side, wisely, do not want to continue the fight because they know it is on the wrong side of consumers, and the bottom line is we need an agency to guard the rights of consumers. I learned over my years in trying to simply get credit card disclosure, even though the Fed had the best of intentions, they were so busy with so many other things that they never got around to doing it. It took me 10 years to get disclosure, and then it had all the intended effects of bringing interest rates down.

And so I want to thank my colleagues, and he is not here now, but particularly my friend from Tennessee. I read his comments last week suggesting that other Members should give up on the idea of mass reprisals over the installation of you, Mr. Cordray. Mr. Corker said, quote, "I do not think anybody is going to consider that to be a very astute or intelligent thing to do," and I agree with my friend from Tennessee and appreciate his remarks.

We need to discuss these issues. We do not expect all to have the same views. But the idea of how to protect consumers should be on the table. The only way it can fully be on the table is with Mr. Cordray in his position. The President had no choice but to do what he did because we can no longer have agencies close down, not because people disagree with the views of the nominee or the ethics of the nominee or anything else, but simply because they do not want the agency to exist or have any functioning, and we all know, without a chair, you could not do many of the things that we have to do in terms of issues like payday lenders and mortgage brokers and abusive credit card practices.

So these are vital issues to the American people. It makes no sense for Senators to go AWOL on these consumer issues. I welcome the debate that we could have here. Let us move on. Mr. Johanns is right. The courts will decide this. I believe they will decide that the agency is constituted properly. I believe they will see that when you just try to block a nominee for the sake of blocking a nominee, you do not get anything done.

I hope we can end this idea of a boycott. I think the attempts to boycott by dug-in opponents are losing steam and I hope we can get on with the debate. People are tired of obstructionism for the sake of obstructionism, and everyone on both sides of the aisle, no matter how strong their views, participating in this morning's hearings understand that. I hope as the years go on we are able to convince our colleagues that it would be better to rejoin the debate on the playing field rather than just take their ball and go home, particularly on such an important issue.

So that was my statement. I appreciate your being here, Mr. Cordray, and look forward to working with you to bring consumers some rights.

Mr. CORDRAY. Thank you.

Chairman JOHNSON. Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman, and welcome to the Committee, Mr. Cordray. I, too, am pleased that you are here with us today.

I wanted to ask about—well, much of the debate over the ability to repay rule under Dodd-Frank seems to center on whether the

qualified mortgage should either be a safe harbor or rebuttable presumption, and the concern has been expressed that a rebuttable presumption will present an uncertain legal standard that will result in overly cautious underwriting and less consumer access to credit. Can you share with me your views on the safe harbor rebuttable presumption?

Mr. CORDRAY. Sure. So the ability to repay rule, as you know and as you mentioned, is one of the rules Congress has required us to adopt to try to fix what were seen as—and what were—irregular problems in the mortgage market. I mean, you would think that you would not really need to have a rule where the lender pays attention to whether the borrower will be able to repay the loan——

Senator HAGAN. Right.

Mr. CORDRAY.——before making a loan, but securitization practices and other things created misaligned incentives in that market. So we are to adopt that rule.

It is one of the issues that we have heard maybe most about with respect to that rule thus far, and we are not even to the proposed rule stage, although it is a rule we are going to be working on over the course of this year. We have a statutory deadline at the beginning of next year. It intersects with some other rules that others—another rule that other agencies are writing, so we know that we need to move it along and yet at the same time be careful.

One of the things we have heard most about from institutions is they would like to see this rule, whatever the criteria are, have some sort of safe harbor so that it would not create litigation issues and uncertainties for them as opposed to a rebuttable presumption. There are others who take a different point of view on that. It is something that we have received, I would say, hundreds if not thousands of comments on already and we are going to be looking at it carefully and trying to weigh those issues.

I do not have an outcome for you today. As I said, we do not even have a proposed rule at this point. But it is something that is very much on our minds and we will appreciate any input or thoughts that you and your staff want to give us as we go forward with this.

Senator HAGAN. Well, we will continue the dialogue on that.

Mr. CORDRAY. Yes.

Senator HAGAN. Thank you. And I do want to echo the concerns that have been raised today already about the issue of financial literacy, and I applaud your efforts, and Senator Akaka had mentioned it, too. I, too, was very—have always been concerned about the lack of financial literacy being taught to our students. When I was in the North Carolina Senate, I also required that students get that. I think it is just a sound basis that you need to get by in the world today. You have to understand debt.

With that, I was also pleased that the CFPB recently released its examination procedures for payday lenders. It appears there are a handful of banks making high-cost payday loans directly to their customers. The Center for Responsible Lending has indicated that these loans are marketed as short-term but often keep customers in debt for an average of 175 days a year, which is an average of 16 payday loans per year. And I understand the rate is somewhere over 300 percent.

Can you say a little more about what the CFPB is doing to address this sort of sustained use of payday loans?

Mr. CORDRAY. Yes, Senator, and as I had mentioned earlier, this was the subject of the first field hearing that the Bureau conducted in Alabama recently, and the examination procedures that you have mentioned, we have put out, they apply equally to nonbank payday lenders and also to banks that may be now offering a product that is similar to a payday loan in a number of respects, often called a deposit advance or some sort of nomenclature around that phrase. We will have the same issues and the same concerns about any of the products in this realm.

There is a legitimate need, and we heard a lot about it at our field hearing, for short-term credit availability for people, whether they are banked and have bank accounts or are unbanked. There are also a variety of products that are offered. It includes pawn brokers. It includes car title loans. There are lots of different products, some of which have some real advantages, some of which have some real disadvantages. And one of the things we are going to be trying to do is assess those products and make judgments about whether they are in compliance with the law or not.

But we also would like to see a robust competition in this realm. I mean, small-dollar loans are needed by people. In a different era, and maybe in some places still now, they would go to loan sharks. It was dangerous as well as being difficult. Nobody wants that. We want to have products be available. We want them to be products that help consumers and not harm consumers.

There is a lot of thinking that some of the banking products may be able to be offered on more favorable terms because there may be less risk when they are dealing with their own known customers. But we are at the beginning of this. We will see over time how that develops.

Senator HAGAN. Do you have a timeframe?

Mr. CORDRAY. I do not.

Senator HAGAN. OK. All right.

Mr. CORDRAY. Yes. I do not.

Senator HAGAN. One other question. One practice I am concerned about is the manipulation of the order in which checking account transactions are posted for overdraft purposes. Consumers consistently state that they do not want their transactions posted highest to lowest. Is this the sort of practice the CFPB will be taking a look at?

Mr. CORDRAY. It is.

Senator HAGAN. OK. Thank you, Mr. Chairman.

Chairman JOHNSON. The APA requires certain levels of public participation in the rulemaking process. I am pleased to continue to hear comments from stakeholders that the Consumer Bureau has gone beyond that. Would you please describe the process that the Bureau is following and how it improves your rulemaking.

Mr. CORDRAY. I am sorry, Mr. Chairman. I kind of lost the thread of your question as I was taking notes.

Chairman JOHNSON. The APA requires certain levels of public participation in the rulemaking process. I am pleased to continue to hear comments from stakeholders that the Consumer Bureau

has gone beyond that. Would you please describe the process that the Bureau is following and how it improves your rulemaking.

Mr. CORDRAY. OK. Thank you, Mr. Chairman. And actually, similar to the questions we were addressing back and forth to Senator Shelby, there are certain requirements in the law as to how we go about rulemaking and we obviously are bound to fulfill all those requirements.

It includes a very robust notice and comment process. So we issue a proposed rule. Then we get notice and comment, sometimes from—it depends on how many people are interested. Sometimes a few dozen individuals, sometimes thousands or tens of thousands of individuals, as with our "Know Before You Owe" mortgage form consolidation project. We are required by law to sift through those comments, to weigh them, to evaluate them, to consider the pros and cons, to address them in our rulemaking process, and then to develop a final rule.

Some of the things we have tried to do—and again, the "Know Before You Owe" is the most outstanding example of this because mortgage markets are the most important market by dollar figures for consumers—is to aggressively go out and seek lots of comment, even before we have proposed a rule. We are not required by law to do that, but we knew it would help us do a better job if we were hearing from people before we even put out a proposed rule. We have done a lot of consumer testing and there are apparently procedures and processes that researchers are familiar with that give you a better sense, not just your judgment about how things really are, but how people actually respond in fact to these things and to different terminologies and to a shorter form and the like.

We are also going to be trying to continue to use technology so that our rules and our proposals and the issues that we are addressing are out there. We are going to encourage people to participate through our Web site and through other means. And we are going to be continuing to try to press the envelope for how we can use modern technology to encourage broader participation, therefore, broader perspectives, therefore, more insight on our rules, not just from consumers affected by the rules but from the industry participants who are affected in their operations by our rules because it needs to work for both sides. And I think it is very interesting, the work being done by the Bureau, and we hope that it will continue to be on the cutting edge.

Chairman JOHNSON. In a response to a question I asked your agency, a colleague of yours wrote that the CFPB would provide robust safeguards for consumers and clear guidance for financial service providers without imposing undue burdens. Will the CFPB fully consider the cost and benefit to your rules, ensuring that you take a spartan, streamlined regulatory approach while protecting consumers?

Mr. CORDRAY. Mr. Chairman, we are required by law, and not just by the APA but specifically in our law, to consider the burdens, costs, and impacts of any rule that we are developing. We take that seriously, not only because it is the law but because it is good public policy. We intend to, and that is why I am setting up some advisory panels to hear broadly from the financial industry about how our proposals may affect them and how they may actually work in

practice at the same time that we are hearing from consumers and groups from across the country about what benefit it might bring to the consumer public.

As I mentioned, we have inherited a lot of rules that we did not write and we have the opportunity to go back and think afresh about them, and there may be occasions where we can streamline those rules, losing no benefit to consumers and reducing the burdens on financial providers. We hope and expect to be able to do that.

Chairman JOHNSON. Senator Shelby.

Senator SHELBY. Thank you.

Mr. Cordray, I will try to move on. You have been very patient here today, but I have got several questions.

We have heard that there is some concern that documents subject to the attorney-client privilege that are turned over to the Bureau will not remain privileged. But under the current law, privileged documents remain privileged when they are given to the Federal Reserve Board, the Office of the Comptroller of the Currency, and the FDIC, on which you serve as a member of the Board. The drafters of Dodd-Frank did not include the Bureau in this law, which is troubling. Would you support an amendment that would apply the same privilege protection for documents given to the Bureau as currently exists for documents given to the other Federal banking regulators, and if not, why not?

Mr. CORDRAY. Yes, we would support an amendment to correct what we believe was an oversight.

Senator SHELBY. OK.

Mr. CORDRAY. I have told the banking trade associations that and we are happy to work with them and you to get that fixed.

Senator SHELBY. Thank you.

Senator Moran brought up abusive, the definition of "abusive," the word and so forth. During the discussions that led to Dodd-Frank, it became clear that some people wanted to ban some nonbank products and services. Are there any particular products that exist now that you would ban, or is this too early? Is it possible for an identical product to be abusive for one consumer and not for another? Is that possible, and how would you make that determination if you saw that?

Mr. CORDRAY. So let me try to address both those questions. First, I do not think in terms of banning products. I mean, that is not how the statute speaks for us.

Senator SHELBY. Mm-hmm.

Mr. CORDRAY. It talks about us addressing unfair, deceptive, and abusive acts or practices——

Senator SHELBY. OK.

Mr. CORDRAY.——which I think is maybe a better way to look at it. In terms of whether——

Senator SHELBY. So you do not think you will be in the business of trying to ban products, but to make things stronger and more transparent and so forth for the consumer?

Mr. CORDRAY. That is the approach and the vantage point I take on it, Senator, yes.

Senator SHELBY. OK. Basel—by virtue of your position on the FDIC Board of Directors, you will have to make some important

decisions about the Basel capital regime. Both Basel III and the Dodd-Frank Act eliminate tier one capital treatment for trust preferred securities. While Dodd-Frank provides a measure for grandfathering trust preferred securities for small banks with assets of less than $15 billion, Basel III has no such exception. Because many small banks have trust preferred securities, this issue will impact banks in their communities throughout the country.

How do you plan to resolve the divergent approaches for small banks taken by Dodd-Frank and Basel III? Have you gotten into that yet? And would you give your views on Basel III, including whether it effectively prevents another economic crisis and prevents banks from being undercapitalized? You know, the whole thrust is for banks to have more capital, which makes sense to me, and also to have liquidity, which makes a heck of a lot of sense.

Mr. CORDRAY. Yes. I do think that the recapitalization of the banks and the provisions that we have made domestically here in the United States as well as what Basel is trying to accomplish are healthy to the overall system. The American banks now have more capital that they are keeping on hand than European banks by comparison, for example.

Senator SHELBY. But perhaps not enough, huh?

Mr. CORDRAY. Well, that is a hard thing to measure in the abstract——

Senator SHELBY. I know it is.

Mr. CORDRAY.——and people are working on it. I am now a member, as you said, of the FDIC Board. I have great colleagues on that Board. They have been working with me to get up to speed on these issues. I also happen to be fortunate because the Deputy Director of the Bureau, Raj Date, who has been up here to testify, is a banking expert in both investment banking and commercial banking and he is working with me on these issues. So we will address them as they come, but these are fascinating and important issues, not just to this country but for the world, and we want to make sure that our banking system is strong. I know you want that. We want that, as well.

Senator SHELBY. Mr. Cordray, do you know of any financial institutions you can recall that have been well capitalized, well managed, and well regulated, and have failed?

Mr. CORDRAY. I think that only happens, Senator, when there is some extreme dislocation in the country at large. That may have happened——

Senator SHELBY. That would be very unusual, would it not?

Mr. CORDRAY. Yes. I would say the Great Depression and then the financial meltdown we just suffered through in 2007–2008. That may have happened to some banks that did not deserve it.

Senator SHELBY. The Washington Post recently reported that a program by the District of Columbia government and local community groups to subsidize mortgages for first-time homebuyers in the District of Columbia resulted in mortgages that many buyers could not afford. I know they meant well, but the article found that nearly one in five borrowers participating in the D.C. program are now behind on their mortgage payments.

Do you believe that the lending practices used by nonprofit entities, although meaning well, that help put consumers in mortgages

they cannot afford are within your purview, and are you looking at this particular program, because I am not saying it is abusive, but maybe it is a lack of—I do not know how you define all that, but lack of judgment, because you want to help people but sometimes—if one out of five are failing, they have got to be reviewed. Is that part of your deal or is that not in your purview?

Mr. CORDRAY. That is the first time the program you mentioned has come to our attention——

Senator SHELBY. Sure. Well, it was——

Mr. CORDRAY.——and it may be a local, D.C. program. But I will say, we had a lot of problems in the mortgage market in the last decade. We had a lot of practices that, in retrospect, were not very sustainable even though, as you say, many of them were well intentioned, although some of the practices out there were not well intentioned at all. They were just fraud and greed.

But we need to be careful about what we are doing. I know the Congress is now requiring us to do a number of things to try to clean up practices in the mortgage market. We take that role very seriously and we will continue to be glad to have your input and counsel as we do that work. And as you are hearing from your constituents, we are often hearing from many of the same people, but that helps us with our perspective.

Senator SHELBY. Thank you. Thank you, Mr. Chairman.

Chairman JOHNSON. I would note for the record that Senator Reed of Rhode Island would have been with us today but he is away at a funeral.

Mr. Cordray, I thank you for your testimony today and for your willingness to serve our Nation. Regardless of whether one agrees with the President's decision to recess appoint Richard Cordray, the fact of the matter is that he is now Director of the CFPB. It is time for us all to put politics aside and work together to protect American consumers and foster a strong and fair consumer financial marketplace.

This hearing is adjourned.

[Whereupon, at 11:50 a.m., the hearing was adjourned.]

[Prepared statements, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF RICHARD CORDRAY

DIRECTOR, CONSUMER FINANCIAL PROTECTION BUREAU*

JANUARY 31, 2012

Holding the CFPB Accountable: Review of the First Semi-Annual Report

Chairman Johnson, Ranking Member Shelby, and Members of the Committee, I want to thank you for this opportunity to present the first "Semi-Annual Report of the Consumer Financial Protection Bureau" detailing the Bureau's accomplishments in its first 6 months.

Before I became Director, I promised Members of Congress in both chambers and on both sides of the aisle that I would be accountable to you for how the Consumer Bureau carries out the laws you enact. I said that I would always welcome your thoughts about our work. I stand by that commitment. I am pleased to be here with you today to tell you about our work and to answer your questions.

The people who work at the Consumer Bureau are always happy to discuss our work with the Congress. This is the 13th time that we have testified before either the House or the Senate. And my colleagues and I look forward to working closely with you, with the businesses who serve their customers in the consumer finance markets and with the millions of American consumers themselves.

I am honored to serve as the first Director of the new Consumer Bureau. I am energized and inspired by the many talented people who work at the CFPB, and I am driven by the challenges and responsibilities of our mission to protect American consumers.

Our mission is of critical importance to making life better for Americans. Consumer finance is a big part of all our lives. Mortgages allow people to buy a home and spread the payments over many years. Student loans give young people with talent and ambition the access to a college education. Credit cards give us immediate and convenient access to money when we need it. These products enable people to achieve their dreams. But as we all have seen in recent years, they also can create dangers and pitfalls if they are misused or not properly understood.

During my years in State and local government I became deeply engaged in consumer finance issues. I saw good people struggling with debt they could not afford. Sometimes those people made bad decisions they came to regret. Sometimes an unexpected event—like a loved one getting sick or a family member losing a job—overwhelmed even their most careful planning. Still other times, I saw unscrupulous businesses who obscured loan terms or engaged in outright fraud, causing substantial harm to unsuspecting consumers and even ruining their lives and devastating their communities.

I am certain that each one of you hears every day from your friends, your neighbors, and constituents in your district who have these kinds of stories to tell. These people do not want or expect any special favors. They just ask for a fair shake—and a chance to get back on track toward the American Dream.

One of our primary objectives at the Consumer Bureau is to make sure the costs and risks of these financial products are made clear. People can make their own decisions, and nobody can or should try to do that for them. But it is the American way for responsible businesses to be straightforward and upfront with their customers, giving them all the information they need to make informed decisions. That is good for honest businesses and good for the overall economy. A particular quote caught my eye recently, which embodies this view: "Free men engaged in free enterprise build better nations with more and better goods and services, higher wages and 3 higher standards of living for more people. But free enterprise is not a hunting license." That was Governor Ronald Reagan in 1970. I agree with what he said, and it is a view widely shared by the people who work with me at the Consumer Bureau.

So another key objective is making sure that both banks and their nonbank competitors receive the evenhanded oversight necessary to promote a fair and open marketplace. Our supervisors will be going onsite to examine their books, ask tough questions, and fix the problems we uncover. Under the laws enacted by Congress, and with a director now in place, we have the ability to make sure this is true across all financial products and services.

The Consumer Bureau will also make clear that violating the law has consequences. Through our field examiners, our direct contact with consumers and businesses, and our highly skilled researchers, we have multiple channels to know

*The views expressed in this testimony are those of the Director, and do not necessarily reflect the views of the Board of Governors of the Federal Reserve or the President of the United States.

the facts about what is happening in the marketplace. We plan to use all of the tools available to us to ensure that everyone respects and follows the rules of the road. Where we can cooperate with financial institutions to do that, we will; when necessary, however, we will not hesitate to use enforcement actions to right a wrong.

As we move forward with our work, we need to hear directly from the consumers we protect and the businesses who serve them. We do this on our Web site, *consumerfinance.gov,* where consumers are able to tell us their personal stories. We also make a point to get out of Washington regularly and hear from people firsthand. Thus far we have held town hall meetings in Philadelphia, Minneapolis, Cleveland, and a field hearing in Birmingham. We are hearing from thousands of Americans about what works and what does not. We are listening closely, and we hope that many of you will join us at these events when we come to visit your communities.

Accomplishing our mission will take time. But, as you can see from our semi-annual report, we are already taking important steps to improve the lives of consumers.

Thank you. I look forward to your questions.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM RICHARD CORDRAY

Q.1.a. During the hearing, I stated that by virtue of your position on the FDIC board of directors, you will have to make some important decisions about the Basel capital regime. Both Basel III and the Dodd-Frank Act eliminate Tier I capital treatment for trust-preferred securities. While Dodd-Frank provides a measure that grandfathers trust-preferred securities for small banks with assets of less than $15 billion, Basel III has no such exception. Because many small banks have trusts-preferred securities, this issue will impact small and community banks throughout the country.

How do you plan to resolve the divergent approaches for small banks taken by the Dodd-Frank and Basel III?

A.1.a. To the extent that my position on the FDIC board of directors requires me to take a position on this matter I will do so at the appropriate time and after full consideration of the relevant issues.

Q.1.b. Please give your overall views of Basel III, including whether it effectively prevents another economic crisis and prevents banks from being undercapitalized.

A.1.b. During the crisis, many market participants and observers viewed the capital and liquidity resources of a number of our Nations' largest banking organizations as insufficient. Basel III is a significant strengthening of risk-based capital requirements, as it tightens the definition of capital and increases capital requirements. It also includes a new regulatory liquidity requirement. Certainly no single tool can be a panacea for preventing all future crises, but experience suggests that a well-capitalized and liquid banking system will be better positioned to ride out periods of financial stress and serve as an engine of growth for the economy. I am hopeful that the new framework will work as intended to strengthen the resilience of the banking system.

Q.2.a. During the hearing, you were asked about an amendment sponsored by Senators Brown and Kaufman, which would have limited the size of banks. Under the amendment, no bank would have been permitted to hold more than 10 percent of the total amount of insured deposits and a limit would have been placed on non-deposit liabilities of each bank at 2 percent of GDP. This amendment would have ensured that the failure of a single financial institution would not bring down the entire system. I supported this amendment. As part of your role as a boardmember of the FDIC and the Financial Stability Oversight Council, your opinion on this issue is of particular importance. During the hearing you indicated that you had not yet had an opportunity to form an opinion on this issue.

Now that you have had more time to consider this issue, do you support limiting the size of banks as proposed by the Brown-Kaufman amendment?

A.2.a. The Brown-Kaufman amendment to Dodd-Frank to prevent bank-holding companies from controlling more than 10 percent of total insured deposits and limit nondeposit liabilities controlled by each bank-holding company to 2 percent of GDP failed by a 33–61 vote. While I share your concerns about the increasing concentration of capital in the financial sector, Congress determines the tools the regulators have to manage risk and protect consumers. The CFPB is committed to implementing and enforcing existing law in this regard to the best of our ability.

Q.2.b. If not, what steps would you take to ensure that banks are not too big to fail?

A.2.b. The Dodd-Frank Act gives financial regulators important authorities to enhance financial stability and to manage the regulatory challenges posed by large, complex, systemically important financial institutions (SIFIs). The Dodd-Frank Act also provides for a new SIFI resolution framework that includes an orderly liquidation authority and a requirement for SIFIs to submit resolution plans that demonstrate how they can be resolved through the bankruptcy process. These changes give regulators better tools to manage the potential risks and failure of complex financial institutions. A credible capacity to place a SIFI into an orderly resolution process is critical to subjecting these companies to meaningful market discipline.

I am aware that the FDIC is working diligently to implement provisions of the Dodd-Frank Act that provide additional oversight and resolution authority for SIFIs, and I am pleased to participate in this effort as a member of the FDIC's Board. Successful implementation of the Dodd-Frank Act will represent a significant step forward in providing a foundation for a financial system that is more stable and less susceptible to crises in the future, and better prepared to respond to future crises.

Q.3.a. During the hearing, I mentioned that a program by the D.C. government and local community groups to subsidize mortgages for first-time home buyers in D.C. resulted in mortgages that many buyers could not afford. A Washington Post article found that nearly one in five borrowers participating in the D.C. program are now behind on their mortgage payments. You stated that the hearing was "first time the program you mention has come to our attention."

Do you believe that the lending practices used by nonprofit entities that help put consumers in mortgages they cannot afford are within your jurisdiction?

A.3.a. The CFPB generally has jurisdiction over entities that offer or provide consumer financial products or services, including nonprofit entities, except to the extent that the consumer financial protection statutes that the Bureau enforces have carve-outs for nonprofits. In particular, the CFPB enforces the Truth in Lending Act and the Consumer Financial Protection Act. In addition, the CFPB encourages consumers and whistleblowers to contact the CFPB if they believe a lender has violated these laws, regardless of whether

the entity is nonprofit or for-profit. This response does not refer to or comment on the program referenced in your question.

Q.3.b. Will you look into this particular program?

A.3.b. It would be inappropriate for the Bureau to publicly comment on contemplated supervisory actions or enforcement plans.

Q.3.c. What steps can the Bureau take to ensure that assistance provided by nonprofit entities does not result in borrowers obtaining mortgages they cannot afford?

A.3.c. Among other things, the CFPB is currently working on final regulations to define a standard for determining a consumer's ability to repay a mortgage loan, as required by Section 1411 of the Dodd-Frank Act. This rule will require that lenders make a "reasonable and good faith determination based on verified and documented information that, at the time the loan is consummated, the consumer has a reasonable ability to repay the loan."

Q.4.a. Section 1100G of the Dodd-Frank Act requires the Bureau to convene a panel a Small Business Advocacy Review panel before publishing a proposed rule with an Initial Regulatory Flexibility Analysis. Through the Small Business Advocacy Review panel the Bureau will meet with representatives of small entities and will offer an opportunity for those representatives to provide advice and recommendations on regulatory alternatives to minimize the burden on small entities. You have stated that the first time you will convene the small business panels will be this summer, before you propose a rule on the streamline of the RESPA and TILA mortgage disclosures. However, you have also indicated that you will be proposing your "larger participant" rulemaking shortly.

Will a Small Business Advocacy Review panel be convened for the "larger participant" rulemaking?

A.4.a. The CFPB did not convene a Small Business Advocacy Review panel before issuing its first proposed larger participant rule. In the notice of proposed rulemaking, the CFPB certified that the proposed rule would not have a significant impact on a substantial number of small entities (SISNOSE), and thus did not require an Initial Regulatory Flexibility Analysis. Consequently, the convening of a Small Business Advocacy Review panel was not required.

The CFPB determined that the proposed rule would not result in a SISNOSE because, among other things, the thresholds for being defined as a larger participant in the consumer debt collection and consumer reporting markets are more than $10 million and $7 million in annual receipts, respectively. Thus, firms meeting the definition of a larger participant in either of these markets will not be small businesses under the applicable Small Business Administration size standard of $7 million in annual receipts for these industries. While there may be rare circumstances in which a small business may be subject to supervision under this rule, such instances would not result in a SISNOSE.

Q.4.b. If so, who will be the small business representatives for the "larger participant" rulemaking panel?

A.4.b. The CFPB did not convene a Small Business Advocacy Review panel for the proposed larger participant rule because the

CFPB has certified that the proposal would not result in a SISNOSE.

Q.4.c. In general, how will you select the small business representatives for the Small Business Advocacy Review panels?

A.4.c. The CFPB, in consultation with the Small Business Administration's (SBA) Chief Counsel for Advocacy, selects small business representatives to consult with and provide recommendations for the panel. Using the definitions and size standards set forth in the Regulatory Flexibility Act, the CFPB first determines the industry sectors and types of small entities that are likely to be directly subject to the requirements of the rule under development. Next, the CFPB develops a list of potential representatives of affected small entities to provide recommendations to the panel about the potential economic impacts of the proposed rule. The CFPB typically considers representatives it has identified through its general outreach efforts as well as through suggestions from trade associations and other external industry organizations, consumer groups, and/or the SBA. The CFPB then submits its proposed list of potential small business representatives to the SBA's Chief Counsel for Advocacy. The final small business representatives are designated by the CFPB after consultation with the SBA.

Q.4.d. Have you developed protocols or policies for the Small Business Advocacy Review panels? If so, please provide a copy of these protocols or policies to the Committee. Will these protocols or procedures substantially differ from those of the EPA or OSHA? If so, please describe why and how your protocols or procedures will differ. If you have not yet developed any protocols or policies, when will your protocols and policies be final?

A.4.d. The CFPB conducts Small Business Review Panels in accordance with the requirements of the Regulatory Flexibility Act (RFA). The CFPB has also developed a "Fact Sheet" on the Small Business Review Panel process. The fact sheet is available on the Bureau's Web site at *consumerfinance.gov* and is attached as Appendix A to this document.

The CFPB has consulted, and will continue to consult, with other agencies involved in the Small Business Review Panel process (*e.g.,* EPA, OSHA, SBA and OMB) as it implements the RFA's statutory requirements for the review panels.

Q.4.e. Which rules that will be promulgated by the Bureau, if any, will not undergo a Small Business Advocacy Review panel?

A.4.e. The Regulatory Flexibility Act, as amended, identifies the types of rules for which a Small Business Review Panel is required. Generally, the RFA applies only to rules for which a notice of proposed rulemaking is required by the Administrative Procedure Act, or "any other law."[1] When developing a proposed rule subject to the RFA, the CFPB is required to convene a Small Business Review Panel prior to issuing the proposal unless the CFPB certifies that the rule will not, if promulgated, have a SISNOSE. Accordingly, the CFPB is not required to convene Small Business Review Panels for proposed rules that are not subject to the RFA or for proposed

[1] See 5 U.S.C. §§ 601(2), 603(a), 604(a), 609(a).

rules that are subject to the RFA but the Director certifies will not have a significant economic impact on a substantial number of small entities. The CFPB also is not required to convene a Small Business Review Panel where another agency, such as the Federal Reserve Board, issued a rule proposal which was later inherited and finalized by the CFPB.

The CFPB intends to convene a Small Business Review Panel for the TILARESPA mortgage disclosure integration rulemaking. We have not yet reached a formal determination on whether a Small Business Review Panel will be convened for other proposed rules subject to the RFA that are under development.

Q.4.f. Will you carry out any actions with respect to nondepositories before the "larger participants" rulemaking is final? If so, please describe.

A.4.f. The CFPB will not conduct supervisory actions under the initial larger participant rule until the rule is effective. Before that date, however, the CFPB may undertake supervisory activities, such as examinations or requests for reports, in connection with nonbanks that are otherwise subject to the CFPB's supervisory authority. This could include, for example, nonbank companies in the mortgage, payday lending, and private education lending markets subject to the CFPB's authority. Finally, the CFPB may undertake enforcement actions or rulemakings that affect nonbanks before the effective date of the initial larger participant rule.

Q.5.a. You have said that the Bureau's supervisory program of nonbanks will be based on multiple factors. One of those factors is "the extent of State oversight for consumer financial protection." This presumes that some States provide more oversight than other States in terms of consumer financial protection.

Which States provide the most oversight in the areas of mortgage lending and payday lending?

A.5.a. In determining whether and how to supervise particular nonbanks, the CFPB will consider a number of factors that focus on risk, including the extent of State oversight.

The CFPB launched its nonbank supervision program in January and is still assessing the extent of State oversight in these markets. State oversight of payday lending varies widely because State laws and regulations, as well as supervisory programs, differ and are not coordinated. Some States do not authorize, or effectively ban, payday loans; other States allow payday loans, subject to heavy restrictions; still others allow payday loans and do not impose significant restrictions. In addition, some States have developed their own supervision programs for payday lending, with particular areas of focus and varying resources dedicated to examinations. Some States focus primarily on reviewing for compliance with State laws, as opposed to the Federal consumer financial laws for which the CFPB is responsible for assessing compliance. Many payday lenders operate in multiple States, which may subject them to varying types and levels of oversight.

For the mortgage market, State financial regulators created the Multistate Mortgage Committee (MMC) to coordinate examination and supervision of those mortgage lenders and brokers operating in more than one State. The CFPB is coordinating with the MMC and

with regulators in individual States to ensure that the CFPB does not engage in examinations that merely duplicate State regulator work in the mortgage area.

Q.5.b. Which States provide the least oversight in the areas of mortgage lending and payday lending?

A.5.b. The CFPB launched its nonbank supervision program in January and is still assessing the extent of State oversight. We are working closely with State regulatory officials.

Q.6.a. It has been reported that a clarification issued by the Federal Reserve Board that limits credit card companies to considering only "individual" income, not "household" income, on credit applications has made it more difficult for stay-at-home spouses to get their own credit cards.

Has the Bureau received any information that indicates that stay-at-home spouses are negatively impacted by the Federal Reserve Board's clarification? If so, please describe.

A.6.a. As of October 1, 2011, Regulation Z requires credit card issuers, before extending credit, to assess a consumer's independent ability to make loan payments. Issuers have told Bureau staff that this new rule may preclude nonemployed spouses—in many cases, women—from obtaining credit that they are, in fact, capable of repaying. According to these sources, such individuals may no longer be able to obtain credit or be able to do so only if a spouse agrees to be liable for all debts incurred on a credit card account. Some outside groups and Members of Congress have raised similar concerns.

Q.6.b. Will the Bureau conduct a study to understand the impact the Federal Reserve Board's clarification has had on access to credit?

A.6.b. The Bureau's December 5, 2011 Request for Information on "Streamlining Inherited Regulations" asked for public comment on whether this section of Regulation Z should be amended. Even before the rule went into effect, however, the Bureau asked issuers and trade groups to work with us to provide data that would enable the Bureau to assess the impact of this requirement. The Bureau intends to pursue such data and study the impact of the new rule on spouses who are not employed.

Q.7.a. 12 USC § 1833b requires the Bureau to "seek to maintain comparability regarding compensation and benefits" of its employees with other Federal financial regulators when establishing and adjusting schedules of compensation and benefits.

How does the compensation and benefits of Bureau employees compare to the other Federal agencies listed in this statute?

A.7.a. On average, pay at the Bureau has been at or below the averages of other Federal financial regulators and within a few percent of the average pay of employees at the Federal Reserve Board.

Q.7.b. Please provide a detailed breakdown of the compensation and benefits for each employee at the Bureau. To the extent this information is provided in terms of levels, please provide a detailed

description of the duties at each level for this Committee with your responses to these questions.

A.7.b. The titles and salaries of Bureau employees are listed in Appendix B. Employees are eligible for benefits that include standard Federal health, vision, dental, life, and long-term care insurance programs, and CFPB-specific vision, dental, life, short-term disability, and long-term disability insurance programs, in addition to retirement and other benefits. The value of these benefits for each employee varies depending on the benefits for which a given employee is eligible and based on the benefits each employee has elected at a given time.

Q.7.c. Will you provide Congress with a budget justification that is substantially similar to the budget justifications provided by Federal agencies which are subject to appropriations? If not, why not?

A.7.c. Last year the Bureau provided Congress with a budget justification for fiscal year 2012—even before the agency's launch on July 21, 2011—and last month the Bureau provided Congress with its budget justification for fiscal year 2013. As one would expect of a new agency, the Bureau's budget justification this year was more detailed than it was last year, and will grow more detailed over time. Like the budget justifications of other banking agencies that are not subject to appropriations, the Bureau's budget justification differs in some ways from those of larger agencies, particularly those with budgets that are appropriated. Unlike appropriated agencies, Congress capped the CFPB's budget permanently in statute. The Bureau's budget was set at a fraction of the levels of its fellow banking agencies. If the CFPB determines that it needs additional funds to operate, it may seek appropriated funds to supplement its nonappropriated funding; however, the Bureau has no plans to seek appropriations from Congress.

Because the Bureau is committed to transparency, we have posted our budget justification for fiscal year 2013 on our Web site at *consumerfinance.gov/budget*. It provides the estimated level of funding for the Bureau for fiscal year 2012 and 2013 necessary to carry out the authorities that Congress assigned to the Bureau. The budget justification describes how the Bureau expects to utilize its funds, includes budget estimates for each program or budget activity, and identifies performance measures detailing how we plan to make ourselves accountable for the use of the funds going forward. As we continue to grow as an agency, we expect to continue to provide additional budget and performance information in our budget documents. In addition to the budget justification discussed above and the semiannual report submitted to Congress in January of 2012, we are also publishing information on our Web site regarding funding transfers received and amounts spent on a quarterly basis, as well as an annual financial report at the end of the year, along with GAO's audit of the Bureau's financial statements, and an independent third-party audit.

Q.8.a. Recently the Bureau and the Federal Trade Commission signed an agreement to, according to your Web site, "coordinate efforts to protect consumers and avoid duplication of Federal law enforcement and regulatory efforts."

How many Memorandum of Understanding ("MOUs") or other similar agreements has the Bureau executed?

A.8.a. To date, the Bureau has executed 127 Memoranda of Understanding.

Q.8.b. How many MOUs or other similar agreements has the Bureau executed with each of the Federal banking agencies?

A.8.b. The Bureau has executed 36 MOUs and similar agreements with the Federal Reserve Board of Governors, the Federal Reserve Banks, FDIC, NCUA, and OCC. Approximately 58 percent of these MOUs relate to the transfer of employees from some of these agencies under section 1064 of the Dodd-Frank Act; approximately 19 percent relate to retirement and other employee benefits, including benefits for transferred employees; approximately 11 percent relate to the transfer or sharing of responsibilities between these agencies under the Act; and approximately 11 percent relate to information sharing between these agencies. (Totals do not add to 100 percent due to rounding.)

Q.8.c. Is every one of these MOUs or other similar agreements available online? If not, why not?

A.8.c. Due to the large number of MOUs and the fact that many contain Personal Identifying Information (PII) inappropriate for public disclosure, they are not available online.

Q.8.d. Please provide the Committee a copy of each of the MOUs or other similar agreements that the Bureau has executed.

A.8.d. The Bureau will be happy to discuss with the Committee a request for copies of specific MOUs.

Q.9.a. On May 6, 2010, on the floor of the Senate during the debate of the Dodd-Frank Act, Senator Dodd, then the Chairman of the Senate Banking Committee, stated "I have never claimed our proposal on consumer protection is perfect. I acknowledge the word 'abusive' does need to be defined, and we are talking about striking that or making it better." However, the term "abusive" was not removed from the final text of the Dodd-Frank Act, and the definition was never changed from that which appeared in the Senate bill described by Chairman Dodd. The Bureau includes a review for "abusive" practices as part of its supervisory manuals. Section 1031(b) expressly permits the Bureau to prescribe rules applicable to a covered person or service provider identifying as unlawful abusive acts or practices in connection with a consumer for a consumer financial product or service, and such rules may include requirements for the purposes of preventing such acts or practices.

As the former Chairman of the Senate Banking Committee acknowledged that the definition of the term "abusive" is inadequate, will the Bureau conduct or engage in any supervisory or enforcement actions with respect to "abusive" acts or practices before the term "abusive" is defined by regulation?

A.9.a. In Section 1031(d) of the Dodd-Frank Act, Congress clearly and expressly limited the meaning of "abusive" acts or practices to those that:

(1) materially interfere with the ability of a consumer to understand a term or condition of a consumer financial product or service; or
(2) take unreasonable advantage of a consumer's:
  (a) lack of understanding of the material risks, costs, or conditions of the product or service;
  (b) inability to protect his or her interests in selecting or using a consumer financial product or service; or
  (c) reasonable reliance on a covered person to act in the consumer'sinterests.

The Bureau will be vigilant in observing and adhering to the limits of its authority under this provision.

Q.9.b. Is it possible for an identical product to be abusive for one consumer and not for another? If so, how will you enact clear rules for market participants?

A.9.b. The statutory provision provided by Congress is clear. Its application will depend on specific facts and circumstances. We will carefully consider any opportunity to provide greater clarity and specificity to markets regarding the definition of "abusive" acts or practices, whether under our rulemaking authority, by providing guidance through our supervisory function, through enforcement actions, or otherwise.

Q.9.c. You have stated that for a practice to be abusive it "would have to be pretty outrageous practice" and "if you in your business stays away from pretty outrageous practices, you should be pretty safe." Please provide examples of what an abusive or "pretty outrageous practice" would look like in each of the following areas: mortgage lending, automotive finance, student lending, and payday lending.

A.9.c. Determining which specific acts or practices are abusive is best left to a careful consideration of the specific circumstances of the acts or practices in question, considered in the context of all the facts, and in light of the language of § 1031(d).

Q.10.a. On the designated transfer date many regulations that were previously under the jurisdiction of other Federal agencies transferred to the jurisdiction of the Bureau. Many of these agencies had issued informal guidance (including, but not limited to, bulletins, guidelines, opinion letters, FAQs, articles, *etc.*) ("Informal Guidance") that related to each of these rules.

Is each of the Informal Guidance that was in effect as of the designated transfer date still in effect?

A.10.a. On July 21, 2011, the CFPB published a list of rules and orders that will be enforced by the CFPB. As set forth in that notice: "For laws with respect to which rulemaking authority will transfer to the CFPB, the official commentary, guidance, and policy statements issued prior to July 21, 2011, by a transferor agency with exclusive rulemaking authority for the law in question (or similar documents that were jointly agreed to by all relevant agencies in the case of shared rulemaking authority) will be applied by the CFPB pending further CFPB action. The CFPB will give due consideration to the application of other written guidance, interpre-

tations, and policy statements issued prior to July 21, 2011, by a transferor agency in light of all relevant factors, including: whether the agency had rulemaking authority for the law in question; the formality of the document in question and the weight afforded it by the issuing agency; the persuasiveness of the document; and whether the document conflicts with guidance or interpretations issued by another agency. The CFPB will seek over time to improve the clarity and uniformity of guidance regarding the laws it will administer as necessary in order to facilitate compliance with the Federal consumer financial laws."[2]

Q.10.b. If your answer to 10(a) is no, please provide a list of each and every Informal Guidance that the Bureau considers to no longer be in effect, with an appropriate reference or citation to such Informal Guidance.

A.10.b. Not applicable.

Q.11.a. Collaboration among Federal banking agencies is of critical importance now that safety and soundness oversight has been split from consumer protection oversight.

To what extent will guidance received by covered persons from the Bureau be honored by or any of the FDIC, OCC, Federal Reserve Board, FTC, or other applicable agency?

A.11.a. While the answer to this question is ultimately within the province of the prudential regulators and other agencies, the Dodd-Frank Act makes clear that the CFPB has various rulemaking and interpretive authorities under the Federal consumer financial laws, as well as the supervisory and enforcement jurisdiction provided by Title 10 of the Dodd-Frank Act. Consequently, we anticipate that other agencies will honor CFPB guidance intended to clarify responsibilities under the Federal consumer financial laws. The CFPB will consult with the other Federal banking agencies regularly to help ensure that CFPB guidance is informed by safety and soundness perspectives. For example, as required by the Dodd-Frank Act, we will coordinate our supervisory activities with the prudential regulators, and follow the process outlined in the Dodd-Frank Act to resolve conflicting supervisory determinations. The CFPB's membership on the Federal Financial Institutions Examination Council (FFIEC) and the Director's participation on the FDIC and FSOC provide opportunities to facilitate and broaden such consultation.

Q.11.b. To what extent will guidance received by covered persons from the FDIC, OCC, Federal Reserve Board, FTC, or other applicable agency, be honored by the Bureau?

A.11.b. With respect to guidance involving safety and soundness matters, we expect that, in most cases, Federal banking agency guidance that relates to the financial condition of supervised institutions will complement CFPB guidance on consumer protection issues. For example, prudential regulator guidance that encourages institutions to maintain strong internal controls as a general matter may also promote strong compliance management programs in particular. Similarly, we do not expect that other agencies' con-

[2] See 76 Federal Register 43569, 43570.

sumer protection guidance will conflict with the Bureau's interpretation of Federal consumer financial law. Our ongoing collaboration with the other agencies will promote consistency in the application of these laws.

Q.12.a. During the debate over the Dodd-Frank Act, the Administration advocated the provision of "plain vanilla financial products". This one-size-fits-all approach would have reduced the diversity of financial products consumers can choose from.

Is it a priority of the Bureau to steer consumers into "plain vanilla"-type products?

A.12.a. No.

Q.12.b. Is ensuring that consumers have access to a variety of financial products from which a consumer can determine that product which best fits the consumer's individual need a priority of the Bureau?

A.12.b. The Bureau has been working from day one to help put consumers in a better position to choose products that best serve their needs. The Bureau's work to ensure that markets for consumer financial services are fair and transparent—two of the Bureau's statutory purposes—facilitates consumer choice. Fairer and more transparent markets are also more likely to promote access and innovation, which are also statutory objectives of the Bureau.

Q.12.c. In what ways would a consumer credit market which only offered "plain vanilla" products be harmful to consumers, small businesses, and the wider economy?

A.12.c. The Bureau would not speculate on this hypothetical but notes that the quality of consumer credit markets depends on numerous factors, of which consumer choice is merely one.

Q.13.a. The Bureau recently published a final rule on remittance transfers. In this final rule you certified that a small business panel was unnecessary because it would not have a significant impact on a substantial number of small businesses. The Small Business Administration, however, found that the proposed rule vastly underestimated the size of the industry affected by this rule. Further, in a comment letter the Credit Union National Association stated:

> [t]hese new liabilities could require the credit union to as much as double the fees it charges for international wires, which now range between $20 to $35 per transaction, in order for the program to remain economically sustainable . . . Credit unions also believe that the estimate of 1.5 hours a month to address reported 'errors' underestimates the true regulatory burden of these requirements, at least in the context of wire and ACH transactions, by at least a factor of 10.

Do you agree with the SBA analysis of the number of entities that will be affected by this rule? If not, please explain why not.

A.13.a. The Bureau's final rule on remittance transfers regulates remittance transfer providers. There are three primary groups of entities that are likely to be remittance transfer providers under the rule: depository institutions, credit unions, and nondepository institutions that are often known as "money transmitters." Money transmitters often operate through agents. Agents are not necessarily remittance transfer providers under the rule, but may nev-

ertheless work with remittance transfer providers to implement the rule.

The SBA stated in its comment letter that there were 200,000 to 300,000 money transmitters and their agents (large and small) in the United States. The SBA stated that this estimate was based on a telephone conversation with a trade association, the National Money Transmitters Association (NMTA). The SBA did not address the estimates in the proposal for the number of depository institutions or credit unions affected by the rule.

In response to SBA's comments, the Bureau reviewed and updated the estimates presented in the Initial Regulatory Flexibility Analysis to the proposed rule. The Bureau reviewed the NMTA's estimate of the number of money transmitters, which the NMTA provided in a comment letter and stated was based on State licensing data. The Bureau concluded that other data provided a more precise estimate of the number of agents.

The Bureau reviewed several data sources and concluded that the best estimate of the number of money transmitter agents in the United States was based on an estimate prepared for the Financial Crimes Enforcement Network (FinCen), of the U.S. Treasury, which regulates money transmitters, their agents, and other money services businesses for compliance with the Bank Secrecy Act. In 2005, KPMG LLP prepared for FinCen an estimate of the size of various money services markets. The estimates were based on a methodologically sophisticated survey of the money services business.[3] For reasons explained in the final rule, the Bureau regards the estimates in this study as preferable to those provided by the SBA. The KPMG study found that there were 67,000 money transmitters and agents in the United States in 2005. In order to account for the seven intervening years, the Bureau considered adjusting this figure by the percentage that employment changed in the broader sector to which money transmitters belong. The most recent data is for 2010, and employment fell 19 percent in this sector from 2005 to 2010. The Bureau kept the 67,000 figure rather than possibly underestimate the number of entities that may be affected by the rule.

Q.13.b. Please describe the process you used to make the determination that the remittance transfer rule would not have a significant impact on a substantial number of small businesses.

A.13.b. As stated in the Final Regulatory Flexibility Analysis to the remittances rule, the Bureau did not certify that the final rule will not have a significant economic impact on a substantial number of small entities. Therefore, as required by statute, the Bureau performed a final regulatory flexibility analysis as part of the final rule. Certain agencies (including CFPB) are required to convene an interagency panel under the Small Business Regulatory Enforcement Fairness Act (SBREFA) prior to proposing certain types of rules. SBREFA requirements, however, do not apply to final rules, and the SBA did not suggest otherwise. By the time the Bureau assumed authority for the remittances rulemaking, the proposed rule had already been published by the Federal Reserve Board, and small businesses had had 2 months to submit comments. The Bu-

[3] KPMG, 2005 Money Services Business Industry Survey Study, September 2005.

reau carefully considered and addressed the SBA's concerns when performing its own analysis of the final rule on small businesses.

Q.13.c. You stated during the hearing that the cost of this final rule will be $0.25 per $100. How did you calculate this cost?

A.13.c. The Bureau estimated that the ongoing burden of the rule for purposes of the Paperwork Reduction Act is 4.253 million burden hours. To convert this number into dollars, the Bureau used a weighted average of burden hours and associated labor costs taken from agencies from which the Bureau assumed administrative enforcement authority for the Electronic Fund Transfer Act to derive an hourly wage rate of $29.62. The product of 4.253 million burden hours and $29.62 per hour is $126 million dollars. There is no available estimate of the volume of remittance transfers, as defined in the Dodd-Frank Act and the January 2012 rule. Based on its review of several estimates of related sets of financial flows, the Bureau estimated that consumers in the United States send approximately $50 billion in remittance transfers every year, which may be a conservative estimate of such volume. The ratio of $126 million to $50 billion is $.0025 per dollar sent, or equivalently, $.25 per $100 sent.

Q.13.d. Do you believe that certain institutions will stop offering remittance transfers? If so, how did you factor the abandonment of offering remittance services into your cost analysis?

A.13.d. The Bureau cannot predict, at this stage, whether certain institutions will stop offering remittance transfers. The Bureau did, however, discuss the possibility that some providers would face challenges in compliance, and that as a result, some providers may choose to exit the business and has factored the possible abandonment of certain specific remittance transfer services into the qualitative consideration of benefits, costs, and impacts of the rule.

For example, the final rule generally requires remittance transfer providers to provide senders with accurate information about the exchange rate, fees, and taxes applicable to the transaction, and the amount to be provided to the designated recipient. The final rule, however, provides a temporary exception to insured depositories and credit unions from the requirement to provide accurate disclosures and instead permits these institutions to estimate certain values. The Section 1022 analysis recognized that institutions that do not have the temporary exception may cease offering products for which they do not have the ability to estimate. Industry stated in comment letters that such products exist, but did not provide the Bureau with any data on the volume of transactions using such products.

The Section 1022 analysis also recognized that the temporary exception granted to insured depositories and credit unions may not be sufficient to ensure that all of these institutions will continue to provide remittance transfers. The analysis noted that consumers benefit from having access to both open network products like wire transfers and the closed network products provided by money transmitters. The analysis specifically noted that there may be a tradeoff between the accuracy of disclosures and access to remittance transfers and that estimated disclosures and accurate disclosures strike a different balance between accuracy and access.

Q.14.a. Recent payday lending guidance issued by the Bureau includes a footnote that specifies that overdraft lines of credit are not covered by the guidance, even though they are economically equivalent to traditional payday loans. You noted the similarity between overdraft protection and payday loans, but you said that "we were trying to focus our exam guidance on a particular type of product in the nonbank sector."

Will you use your authorities to differentiate examination, enforcement and supervision based on the type of financial institution providing the product, rather than on what the product is?

A.14.a. We generally will not use our authorities to differentiate examination, enforcement, and supervision based on the type of financial institution that is providing the product. Indeed, leveling the playing field for all industry participants to create a fairer marketplace for consumers and the responsible businesses that serve them is a key goal of the Bureau.

A small number of depository institutions, for instance, offer a variant of a payday loan. Although most payday lending activity continues to occur in the nonbank sector, the CFPB's recently released *Small-Dollar, Short Term Lending Procedures* expressly apply to products offered by both banks and nonbanks. By standardizing the procedures across business type, we will work to ensure a more consistent supervisory approach across the consumer financial services industry.

Q.14.b. If the products are economically equivalent, why would you discriminate based on the type of financial institution providing the product?

A.14.b. The CFPB is examining equivalent products using the same standards. For example, our payday procedures apply to short-term, small-dollar loans that include some form of access or claim to a customer's deposit account, regardless of whether the product is offered by an online payday lender or a depository institution.

Q.15.a. States regulate both banks and nonbanks, and consequently, there will be a tremendous amount of overlap between State regulators and the Bureau. Any action taken by the Bureau is likely to raise preemption issues. Previously when asked about State preemption you stated that some States have "significant and robust oversight" and that "we have no intention at this point to preempt State law in these areas."

Do you believe that the dual banking system should be preserved?

A.15.a. The dual banking system has deep historical roots in the United States, and the Dodd-Frank Act fits within this tradition. Under section 1025 of the Act, the Bureau has supervisory jurisdiction over very large banks, thrifts, and credit unions (and their affiliates), whether they are federally or State-chartered.

Q.15.b. How will you determine which State laws need to be preempted?

A.15.b. Under section 1041 of the Dodd-Frank Act, State laws are preempted by Title X of the Act only to the extent they are inconsistent with that title, and then only to the extent of the inconsist-

ency. Further, a State law is not considered inconsistent with Title X because the State law affords consumers greater protection than provided by Title X. This type of preemption standard has been used in a variety of Federal consumer protection laws for decades. The Bureau would undertake any preemption determination with care and with due recognition of the important role of State law in protecting consumers.

Q.15.c. In what instances will the Bureau act independent of State regulators? In what instances will the Bureau partner with State regulators?

A.15.c. The Bureau is committed to and welcomes collaboration with State regulators, and various provisions of the Dodd-Frank Act speak to the importance of this collaboration. Collaboration ensures that we best leverage our limited resources to protect consumers and that we seek to minimize the regulatory burden felt by industry. Working with State regulators allows us to better understand their perspectives, which informs and enriches our work. The Bureau also recognizes that it has a duty to enforce Federal consumer protections and will act independently to do so when the circumstances warrant.

Q.15.d. Do you have any concerns that State attorneys general will interpret Federal consumer financial laws and/or regulations in an inconsistent way? Do you have any obligation to ensure consistent application of Federal consumer financial laws and regulations?

A.15.d. As a former State attorney general, I appreciate the important role that State attorneys general can play in the enforcement of consumer protection requirements. Section 1042 of the Dodd-Frank Act contains safeguards to minimize the risk of inconsistent application of Title X of the Act and regulations issued under that Title. That provision generally provides for State attorneys general and State regulators to consult with the CFPB before initiating enforcement actions under these authorities. Last summer, the Bureau issued regulations to clarify this process. Advance notice of State enforcement actions will help the Bureau and the States work together to avoid inconsistent interpretations of Title X. Similar consultation requirements can be found in other Federal consumer financial laws.

Q.15.e. If a State chooses not to regulate a financial product or service, will you view that as harmful to consumers?

A.15.e. There could be many reasons why a State might choose not to regulate a consumer financial product or service. The Bureau's mission is to ensure that Federal consumer protections are followed regardless of the State in which the consumer lives. Under section 1024(b)(2) of the Dodd-Frank Act, the extent to which State authorities provide oversight to nonbank entities that provide consumer financial products or services is one of the factors that the Bureau will consider in deciding whether to exercise its supervisory authority over that entity.

Q.16.a. As a voting member of the Financial Stability Oversight Council, you are charged with identifying threats to the financial stability of the United States.

In your view, what is currently the most serious threat to the financial stability of the United States?

A.16.a. Congress has charged the Council with the responsibility for identifying threats to the financial stability of the United States. In the Council's annual report for 2011, the Council identified several vulnerabilities in the financial system, including the significant market uncertainty in Europe and real-estate related exposure for many U.S. financial institutions. In my role as a member of the Council, I look forward to contributing to the Council's ongoing work to identify, monitor and respond to emerging threats to our Nation's financial stability.

Q.16.b. What metrics do you use to identify systemic risks?

A.16.b. In the Council's 2011 report, the Council noted that it is in the combination of imbalances, shocks, and vulnerabilities that threats to financial stability arise. The Council's process to assess threats is a collaborative one, and is driven by the best information available from the markets, institutions, industry, and academia, as well as the expertise and information of its member agencies. The Council created its Systemic Risk Committee to gather information from the member agencies and to use this information to assist the Council in monitoring and assessing risks.

RESPONSE TO WRITTEN QUESTION OF SENATOR JOHANNS FROM RICHARD CORDRAY

Q.1. Mister Cordray, I worry about the costs to our economy and to our financial institutions of complying with rules and supervisions undertaken by the Bureau, only for those rules, regulations and enforcement actions to be set aside in the future by a Court that passes judgment on the validity of your appointment and the scope of your authority. By statute, the Bureau is required to analyze the costs, benefits and impacts of its rules, and the Semi-Annual Report makes clear that the Research, Markets and Regulations Division is conducting that analysis. As that analysis is being performed, is the Research team weighing at all the possibility that your rules will be vacated by a court? If the rules are eventually challenged and set aside, implementation would result in cost to the economy which is not offset by any realized benefit.

If this evaluation is not being performed, why not? It strikes me that this determination is not just a remote possibility, so it should be accounted for. Do you feel it would be appropriate to begin doing so?

A.1. The Bureau analyzes the benefits, costs, and impacts of rules as required by statute. In its analyses thus far, the Bureau has not addressed the possibility that rules will be vacated by a court. This approach is consistent with the Bureau's understanding of the approach followed by other agencies.

Appendix A

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

FACT SHEET: SMALL BUSINESS REVIEW PANEL PROCESS

What is a Small Business Review Panel?

A Small Business Review Panel is a means by which the Consumer Financial Protection Bureau ("CFPB") can obtain input from small businesses that are likely to be directly affected by a regulation that the CFPB may issue. Under the law, when a rule under development may have a significant economic impact on a substantial number of small entities, representatives from the CFPB, the Chief Counsel for Advocacy of the Small Business Administration (SBA), and the Office of Management and Budget's Office of Information and Regulatory Affairs form a Review Panel. The Panel meets with a selected group of representatives from small businesses. During this outreach meeting, small businesses provide the Panel with important feedback on the potential economic impacts of complying with proposed regulations. They may also provide feedback on regulatory options under consideration and regulatory alternatives to minimize these impacts.

What is the Role of Small Businesses in the Review Panel Process?

Prior to a scheduled Panel outreach meeting, the CFPB distributes outreach materials and a list of the selected small businesses and their representatives to each meeting participant. The outreach materials typically contain:

- information on the background of the proposed rule under development;
- an overview of the proposed rule or regulatory options under consideration;
- other information that will enable small business representatives to provide meaningful comments on the likely economic impacts of the proposed rule and advice on potential alternatives; and
- a list of questions and issues on which the CFPB will seek small business input at the Panel outreach meeting.

During the Panel outreach meeting, the CFPB reviews the regulatory proposals and options or alternatives under consideration with the participating small business representatives. The Panel may ask the representatives to help identify other federal regulations that may overlap, duplicate, or conflict with the CFPB's proposed rule. The Panel then discusses and obtains input from small businesses on the anticipated compliance requirements and costs of the proposed rule. In addition, the Panel solicits advice regarding potential regulatory alternatives that would minimize any significant economic impacts of the proposed rule on small businesses while accomplishing the objectives of applicable statutes. The CFPB may also solicit feedback from small businesses on how the proposed rule may impact the cost of credit for small entities and ways to minimize any such impact. In addition to providing verbal comments on these

issues during the Panel's outreach meeting, small businesses that are selected to participate in a Panel outreach meeting will be provided an opportunity to submit written comments.

How Does the Review Panel Use the Input Provided by Small Businesses?

Within 60 days of convening, the Review Panel issues a report on the input received from small businesses during the panel process. The report also contains the Panel's findings on the potential economic impacts of a regulation on small businesses and any significant alternatives that accomplish the objectives of the rule while minimizing such impacts. Copies or summaries of any written comments provided by participating small business representatives may also be included with the Panel's report. Once the proposed rule is published, the Panel's final report will be placed in the public rulemaking record.

The CFPB discusses and considers the Panel's report and the comments and advice provided by small businesses as it prepares the proposed rule. Once the rule is proposed, any small businesses or organizations, including those that participated in the panel outreach meeting, may submit formal written comments during the public comment period.

How Are Small Businesses Selected to Meet with a Small Business Review Panel?

The CFPB, in consultation with the SBA, selects and appoints individuals to represent categories of small entities likely to be subject to the requirements of a rule under development.

A "small entity" may be a small business, a small organization, or a small government, as defined by the Regulatory Flexibility Act. The definition of "small business" varies by industry. Information and guidance on the definition and industry size standards that apply to small businesses is available through the SBA's website at http://www.sba.gov/size. Representatives of small organizations that are not-for-profit enterprises and are independently owned and operated and not dominant in their field are also eligible to meet with the Panel if their organizations will be subject to the proposed rule under development.

In selecting representatives, the CFPB first determines the types of small entities (e.g., small businesses, small organizations, and small government jurisdictions) that are likely to be directly subject to the requirements of a rule under development. The CFPB then develops a list of potential individuals to represent the interests of small entities at the Panel outreach meeting. Final representatives will be designated by the CFPB after consultation with the SBA.

CFPB staff contacts each potential representative to confirm small entity status and the representative's willingness and availability to participate in a Panel outreach meeting. During this initial contact, the CFPB provides potential representatives with general

information on the background and purpose of the Panel review process and information about logistical and scheduling matters. Small businesses may participate in the Panel outreach meeting in person or by teleconference, but generally travel and participate in the process at their own expense.

While the exact number of potential representatives selected will vary according to the nature of each rule, typically 15 to 20 small business representatives are selected to meet with the Panel.

Where Can Small Businesses Obtain More Information?

Additional information on matters relating the Small Business Panel Review process is available from the following sources:

- The Office of Advocacy of the U.S. Small Business Administration (SBA) http://www.sba.gov/advocacy
- The Office of Advocacy of the SBA: The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) http://www.sba.gov/advocacy/825
- SBA Size Standards for Small Businesses http://www.sba.gov/size

Appendix B

	Position Title	Division	Locality Adjusted Base Salary
1	Administrative Officer	OFF OF GENERAL COUNSEL	$92,039
2	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$69,913
3	Administrative Operations Assistant	OFF RESEARCH MARKETS & REGS	$59,400
4	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$59,400
5	Administrative Operations Assistant	CHIEF OPERATING OFFICER	$44,918
6	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$47,300
7	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$65,451
8	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,350
9	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,324
10	Administrative Operations Assistant	CHIEF OPERATING OFFICER	$65,450
11	Administrative Operations Assistant	OFF CONSUMER EDUCATION ENGAGE	$46,301
12	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$47,300
13	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$46,301
14	Administrative Operations Assistant	OFF CONSUMER EDUCATION ENGAGE	$65,342
15	Administrative Operations Assistant	CHIEF OPERATING OFFICER	$48,091
16	Administrative Operations Assistant	OFF RESEARCH MARKETS & REGS	$47,300
17	Administrative Operations Assistant	OFF OF EXTERNAL AFFAIRS	$54,200
18	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$54,495
19	Administrative Operations Assistant	OFF OF GENERAL COUNSEL	$46,301
20	Administrative Operations Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$90,012
21	Administrative Operations Assistant	OFF OF EXTERNAL AFFAIRS	$59,400
22	Administrative Specialist	OFF RESEARCH MARKETS & REGS	$42,036
23	Administrative Specialist	CHIEF OPERATING OFFICER	$71,244
24	Assistant Director, Community Affairs	OFF OF EXTERNAL AFFAIRS	$187,605
25	Assistant Director, Consumer Response	CHIEF OPERATING OFFICER	$216,249
26	Assistant Director, Credit Information Markets	OFF RESEARCH MARKETS & REGS	$203,779
27	Assistant Director, Enforcement	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$231,875
28	Assistant Director, Fair Lending	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$224,063
29	Assistant Director, Installment and Liquidity Lending	OFF RESEARCH MARKETS & REGS	$216,250
30	Assistant Director, Large Bank Supervision	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$225,640
31	Assistant Director, Legislative Affairs	OFF OF EXTERNAL AFFAIRS	$216,000
32	Assistant Director, Non-Bank Supervision	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$225,640

33	Assistant Director, Office of Financial Education	OFF CONSUMER EDUCATION ENGAGE	$197,500
34	Assistant Director, Office of Intergovernmental Affairs	OFF OF EXTERNAL AFFAIRS	$197,500
35	Assistant Director, Office of Older Americans	OFF CONSUMER EDUCATION ENGAGE	$200,000
36	Assistant Director, Procurement	CHIEF OPERATING OFFICER	$201,192
37	Assistant Director, Regulations	OFF RESEARCH MARKETS & REGS	$236,001
38	Assistant Director, Service Members	OFF CONSUMER EDUCATION ENGAGE	$187,605
39	Assistant Executive Secretary	OFFICE OF THE DIRECTOR	$71,244
40	Assistant Executive Secretary	OFFICE OF THE DIRECTOR	$67,851
41	Assistant Executive Secretary	OFFICE OF THE DIRECTOR	$65,850
42	Assistant Executive Secretary	OFFICE OF THE DIRECTOR	$42,036
43	Assistant General Counsel for Litigation	OFF OF GENERAL COUNSEL	$209,536
44	Assistant General Counsel for Policy	OFF OF GENERAL COUNSEL	$230,000
45	Assistant Regional Director	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$219,859
46	Associate Director, Chief Operating Officer	CHIEF OPERATING OFFICER	$243,075
47	Associate Director, Consumer Education and Engagement	OFF CONSUMER EDUCATION ENGAGE	$251,288
48	Associate Director, Research, Markets & Rules	OFF RESEARCH MARKETS & REGS	$225,640
49	Attorney-Adviser	OFF OF EXTERNAL AFFAIRS	$117,139
50	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
51	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,000
52	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
53	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
54	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$128,098
55	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$123,001
56	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$103,000
57	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
58	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$190,717
59	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$117,139
60	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
61	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
62	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
63	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
64	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
65	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
66	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$178,003

67	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$161,889
68	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
69	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
70	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
71	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
72	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
73	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$129,898
74	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
75	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$198,993
76	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$145,400
77	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$160,008
78	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
79	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$121,023
80	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$189,134
81	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$117,139
82	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$134,503
83	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$170,000
84	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$185,998
85	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
86	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
87	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
88	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$109,071
89	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
90	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
91	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$116,762
92	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$150,000
93	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
94	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
95	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
96	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
97	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,000
98	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$134,800
99	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
100	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$134,018

101	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$100,822
102	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
103	Attorney-Adviser (Enforcement Attorney)	OFF RESEARCH MARKETS & REGS	$147,013
104	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,000
105	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
106	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
107	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
108	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$182,999
109	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
110	Attorney-Adviser (Enforcement Attorney)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$165,139
111	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$117,139
112	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$173,003
113	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$173,003
114	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$89,781
115	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$198,993
116	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$173,003
117	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$190,000
118	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,000
119	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$157,275
120	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$173,003
121	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$124,201
122	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
123	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,063
124	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
125	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$173,003
126	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$134,503
127	Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$165,139
128	Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$134,503
129	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$157,275
130	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,000
131	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$195,000
132	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$94,563
133	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$198,993
134	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$118,155

135	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,000
136	Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$72,772
137	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$100,822
138	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
139	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$173,003
140	Attorney-Adviser (General)	CHIEF OPERATING OFFICER	$157,275
141	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,000
142	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$165,139
143	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$134,003
144	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$104,380
145	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$191,801
146	Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$145,400
147	Attorney-Adviser (General)	CHIEF OPERATING OFFICER	$165,139
148	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
149	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$165,138
150	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$145,400
151	Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$173,003
152	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$134,503
153	Attorney-Adviser (General)	OFFICE OF THE DIRECTOR	$85,959
154	Attorney-Adviser (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$165,139
155	Attorney-Adviser (General)	OFF OF GENERAL COUNSEL	$173,003
156	Attorney-Advisor	OFF CONSUMER EDUCATION ENGAGE	$110,759
157	Attorney-Advisor (General)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$94,500
158	Attorney-Advisor (General),	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$80,959
159	Budget Analyst	CHIEF OPERATING OFFICER	$145,400
160	Budget Analyst	CHIEF OPERATING OFFICER	$94,563
161	Budget Analyst (Performance)	CHIEF OPERATING OFFICER	$124,201
162	Business Unit Consulting Group Manager	CHIEF OPERATING OFFICER	$157,275
163	Chief Financial Officer	CHIEF OPERATING OFFICER	$216,250
164	Chief Human Capital Officer	CHIEF OPERATING OFFICER	$225,640
165	Chief Information Officer	CHIEF OPERATING OFFICER	$216,250
166	Chief Information Security Officer	CHIEF OPERATING OFFICER	$173,003
167	Chief of Staff	OFFICE OF THE DIRECTOR	$225,640
168	Chief of Staff	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$198,600

169	Chief Strategy Officer	OFFICE OF THE DIRECTOR	$187,605
170	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
171	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
172	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$166,600
173	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$61,000
174	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$156,001
175	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$102,900
176	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$146,001
177	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$182,200
178	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$178,500
179	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,500
180	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$102,900
181	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$113,599
182	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,500
183	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$156,001
184	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$136,772
185	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$72,772
186	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$101,427
187	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$113,600
188	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$152,849
189	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,884
190	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
191	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
192	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$128,098
193	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$158,889
194	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
195	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$134,800
196	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
197	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$98,000
198	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$89,781
199	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
200	Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$89,781
201	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$45,031
202	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,237

203	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,000
204	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$49,100
205	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$40,176
206	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$71,070
207	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,237
208	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$41,377
209	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$40,176
210	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$74,591
211	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$45,756
212	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$60,022
213	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$42,036
214	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$49,402
215	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$51,000
216	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,000
217	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$43,719
218	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,000
219	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$49,402
220	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$49,402
221	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$42,036
222	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$65,850
223	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,728
224	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,146
225	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$64,000
226	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$43,896
227	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$59,248
228	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$42,036
229	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,274
230	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$38,316
231	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$51,588
232	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$45,030
233	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$49,402
234	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,000
235	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,000
236	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$60,022

237	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,146
238	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,337
239	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$82,000
240	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$47,448
241	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$56,172
242	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$49,402
243	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$59,675
244	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$63,001
245	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,837
246	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$47,616
247	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$83,718
248	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$55,751
249	Consumer Financial Protection Compliance Associate	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$48,895
250	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$50,600
251	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$45,698
252	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$45,698
253	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$48,139
254	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$62,467
255	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$63,153
256	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$45,698
257	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$45,698
258	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$43,258
259	Consumer Response Intake Technician	CHIEF OPERATING OFFICER	$48,139
260	Consumer Response Manager	CHIEF OPERATING OFFICER	$145,400
261	Consumer Response Manager	CHIEF OPERATING OFFICER	$134,800
262	Consumer Response Manager	CHIEF OPERATING OFFICER	$145,400
263	Consumer Response Manager	CHIEF OPERATING OFFICER	$124,201
264	Consumer Response Manager	CHIEF OPERATING OFFICER	$145,400
265	Consumer Response Manager (Investigations)	CHIEF OPERATING OFFICER	$93,574
266	Consumer Response Policy and Procedure Analyst	CHIEF OPERATING OFFICER	$104,137
267	Consumer Response Policy and Procedure Analyst	CHIEF OPERATING OFFICER	$123,518
268	Consumer Response Policy and Procedure Analyst	CHIEF OPERATING OFFICER	$130,400
269	Consumer Response Policy and Procedure Analyst	CHIEF OPERATING OFFICER	$123,518
270	Consumer Response Policy and Procedure Analyst	CHIEF OPERATING OFFICER	$129,970

271	Consumer Response Policy and Procedure Analyst	CHIEF OPERATING OFFICER	$129,898
272	Consumer Response Policy and Procedure Analyst	CHIEF OPERATING OFFICER	$117,138
273	Consumer Response Product Analyst	CHIEF OPERATING OFFICER	$110,759
274	Consumer Response Product Analyst,	CHIEF OPERATING OFFICER	$80,959
275	Consumer Response Program Section Chief	CHIEF OPERATING OFFICER	$173,003
276	Consumer Response Quality Assurance Monitor (Contact Center)	CHIEF OPERATING OFFICER	$129,898
277	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,563
278	Consumer Response Specialist	OFF CONSUMER EDUCATION ENGAGE	$94,563
279	Consumer Response Specialist	CHIEF OPERATING OFFICER	$147,740
280	Consumer Response Specialist	CHIEF OPERATING OFFICER	$113,688
281	Consumer Response Specialist	CHIEF OPERATING OFFICER	$72,900
282	Consumer Response Specialist	CHIEF OPERATING OFFICER	$77,301
283	Consumer Response Specialist	CHIEF OPERATING OFFICER	$76,866
284	Consumer Response Specialist	CHIEF OPERATING OFFICER	$63,500
285	Consumer Response Specialist	CHIEF OPERATING OFFICER	$67,851
286	Consumer Response Specialist	CHIEF OPERATING OFFICER	$72,772
287	Consumer Response Specialist	CHIEF OPERATING OFFICER	$77,300
288	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,563
289	Consumer Response Specialist	CHIEF OPERATING OFFICER	$71,244
290	Consumer Response Specialist	CHIEF OPERATING OFFICER	$83,489
291	Consumer Response Specialist	CHIEF OPERATING OFFICER	$104,126
292	Consumer Response Specialist	CHIEF OPERATING OFFICER	$67,851
293	Consumer Response Specialist	CHIEF OPERATING OFFICER	$77,300
294	Consumer Response Specialist	CHIEF OPERATING OFFICER	$53,077
295	Consumer Response Specialist	CHIEF OPERATING OFFICER	$74,563
296	Consumer Response Specialist	CHIEF OPERATING OFFICER	$80,960
297	Consumer Response Specialist	CHIEF OPERATING OFFICER	$77,301
298	Consumer Response Specialist	CHIEF OPERATING OFFICER	$67,851
299	Consumer Response Specialist	CHIEF OPERATING OFFICER	$110,026
300	Consumer Response Specialist	CHIEF OPERATING OFFICER	$93,395
301	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,564
302	Consumer Response Specialist	CHIEF OPERATING OFFICER	$68,501
303	Consumer Response Specialist	CHIEF OPERATING OFFICER	$80,959
304	Consumer Response Specialist	CHIEF OPERATING OFFICER	$68,501

305	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,564
306	Consumer Response Specialist	CHIEF OPERATING OFFICER	$77,300
307	Consumer Response Specialist	CHIEF OPERATING OFFICER	$106,331
308	Consumer Response Specialist	CHIEF OPERATING OFFICER	$80,960
309	Consumer Response Specialist	CHIEF OPERATING OFFICER	$128,464
310	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,562
311	Consumer Response Specialist	CHIEF OPERATING OFFICER	$68,501
312	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,564
313	Consumer Response Specialist	CHIEF OPERATING OFFICER	$68,501
314	Consumer Response Specialist	CHIEF OPERATING OFFICER	$68,501
315	Consumer Response Specialist	OFF CONSUMER EDUCATION ENGAGE	$80,959
316	Consumer Response Specialist	CHIEF OPERATING OFFICER	$81,422
317	Consumer Response Specialist	CHIEF OPERATING OFFICER	$81,428
318	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,563
319	Consumer Response Specialist	CHIEF OPERATING OFFICER	$89,147
320	Consumer Response Specialist	CHIEF OPERATING OFFICER	$77,300
321	Consumer Response Specialist	CHIEF OPERATING OFFICER	$94,795
322	Consumer Response Specialist	CHIEF OPERATING OFFICER	$67,851
323	Consumer Response Specialist	CHIEF OPERATING OFFICER	$89,147
324	Consumer Response Specialist	CHIEF OPERATING OFFICER	$67,851
325	Consumer Response Specialist (Investigations)	CHIEF OPERATING OFFICER	$110,759
326	Consumer Response Specialist (Investigations)	CHIEF OPERATING OFFICER	$110,904
327	Consumer Response Specialist (Investigations)	CHIEF OPERATING OFFICER	$110,759
328	Consumer Response Strategic Planning & Product Development Manager	CHIEF OPERATING OFFICER	$134,000
329	Contract Program Analyst	CHIEF OPERATING OFFICER	$110,759
330	Contract Specialist	CHIEF OPERATING OFFICER	$103,000
331	Counsel	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$180,000
332	Counsel	OFF CONSUMER EDUCATION ENGAGE	$145,000
333	Counsel	OFF OF GENERAL COUNSEL	$160,000
334	Counsel	OFF CONSUMER EDUCATION ENGAGE	$129,898
335	Counsel	OFF OF GENERAL COUNSEL	$110,759
336	Counsel (Fair Lending)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$98,000
337	Counsel (Fair Lending)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
338	Counsel (Fair Lending)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$211,000

339	Counsel (Fair Lending)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
340	Counsel (Fair Lending)	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$147,013
341	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$145,399
342	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$124,201
343	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$134,800
344	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$124,201
345	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$133,333
346	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$134,503
347	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$122,284
348	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$145,399
349	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$138,668
350	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$157,696
351	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$138,042
352	Counsel (Regulations)	OFF RESEARCH MARKETS & REGS	$133,333
353	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$173,317
354	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$173,003
355	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$173,003
356	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$152,636
357	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$173,003
358	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$160,000
359	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$140,000
360	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$163,000
361	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$153,100
362	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$183,000
363	Counsel, Regulations	OFF RESEARCH MARKETS & REGS	$173,003
364	Credit Information Program Manager	OFF RESEARCH MARKETS & REGS	$165,000
365	Customer Consultant Liaison (CCL)	CHIEF OPERATING OFFICER	$118,155
366	Customer Consultant Liaison (CCL)	CHIEF OPERATING OFFICER	$140,000
367	Cyber Threat Analyst	CHIEF OPERATING OFFICER	$129,898
368	Cyber Threat Analyst	CHIEF OPERATING OFFICER	$115,000
369	Cyber Threat Analyst	CHIEF OPERATING OFFICER	$123,518
370	DC Strategic Planning Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
371	Debt Collections Program Manager	OFF RESEARCH MARKETS & REGS	$155,000
372	Deposit Markets Program Manager	OFF RESEARCH MARKETS & REGS	$165,000

373	DEPUTY ASSISTANT DIRECTOR - RESEARCH	OFF RESEARCH MARKETS & REGS	$197,500
374	Deputy Assistant Director, Card Markets	OFF RESEARCH MARKETS & REGS	$187,605
375	Deputy Assistant Director, Media Relations	OFF OF EXTERNAL AFFAIRS	$145,399
376	Deputy Assistant Director, Non-Bank Supervision	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$183,186
377	Deputy Assistant Director, Office of Consumer Engagement	OFF CONSUMER EDUCATION ENGAGE	$145,399
378	Deputy Assistant Director, Office of Fair Lending and Equal Opportunit	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$198,507
379	Deputy Assistant Director, Office of Financial Education	OFF CONSUMER EDUCATION ENGAGE	$206,184
380	Deputy Assistant Director, Regulations	OFF RESEARCH MARKETS & REGS	$187,605
381	Deputy Assistant Operating Officer	CHIEF OPERATING OFFICER	$203,779
382	Deputy Associate Director, Consumer Engagement and Education	OFF CONSUMER EDUCATION ENGAGE	$200,000
383	Deputy Associate Director, Research, Markets & Rules	OFF RESEARCH MARKETS & REGS	$214,709
384	Deputy Chief Administrative Officer	CHIEF OPERATING OFFICER	$134,000
385	Deputy Chief Financial Officer	CHIEF OPERATING OFFICER	$147,013
386	Deputy Chief Human Capital Officer	CHIEF OPERATING OFFICER	$216,250
387	Deputy Chief of Enforcement for Strategic Planning	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$216,250
388	Deputy Chief of Staff	OFFICE OF THE DIRECTOR	$100,822
389	Deputy Director	OFFICE OF THE DIRECTOR	$243,075
390	Deputy Director, Office of Servicemember Affairs	OFF CONSUMER EDUCATION ENGAGE	$173,003
391	Deputy General Counsel, Oversight, ALJ, Enforcement	OFF OF GENERAL COUNSEL	$197,000
392	Deputy General Counsel, Oversight, ALJ, Enforcement	OFF OF GENERAL COUNSEL	$201,192
393	Deputy General Counsel, Oversight, ALJ, Enforcement	OFF OF GENERAL COUNSEL	$221,000
394	Digital Product Development Lead	CHIEF OPERATING OFFICER	$145,400
395	DIRECTOR CONSUMER FINANCIAL PROTECTION	DIRECTOR	$179,700
396	Director, Computer Security Incident Response Team (CSIRT)	CHIEF OPERATING OFFICER	$173,003
397	Director, Office of Planning and Budget	CHIEF OPERATING OFFICER	$167,500
398	Director, Travel and Relocation	CHIEF OPERATING OFFICER	$145,000
399	Economist	OFF RESEARCH MARKETS & REGS	$123,250
400	Economist	OFF RESEARCH MARKETS & REGS	$156,001
401	Economist	OFF RESEARCH MARKETS & REGS	$137,168
402	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$116,762
403	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$100,958
404	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$123,500
405	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$104,562
406	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$60,045

407	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$96,283
408	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$94,564
409	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$80,855
410	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$116,928
411	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$62,969
412	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$66,332
413	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$60,045
414	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$90,651
415	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$104,562
416	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$83,884
417	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$81,257
418	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$47,345
419	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$77,478
420	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$91,707
421	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$72,772
422	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$94,863
423	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$88,123
424	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$54,418
425	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$64,849
426	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$94,563
427	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$102,074
428	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$115,330
429	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$145,400
430	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$98,058
431	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$63,000
432	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$128,983
433	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,155
434	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$80,959
435	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,000
436	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,403
437	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$169,805
438	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$161,518
439	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$146,456
440	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$100,045

441	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,000
442	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,992
443	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$81,055
444	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$88,762
445	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$70,247
446	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,316
447	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,501
448	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$94,563
449	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$86,195
450	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$96,694
451	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$128,098
452	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$86,195
453	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,155
454	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,155
455	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$88,762
456	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$88,123
457	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$93,239
458	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,221
459	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$60,602
460	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$104,126
461	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$83,864
462	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$129,732
463	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$104,924
464	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$66,480
465	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$72,487
466	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$109,308
467	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$67,851
468	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$83,419
469	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,155
470	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$105,858
471	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$99,243
472	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$42,036
473	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$107,699
474	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$77,478

475	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$64,849
476	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$95,289
477	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$76,858
478	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$78,174
479	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$140,000
480	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$124,201
481	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,992
482	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$98,000
483	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$158,268
484	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$155,717
485	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$40,176
486	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$112,500
487	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$66,401
488	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,611
489	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$104,562
490	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$166,600
491	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$155,500
492	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$139,067
493	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$127,521
494	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$90,552
495	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,001
496	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$108,717
497	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$79,860
498	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$61,846
499	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,000
500	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,993
501	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$86,196
502	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$60,045
503	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$83,684
504	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,001
505	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,001
506	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$81,837
507	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$94,948
508	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$95,728

509	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$176,709
510	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$149,048
511	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$111,988
512	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$55,200
513	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$55,867
514	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$112,588
515	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$139,434
516	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$100,045
517	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$162,904
518	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$156,001
519	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$151,835
520	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$107,699
521	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$62,969
522	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$130,363
523	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$150,001
524	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$84,709
525	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$90,340
526	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,237
527	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$149,957
528	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$63,000
529	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$88,762
530	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$79,523
531	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$100,958
532	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$61,846
533	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$112,587
534	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$110,759
535	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$102,076
536	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$51,743
537	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$75,212
538	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$62,969
539	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$107,116
540	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$193,773
541	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$59,500
542	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$95,288

543	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$62,467
544	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$132,533
545	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$130,363
546	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,155
547	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$49,402
548	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$109,368
549	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,201
550	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$60,045
551	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$104,562
552	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$130,363
553	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,155
554	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$176,709
555	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$150,770
556	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$113,209
557	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$95,288
558	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$107,699
559	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$142,195
560	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$81,257
561	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$43,719
562	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$64,849
563	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$78,201
564	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$73,794
565	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$109,912
566	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$195,001
567	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,728
568	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$151,857
569	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$115,000
570	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$86,195
571	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$72,772
572	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$148,176
573	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$86,195
574	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$50,236
575	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,500
576	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$97,035

577	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$128,673
578	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$58,274
579	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$85,121
580	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$43,719
581	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$80,960
582	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$72,772
583	Examiner	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$71,645
584	Executive Assistant	OFF CONSUMER EDUCATION ENGAGE	$70,000
585	Executive Assistant	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$86,150
586	Executive Secretary	OFFICE OF THE DIRECTOR	$165,139
587	Financial Analyst	OFF RESEARCH MARKETS & REGS	$123,518
588	Financial Analyst	OFF RESEARCH MARKETS & REGS	$64,134
589	Financial Analyst	OFF RESEARCH MARKETS & REGS	$53,500
590	Financial Analyst	OFF RESEARCH MARKETS & REGS	$100,822
591	Financial Analyst	OFF RESEARCH MARKETS & REGS	$123,518
592	Financial Analyst	OFFICE OF THE DIRECTOR	$127,000
593	Financial Analyst (Senior Advisor)	CHIEF OPERATING OFFICER	$165,139
594	Financial Education Program Analyst	OFF CONSUMER EDUCATION ENGAGE	$94,563
595	Financial Education Program Analyst	OFF CONSUMER EDUCATION ENGAGE	$129,898
596	Financial Manager	CHIEF OPERATING OFFICER	$173,003
597	Forensic Financial Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$128,518
598	General Counsel	OFF OF GENERAL COUNSEL	$251,288
599	Human Resources Specialist - Employee Engagement	CHIEF OPERATING OFFICER	$110,759
600	Human Resources Specialist (Classification/Recruitment and Placement)	CHIEF OPERATING OFFICER	$100,822
601	Human Resources Specialist (Classification/Recruitment and Placement)	CHIEF OPERATING OFFICER	$104,380
602	Human Resources Specialist (Classification/Recruitment and Placement)	CHIEF OPERATING OFFICER	$145,400
603	Human Resources Specialist (Classification/Recruitment and Placement)	CHIEF OPERATING OFFICER	$123,518
604	Human Resources Specialist (Classification/Recruitment and Placement)	CHIEF OPERATING OFFICER	$145,400
605	Human Resources Specialist (Classification/Recruitment and Placement)	CHIEF OPERATING OFFICER	$118,155
606	Human Resources Specialist (Customer Consultant)	CHIEF OPERATING OFFICER	$77,851
607	Human Resources Specialist (Employee and Labor Relations)	CHIEF OPERATING OFFICER	$175,790
608	Human Resources Specialist (Employee Development)	CHIEF OPERATING OFFICER	$104,379
609	Human Resources Specialist (Employee Development)	CHIEF OPERATING OFFICER	$118,155
610	Human Resources Specialist (Employee Engagement)	CHIEF OPERATING OFFICER	$94,563

611	Human Resources Specialist (OUTREACH)	CHIEF OPERATING OFFICER	$110,759
612	Human Resources Specialist (Policy)	CHIEF OPERATING OFFICER	$156,000
613	Human Resources Specialist Team Leader (Benefits)	CHIEF OPERATING OFFICER	$159,693
614	Human Resources Specialist, (Customer Consultant)	CHIEF OPERATING OFFICER	$42,036
615	Information Systems Security Manager	CHIEF OPERATING OFFICER	$123,518
616	Information Systems Security Manager	CHIEF OPERATING OFFICER	$98,000
617	IT Data Management Specialist	CHIEF OPERATING OFFICER	$148,995
618	IT Infrastructure End User Strategy Lead	CHIEF OPERATING OFFICER	$163,765
619	IT Infrastructure End User Strategy Specialist	CHIEF OPERATING OFFICER	$131,566
620	IT Specialist	CHIEF OPERATING OFFICER	$83,489
621	IT Specialist (CUSTSUP)	CHIEF OPERATING OFFICER	$91,838
622	IT Specialist (DATAMGMT)	CHIEF OPERATING OFFICER	$149,445
623	IT Specialist (DATAMGT)	CHIEF OPERATING OFFICER	$100,822
624	IT Specialist (INET)	CHIEF OPERATING OFFICER	$124,063
625	IT Specialist (internet)	CHIEF OPERATING OFFICER	$166,500
626	IT Specialist (PLCYPLN)	CHIEF OPERATING OFFICER	$129,970
627	IT Specialist (PLCYPLN)	CHIEF OPERATING OFFICER	$124,063
628	IT Specialist (PLCYPLN)	CHIEF OPERATING OFFICER	$118,155
629	IT Specialist (Policy & Plans)	CHIEF OPERATING OFFICER	$110,000
630	IT Specialist (Policy and Planning)	CHIEF OPERATING OFFICER	$118,155
631	IT Specialist (Senior Software Engineer)	CHIEF OPERATING OFFICER	$174,905
632	IT Specialist (Software Engineer)	CHIEF OPERATING OFFICER	$126,977
633	IT Specialist (Software Engineer)	CHIEF OPERATING OFFICER	$136,227
634	IT Specialist, GIS Developer	CHIEF OPERATING OFFICER	$98,747
635	Law Clerk	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$68,501
636	Lead Database Architect	CHIEF OPERATING OFFICER	$118,000
637	Lead Developer	CHIEF OPERATING OFFICER	$124,063
638	Legislative Advisor	OFF OF EXTERNAL AFFAIRS	$72,772
639	Management Analyst	CHIEF OPERATING OFFICER	$51,620
640	Management and Program Analyst (FOIA)	CHIEF OPERATING OFFICER	$83,489
641	Management and Program Analyst (FOIA)	CHIEF OPERATING OFFICER	$128,098
642	Management and Program Analyst (FOIA)	CHIEF OPERATING OFFICER	$96,000
643	Management and Program Analyst (Information Systems)	CHIEF OPERATING OFFICER	$157,470
644	Management and Program Analyst (Information Systems)	CHIEF OPERATING OFFICER	$145,400

645	Management and Program Analyst (Privacy Act)	CHIEF OPERATING OFFICER	$100,822
646	Management and Program Analyst (Privacy Act)	CHIEF OPERATING OFFICER	$128,098
647	Management and Program Analyst (Privacy Act)	CHIEF OPERATING OFFICER	$78,001
648	Management and Program Analyst -Workforce Planning	CHIEF OPERATING OFFICER	$110,759
649	Managing Attorney	OFF OF GENERAL COUNSEL	$210,000
650	Mortgage Markets Specialist	OFF RESEARCH MARKETS & REGS	$198,993
651	Multimedia Designer	CHIEF OPERATING OFFICER	$118,155
652	Older Americans Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$142,000
653	Older Americans Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$94,563
654	Older Americans Senior Program Analyst	OFF CONSUMER EDUCATION ENGAGE	$172,000
655	Operations & Strategy Section Chief	CHIEF OPERATING OFFICER	$165,000
656	Outreach and Engagement Associate	OFF OF EXTERNAL AFFAIRS	$49,401
657	Paralegal Specialist	OFF OF GENERAL COUNSEL	$89,146
658	Paralegal Specialist	OFF OF GENERAL COUNSEL	$51,620
659	Paralegal Specialist	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$51,620
660	Paralegal Specialist	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$51,620
661	Paralegal Specialist	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$53,350
662	Paralegal Specialist	OFF RESEARCH MARKETS & REGS	$94,563
663	Paralegal Specialist	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$56,375
664	Paralegal Specialist	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$56,375
665	Payday and Small Dollar Lending Analyst	OFF RESEARCH MARKETS & REGS	$145,400
666	Personnel Security	CHIEF OPERATING OFFICER	$33,601
667	Personnel Security Specialist	CHIEF OPERATING OFFICER	$145,400
668	Personnel Security Specialist	CHIEF OPERATING OFFICER	$110,759
669	Physical Security Specialist	CHIEF OPERATING OFFICER	$115,018
670	Policy Analyst	CHIEF OPERATING OFFICER	$124,063
671	Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$118,500
672	Policy Analyst	OFF RESEARCH MARKETS & REGS	$83,489
673	Policy Analyst	OFF RESEARCH MARKETS & REGS	$130,001
674	Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$166,559
675	Policy Analyst	OFF RESEARCH MARKETS & REGS	$98,000
676	Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$94,563
677	Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$94,563
678	Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$94,563

679	Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$124,201
680	Policy Analyst	OFF RESEARCH MARKETS & REGS	$134,503
681	Policy Analyst	OFF RESEARCH MARKETS & REGS	$85,000
682	Policy Analyst	OFFICE OF THE DIRECTOR	$53,500
683	Policy Analyst	OFF OF EXTERNAL AFFAIRS	$56,500
684	Policy Review Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$42,036
685	Press Assistant	OFF OF EXTERNAL AFFAIRS	$53,500
686	Principal Deputy General Counsel	OFF OF GENERAL COUNSEL	$224,600
687	Program Analyst	OFF CONSUMER EDUCATION ENGAGE	$49,402
688	Project Manager	CHIEF OPERATING OFFICER	$76,851
689	Project Manager	CHIEF OPERATING OFFICER	$72,772
690	Project Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$96,563
691	Public Affairs Specialist	OFF OF EXTERNAL AFFAIRS	$118,155
692	Public Affairs Specialist	OFF OF EXTERNAL AFFAIRS	$60,003
693	Public Affairs Speechwriter	OFF OF EXTERNAL AFFAIRS	$104,380
694	Public Affairs Spokesperson	OFF OF EXTERNAL AFFAIRS	$145,400
695	Public Affairs Spokesperson	OFF OF EXTERNAL AFFAIRS	$98,000
696	Realty Officer	CHIEF OPERATING OFFICER	$134,503
697	Regional Director, Supervision and Examinations	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$225,625
698	Regional Director, Supervision and Examinations	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$244,956
699	Regional Director, Supervision and Examinations	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$232,705
700	Research Analyst	OFF RESEARCH MARKETS & REGS	$110,759
701	Research Analyst	OFF RESEARCH MARKETS & REGS	$100,822
702	Research Analyst	OFF RESEARCH MARKETS & REGS	$100,822
703	Research Analyst	OFF RESEARCH MARKETS & REGS	$72,772
704	Research Assistant	OFF RESEARCH MARKETS & REGS	$54,000
705	Residential Mortgage Securitization & Servicing Program Manager	OFF RESEARCH MARKETS & REGS	$198,993
706	Review Analyst	OFF OF EXTERNAL AFFAIRS	$51,620
707	Section Chief- Inquiry/Complaint Processing	CHIEF OPERATING OFFICER	$169,999
708	Section Chief-Investigations	CHIEF OPERATING OFFICER	$173,003
709	Senior Advisor	OFFICE OF THE DIRECTOR	$166,599
710	Senior Advisor for Community Banks and Credit Unions	OFF OF EXTERNAL AFFAIRS	$160,008
711	Senior Congressional Liaison	OFFICE OF THE DIRECTOR	$173,003
712	Senior Contract Specialist	CHIEF OPERATING OFFICER	$128,098

713	Senior Contract Specialist	CHIEF OPERATING OFFICER	$141,000
714	Senior Contract Specialist	CHIEF OPERATING OFFICER	$156,000
715	Senior Counsel/Special Advisor	OFF RESEARCH MARKETS & REGS	$185,998
716	Senior Counsel/Special Advisor	OFF RESEARCH MARKETS & REGS	$200,541
717	Senior Counsel/Special Advisor	OFF RESEARCH MARKETS & REGS	$173,003
718	Senior Economist	OFF RESEARCH MARKETS & REGS	$185,997
719	Senior Economist	OFF RESEARCH MARKETS & REGS	$173,003
720	Senior Economist	OFF RESEARCH MARKETS & REGS	$198,993
721	Senior Enforcement Strategy Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$166,833
722	Senior Financial Analyst	OFF RESEARCH MARKETS & REGS	$181,215
723	Senior Financial Education Content Specialist	OFF CONSUMER EDUCATION ENGAGE	$145,400
724	Senior Financial Education Program Analyst	OFF CONSUMER EDUCATION ENGAGE	$134,800
725	Senior Financial Education Research Analyst	OFF CONSUMER EDUCATION ENGAGE	$145,000
726	Senior Network Engineer	CHIEF OPERATING OFFICER	$166,600
727	Senior Policy Analyst	OFF CONSUMER EDUCATION ENGAGE	$145,400
728	Senior Procurement Analyst	CHIEF OPERATING OFFICER	$141,000
729	Senior Records Manager	CHIEF OPERATING OFFICER	$131,000
730	Social Media Specialist	OFF CONSUMER EDUCATION ENGAGE	$118,155
731	Space Management Specialist	CHIEF OPERATING OFFICER	$90,130
732	Special Assistant	OFFICE OF THE DIRECTOR	$53,500
733	Special Assistant to the Chief Operating Officer	CHIEF OPERATING OFFICER	$100,822
734	Special Assistant to the General Counsel	OFF OF GENERAL COUNSEL	$94,563
735	Strategic Partnerships & Outreach Coordinator	OFF CONSUMER EDUCATION ENGAGE	$145,400
736	Student Loan and Installment Lending Analyst	OFF RESEARCH MARKETS & REGS	$165,000
737	Student Program Manager	OFF CONSUMER EDUCATION ENGAGE	$137,000
738	Supervisory Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$190,416
739	Supervisory Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$173,003
740	Supervisory Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$193,448
741	Supervisory Attorney-Adviser (General)	OFF RESEARCH MARKETS & REGS	$215,985
742	Supervisory Attorney-Advisor	OFF OF GENERAL COUNSEL	$173,003
743	Supervisory Auditor	CHIEF OPERATING OFFICER	$173,003
744	Supervisory Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$229,354
745	Supervisory Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,003
746	Supervisory Consumer Financial Protection Analyst	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$214,380

747	Supervisory Contract Specialist	CHIEF OPERATING OFFICER	$165,139
748	Supervisory Economist	OFF RESEARCH MARKETS & REGS	$185,998
749	Supervisory Examiner, Assistant Regional Director	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$176,099
750	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$145,400
751	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$118,704
752	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$166,600
753	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$145,102
754	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$153,203
755	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$128,673
756	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$185,394
757	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$109,912
758	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$161,519
759	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$151,648
760	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$220,276
761	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$185,041
762	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$179,095
763	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$137,000
764	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$132,533
765	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$151,857
766	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$179,481
767	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$149,097
768	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$158,268
769	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$127,500
770	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$129,696
771	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$173,543
772	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$181,344
773	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$132,533
774	Supervisory Examiner, Field Examination Manager	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$145,400
775	Supervisory Human Resources Specialist	CHIEF OPERATING OFFICER	$173,003
776	Supervisory Information Disclosure Specialist	CHIEF OPERATING OFFICER	$165,139
777	Supervisory Management and Program Analyst (Privacy Act)	CHIEF OPERATING OFFICER	$134,503
778	Supervisory Privacy Specialist	CHIEF OPERATING OFFICER	$165,139
779	Supervisory Records Officer	CHIEF OPERATING OFFICER	$165,139
780	Training Coordinator	SUPERVISION, FAIR LENDING AND ENFORCEMEN	$104,125

781	Travel and Relocation Coordinator	CHIEF OPERATING OFFICER	$85,000
782	Visual Designer	CHIEF OPERATING OFFICER	$118,155
783	Writer-Editor	OFF CONSUMER EDUCATION ENGAGE	$80,960

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

JANUARY 30, 2012

Semi-Annual Report of The Consumer Financial Protection Bureau

July 21 - December 31, 2011

cfpb Consumer Financial Protection Bureau

Message from Richard Cordray

DIRECTOR OF THE CFPB

On July 21, 2011, the Consumer Financial Protection Bureau began operations as the country's first federal agency focused on protecting American consumers. I am proud to state in this Inaugural Semiannual Report to Congress that the Bureau is well on its way to doing just that.

Consumer finance is an important part of American life. Financial products and services are used not only to help achieve the American Dream but to help us live our daily lives. Student loans, mortgages, and credit cards – these are all products that help us move forward and live more conveniently. But as we saw in the run-up to the 2008 financial crisis, these kinds of products can also get consumers and the larger economy into trouble. The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act created the Bureau to make sure that consumers are protected and businesses operate in a fair and competitive market. American consumers and the honest businesses that serve them deserve this transparent and honest environment.

Before the Dodd-Frank Act, responsibility for administering and enforcing federal consumer financial laws was scattered across seven different federal agencies. Now consumers can look to just one agency. We do not take this responsibility lightly. We are working hard to make costs and risks clear, to level the playing field in consumer financial products and services, and to enforce consumer financial laws.

In our first six months, under the leadership of Raj Date, the Special Advisor to the Secretary of the Treasury, we made great progress in building the agency. We began examining the country's largest banks. We started several Know Before You Owe campaigns to encourage transparency in key credit markets. And, among many other things, we started consumer education campaigns, began taking and resolving mortgage and credit card complaints from consumers, and launched offices dedicated to older Americans, students, and service members.

Throughout all of our hard work, we have been motivated by the needs of the American consumer. From our website's "Tell Your Story" feature to our toll-free phone number to our trips across the country to talk to consumers and industry, we are making every effort to be both accessible and transparent to the American public. We also take seriously the important role that Congress plays in overseeing our work. That is why we put so much effort into reports like this one. And that is why we have testified before Congress 12 times so far, with more to come. We understand that this open communication is critical for us to learn and do the best job we can.

We realize the road ahead is long. This year will be important for us as we expand our work on behalf of all Americans. We look forward to the challenge and we hope that our federal and state government colleagues, our friends in industry, and the public join to help us deliver on Congress's vision that we stand on the side of consumers to improve their daily lives.

Sincerely,

Richard Cordray

Director Cordray with Deputy Director Raj Date, who served as Special Advisor to the Secretary of the Treasury on the CFPB during the first six months of the Bureau's operation.

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Executive Summary

The Consumer Financial Protection Bureau ("CFPB" or "Bureau") is the nation's first federal agency focused solely on consumer financial protection. Previously, seven different federal agencies were responsible for consumer financial protection.[1] Rulemaking, supervision, and enforcement authorities were divided inefficiently across these agencies. Gaps in oversight resulted in practices that hurt consumers, responsible companies, and the economy as a whole.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") created the CFPB on the premise that a focused, accountable agency should be responsible for consumer financial protection. Congress vested the CFPB with authority under more than a dozen consumer protection laws to write rules, supervise financial services companies, and enforce the law.[2]

In fulfillment of its statutory responsibility and its commitment to accountability, the CFPB is pleased to present its inaugural Semi-Annual Report to the President and Congress. This report summarizes the CFPB's activities and accomplishments over the period from its launch on July 21 through December 31, 2011 and provides information required by the Dodd-Frank Act.[3]

The Dodd-Frank Act defines five objectives for the CFPB:

- to ensure that consumers have timely and understandable information to make responsible decisions about financial transactions;
- to protect consumers from unfair, deceptive, or abusive acts or practices, and from discrimination;
- to reduce outdated, unnecessary, or unduly burdensome regulations;
- to promote fair competition by consistent enforcement of the consumer protection laws in the Bureau's jurisdiction; and
- to encourage markets for consumer financial products and services that operate transparently and efficiently and to facilitate access and innovation.[4]

Since opening its doors, the CFPB has advanced toward these goals and has laid the foundation of a great institution.

[1] The agencies which previously administered statutes transferred to the Bureau are the Board of Governors of the Federal Reserve System ("Federal Reserve"), Department of Housing and Urban Development ("HUD"), Federal Deposit Insurance Corporation ("FDIC"), Federal Trade Commission ("FTC"), National Credit Union Administration ("NCUA"), Office of Comptroller of the Currency ("OCC"), and Office of Thrift Supervision ("OTS").

[2] These statutes include, among others, the Alternative Mortgage Transaction Parity Act of 1982 (12 U.S.C. 3801 et seq.); the Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.) ("ECOA"); certain portions of the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.); the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2801 et seq.) ("HMDA"); the Home Ownership and Equity Protection Act of 1994 (15 U.S.C. 1601); the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.); the Secure and Fair Enforcement for Mortgage Licensing Act (12 U.S.C. 5101 et seq.); and the Truth in Lending Act (15 U.S.C. 1601 et seq.).

[3] Future reports will cover six-month increments beginning January 1st and July 1st. Appendix A provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act.

[4] Dodd-Frank Act, Public Law 111-203, Section 1021(b).

DELIVERING FOR AMERICAN CONSUMERS

In its first six months, the CFPB has taken significant steps to make consumer financial markets work better for consumers and responsible companies by:

- resolving consumer complaints about credit cards and mortgages;
- launching a supervision program that will promote compliance with consumer protection laws in the Bureau's jurisdiction by financial companies of all kinds;
- evaluating and developing disclosures that make the costs and risks of financial products easier for consumers to understand;
- working to implement statutory protections for consumers who rely on consumer financial products, such as mortgages;
- launching the Bureau's website – ConsumerFinance.gov – and using it to engage the public in a range of projects;
- creating several ways in which individuals can alert the CFPB about potential violations of consumer protection laws in the Bureau's jurisdiction; and
- improving information about the structure of consumer financial markets and consumer behavior through practical market intelligence and independent research.

BUILDING A GREAT INSTITUTION

All of this has taken place while the CFPB has been in full start-up mode – literally building the Bureau team by team.

No standup work has been more important than hiring the CFPB's staff. The CFPB team now consists of more than 750 employees across the country, including more than 230 who transferred from federal banking regulators and other agencies. Examiners, economists, lawyers, and experts in finance, technology, and outreach have come to the Bureau from across the country. They bring substantial experience from regulatory and law enforcement agencies, financial services companies, and a range of nonprofit organizations. The expertise, diversity of perspective, and sheer energy of this team are the Bureau's most important asset.

Additionally, the Bureau has worked to build an infrastructure that will continue to promote transparency, accountability, and fairness. That includes:

- launching statutorily required offices for Community Affairs, Consumer Response, Fair Lending & Equal Opportunity, Financial Education, Older Americans, Minority and Women Inclusion, Research, and Servicemember Affairs;[5]
- recruiting highly qualified personnel and promoting diversity in the CFPB's workforce and among its contractors;

[5] Dodd-Frank Act, Public Law 111-203, Section 1013.

- working toward signing memoranda of understanding with federal banking regulators and other agencies to establish protocols for information sharing, coordination, and where appropriate the conduct of "simultaneous" supervisory activities;
- defining procedures to promote fair enforcement of the law, such as the Bureau's Notice and Opportunity to Respond and Advise ("NORA") Policy;
- designing an ethics program to promote public confidence in the integrity and impartiality of the Bureau's employees;
- establishing a financial management infrastructure with effective internal controls; and
- building a 21st Century information technology infrastructure to ensure that supervisory activity was not interrupted upon transfer, that consumers and industry have an easy-to-use and trusted system for handling consumer complaints, and that allows the Bureau to build innovative online products rapidly.

NEXT STEPS

On January 4, 2012, President Barack Obama appointed Richard Cordray as the CFPB's Director. Since then, the Bureau has launched its nonbank supervision program; issued regulations governing certain international money transfers; and announced the formation of the Repeat Offenders Against Military ("ROAM") Database to track scams that target the military community. The CFPB also held its first field hearing in Birmingham, Alabama to gather information on payday lending from consumers and officials from industry, advocacy groups, and government agencies.

This report marks the Bureau's beginning. Over the next six months, the pace of the Bureau's efforts to make consumer financial markets work better will intensify. Visit the CFPB's website (consumerfinance.gov) and check in on the CFPB's work over the coming months.

The Bureau's Structure

The CFPB's structure brings diverse professional perspectives to bear on the challenges of understanding the marketplace for consumer financial products and services. The Bureau's six primary divisions feature talented teams of examiners, economists, lawyers, and policy analysts who have experience working for consumers and industry in the public, private, and non-profit sectors. These divisions include:

CONSUMER EDUCATION AND ENGAGEMENT

Engaging consumers and enabling them to take control of their financial lives are top priorities for the CFPB. The Bureau aims to provide consumers with the information they need when they need it, so that they can achieve their own financial goals.

The Consumer Education and Engagement Division has six offices:

Financial Education provides consumers with information to help them make informed financial decisions, studies effective practices for improving the financial capability of consumers, and promotes innovative strategies in the field of financial education.

Consumer Engagement encourages the public to participate in the CFPB's work and develops programs to help consumers make informed financial decisions through the CFPB's website, social media, and other tools.

Older Americans helps improve financial literacy among Americans aged 62 years and over and helps protect them from financial fraud and exploitation through outreach, education, and targeted initiatives.

Servicemember Affairs educates servicemembers, veterans, retirees, and their families about financial products and services, assists Consumer Response in addressing complaints from servicemembers, coordinates state and federal efforts to protect military consumers, and informs the Bureau's staff about the unique experiences of military members and their families.

Students increases awareness about the impact of financial decisions associated with various educational programs and other financial products and identifies policy and marketplace issues with a special impact on students.

Financial Empowerment enhances access to and knowledge of financial products and services among lower-income consumers and promotes opportunities for asset creation among working families and new entrants to banking.

RESEARCH, MARKETS AND REGULATIONS

The Research, Markets and Regulations Division leads the Bureau's efforts to articulate an informed perspective about current issues in consumer financial markets. This division includes the following groups:

Research investigates an array of topics related to consumer financial markets and publishes findings to improve information available to market participants and to inform the Bureau's work. Research also evaluates benefits and costs of potential and existing regulations.

The **Markets** teams – Mortgages; Cards; Installment and Liquidity Lending Markets; and Deposits, Collections and Credit Information – provide practical market intelligence and monitoring to Bureau colleagues and to the public.

Regulations ensures that rules implementing the consumer protection laws under the Bureau's authority are issued and interpreted in an informed, fair, and efficient manner in accordance with the law.

SUPERVISION, ENFORCEMENT, AND FAIR LENDING & EQUAL OPPORTUNITY

The CFPB's Supervision, Enforcement, and Fair Lending & Equal Opportunity Division promotes compliance with consumer financial protection laws under the Bureau's authority.

Supervision monitors bank and nonbank providers of consumer financial products and services for compliance with the applicable consumer protection laws.

Enforcement investigates potential violations of laws in the Bureau's jurisdiction, pursues appropriate enforcement actions against those who violate these laws, and supports consumer protection enforcement nationwide.

Fair Lending & Equal Opportunity leads the Bureau's efforts to ensure fair, equitable, and nondiscriminatory access to credit for individuals and communities through supervisory oversight and enforcement of federal fair lending laws, outreach, education, and engagement.

CHIEF OPERATING OFFICER

This division sustains the CFPB's operational infrastructure to support the Bureau's growth and enable its success. This division includes a budget and finance team to oversee the Bureau's financial planning and management; a procurement team to oversee the Bureau's contracts with outside contractors and service providers; a Human Capital office that recruits, hires, and works to retain highly qualified personnel across the Bureau; a records office that manages the Bureau's compliance with the Freedom of Information Act, the Privacy Act, and other laws; and an operations team that manages the CFPB's physical plant. In addition, this Division includes three teams whose work directly touches the public:

Consumer Response addresses consumer complaints, provides consumers with information, and connects them with additional resources where appropriate. Consumer Response's about issues confronting consumers in the marketplace helps inform many aspects of the Bureau's work.

The Office of Minority and Women Inclusion ("OMWI") ensures that a commitment to inclusion informs the Bureau's work, that the Bureau promotes opportunities for underrepresented populations in its hiring and contracting, and that the Bureau fulfills its mandate to assess the diversity practices of the companies that it supervises.

Technology and Innovation ("T&I") develops online products that help inform consumers, track consumer complaints, and make critical data available to the public. T&I maintains a 21st-century data infrastructure in support of the Bureau's mission.

EXTERNAL AFFAIRS

The Bureau's External Affairs Division maintains robust and steady dialogue with stakeholders of all kinds. This ensures that the perspective of consumers, industry, advocacy groups, state and federal officials, and other stakeholders shape the Bureau's work, and in turn that these groups have the latest information about the CFPB and its work.

This division has five offices:

Small Business, Community Banks and Credit Unions conducts outreach to small businesses and smaller credit providers, especially community banks and credit unions.

Community Affairs keeps the Bureau connected to consumer advocacy, faith-based, fair lending, civil rights, and other nonprofit groups

Intergovernmental Affairs conducts outreach to municipal, state, and other government entities.

Legislative Affairs serves as a liaison to Members of Congress and congressional staff.

Media Relations serves as a liaison to local, regional, and national media.

The CFPB will also create a Consumer Advisory Board comprised of a range of external stakeholders. That board will consult with the Bureau about the exercise of its functions and provide information on emerging practices in consumer financial markets, including regional trends and concerns.

GENERAL COUNSEL

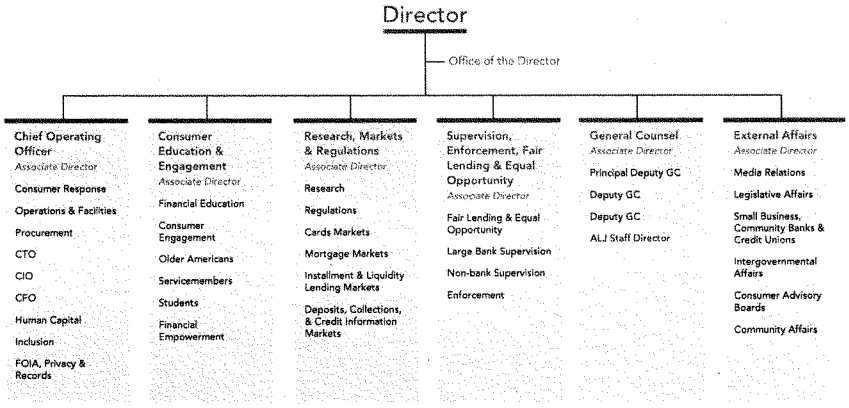
This office is responsible for the Bureau's interpretation of and compliance with all applicable laws, advises the Director and the Bureau's divisions, and defends the Bureau against legal actions by outside parties. This team also administers the Bureau's ethics program to promote public confidence in the integrity and impartiality of the Bureau's employees.

The CFPB's creation of offices for Community Affairs, Consumer Response, Fair Lending & Equal Opportunity, Financial Education, Older Americans, OMWI, Research, and Servicemember Affairs satisfied requirements of the Dodd-Frank Act.[6] The Dodd-Frank Act also required appointment of a Private Education Loan Ombudsman to monitor the resolution of private student lending complaints and an Ombudsman who will help resolve consumer and industry complaints about the Bureau's supervisory and enforcement processes.[7] Both of these Ombudsman have been appointed.

[6] Dodd-Frank Act, Public Law 111-203, Section 1013.

[7] *Ibid; Dodd-Frank Act, Public Law 111-203, Section 1035(a).*

ORGANIZATIONAL CHART



Delivering for American Consumers

The Dodd-Frank Act vested the CFPB with responsibility for implementing and promoting compliance with more than a dozen federal consumer protection laws. Since July 21, 2011, the Bureau has begun to improve the information available to consumers, respond to consumer complaints about credit cards and mortgages, supervise certain large banks and mortgage servicers, and engage consumers, industry, and other stakeholders in these efforts.

KNOW BEFORE YOU OWE

Over the past year, the CFPB has worked to make the costs and risks of financial products easier to understand. This is the heart of the Bureau's signature campaign – Know Before You Owe.

Consumers expect to be held responsible for their purchases and debts. But they deserve to be able to make a choice about what products and services to use based on a fair presentation of the costs, risks, and benefits of those offerings. This kind of transparency encourages personal responsibility and smart decision-making. The CFPB has published prototype forms for mortgages, student loans, and credit cards that are designed to make important information easier to find.

Know Before You Owe also shows that the Bureau is intent on engaging the public in its work in innovative ways. During each project, the CFPB invited the public – consumers, the financial services industry, and advocates – to comment on draft forms.

Finally, these projects demonstrate how the CFPB team approaches problem-solving. Each project resulted from a truly interdisciplinary effort that spanned the entire Bureau – from regulations attorneys and product experts to community affairs and technology specialists. This type of innovation results from the CFPB's investment in expertise drawn from diverse professional points of view.

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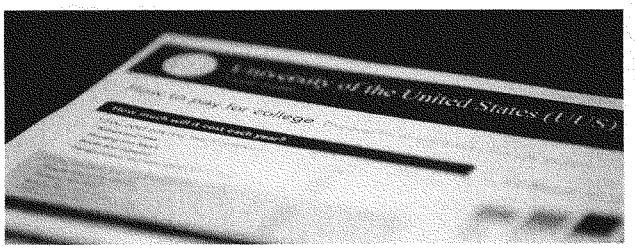
consumerfinance.gov received over 220,000 unique pageviews for *Know Before You Owe*



MORTGAGES

Buying a home is a process with many important decisions – not least of which is figuring out what kind of mortgage makes sense today and over time. This process is not always as easy as it could be. The federally-required forms that companies give after receiving a mortgage application contain a lot of information, but in too many instances homebuyers have trouble finding what they need to understand how much a particular mortgages costs and how its costs might change over time.

The Dodd-Frank Act amended federal statutes governing mortgage loans, including the Truth in Lending Act ("TILA") and the Real Estate Settlement Procedures Act ("RESPA"). Those amendments require that by July 21, 2012, the CFPB propose integrated disclosures and accompanying rules for mortgage loans that satisfy the requirements of both TILA and RESPA.[8]

[8] Dodd-Frank Act, Public Law 111-203, Sections 1032(f), 1098, 1100A.

The integrated disclosures are meant to provide information that will make the terms of mortgages more transparent to consumers and make it easier for industry to comply with various federal laws. Consumers will receive the first disclosure shortly after applying for a mortgage. While consumers now receive seven pages of information, the Bureau has developed a three-page prototype form that is designed to make it easier to understand the loan before consumers make a commitment.

The second disclosure focuses on the transaction's closing. It will confirm key terms – like the loan amount and interest rate – and provide a detailed record of the closing costs that the consumer will pay. The draft forms would reduce the page length of affected federal disclosures by up to 50 percent, making the closing process easier for both consumers and industry. Testing of the closing document is ongoing.

Over seven rounds of testing, the Bureau received through its website approximately 27,000 individual comments providing feedback on the prototype mortgage forms. Roughly half of these comments were provided by consumers and half by industry.

STUDENT LOANS

Financial aid offers from colleges and universities are a critical step in the education financing process for both federal and private student loans. But today offers that students receive often fail to make basic information clear – for example, how much of a particular aid offer is made up of loans that need to be paid back and how much comes from grants that do not.

The Higher Education Opportunity Act of 2008 required the Secretary of Education to develop a model financial aid offer format to help students and their parents make informed decisions about how to finance postsecondary educational expenses.[9] This shared mission to improve the shopping process made the CFPB and the Department of Education natural partners in a Know Before You Owe project on student loans.

[9] Public Law 110-315, Section 484.

In October, the agencies released a suggested financial aid "shopping sheet" that presents important financial aid information – such as estimated monthly payment levels after leaving school – in a standardized, easy-to-read format. The "shopping sheet" is intended to give students and their families a better chance to make an informed decision about financial aid.

CREDIT CARDS

Credit cards are among the most frequently used consumer financial products. And yet their most basic terms are often set forth in long and complicated agreements that few consumers read. To spark a conversation about improving credit card agreements, the CFPB released a prototype in December. That agreement is written in plain language, and it makes the prices, risks, and terms of a particular card more visible.

The Bureau is testing the prototype with the Pentagon Federal Credit Union, which has about 350,000 credit card customers. Once again, the CFPB invited the public to weigh in on the prototype on its website and has received more than 7,500 comments since December.

Responding to Consumers

Consumer Response – the team that receives complaints directly from consumers – began taking credit card complaints on July 21, 2011, and mortgage complaints on December 1, 2011.[10] The CFPB expects to handle consumer complaints with respect to all products and services within its authority by the end of 2012.

The CFPB's phased-in approach to taking complaints has allowed Consumer Response to improve its intake processes, enhance automated communication with companies, and ensure the system's ease-of-use and effectiveness for consumers. The CFPB aims to provide services that are trusted by consumers and companies alike.

Even as Consumer Response expands its capacity, consumers may still contact the CFPB about products beyond credit cards and mortgages. The Bureau answers those inquiries and refers consumers to an appropriate regulator or to additional resources where appropriate.

The Bureau also created a "Tell Your Story" feature on its website that gives consumers the opportunity to share their experiences – positive or negative – with consumer financial products and services. These submissions, like formal complaints, are reviewed by staff to help the Bureau understand current issues in the financial marketplace.

[10] This section presents an overview of CFPB's Consumer Response activities since beginning operations. The Bureau published a more detailed report on the first three months of Consumer Response's credit card complaint data. It is available on consumerfinance.gov.

Additionally, as required by the Dodd-Frank Act, Consumer Response will file a separate Congressional report on its operations on or before March 31, 2012. Dodd-Frank Act, Public Law 111-203, Section 1013(C).

HOW THE CFPB HANDLES COMPLAINTS

The CFPB collects complaints on its website and by telephone, mail, email, fax, and by referral from other agencies. The CFPB's U.S.-based contact centers handle calls with little to no wait times. Cutting-edge technology makes the process more efficient and user-friendly for consumers and companies. The CFPB's toll-free telephone number provides services to consumers in 191 languages, and the Bureau provides services for hearing- and speech-impaired consumers. For companies, the CFPB provides a secure email address for communicating directly with dedicated staff about technical issues.

Consumer Response screens all complaints submitted by consumers based on several criteria, including whether they involve matters within the Bureau's primary enforcement authority, are complete, or duplicate prior submissions by the same consumer. Screened complaints are sent via a secure web portal to the appropriate company.[11] The company reviews the information, communicates with the consumer as appropriate, and determines what action to take in response. The company reports back to the consumer and the CFPB how it has responded and the CFPB invites the consumer to review the response. The CFPB prioritizes review and investigation of complaints where the company fails to provide a timely response or where the consumer disputes the response.[12] Throughout this process, Consumer Response is supported by Bureau colleagues – like the Markets and Regulations teams, Servicemember Affairs, and Fair Lending – who lend subject matter expertise and help monitor complaints involving certain groups.

[11] If a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or one currently being handled by the Bureau, Consumer Response refers them to the appropriate regulator.

[12] Companies are required to provide the CFPB with a timely response consistent with the requirement s of the Dodd-Frank Act. The CFPB initially requested that companies respond within 10 calendar days, but increased the requested response time to 15 calendar days with the addition of mortgages on December 1, 2011. See Dodd-Frank Act, Public Law 111-203, Section 1034(b).

Throughout this process, a consumer can log onto the CFPB's secure "consumer portal" available on the Bureau's website or call the toll-free number to receive status updates, provide additional information, and review responses provided to the consumer by the company.

RESULTS

How Complaints Reach the CFPB

Between July 21 and December 31, 2011, the CFPB received 13,210 consumer complaints, including 9,307 credit card complaints and 2,326 mortgage complaints.[13]

Since the Bureau began accepting complaints, 44.0 percent of all complaints have been submitted through the Bureau's website and 14.7 percent via telephone calls. Referrals from other regulators accounted for 34.9 percent of all complaints received. The rest were submitted by mail, email, and fax.

The tables presented below show complaints by type, actions taken, company response, and consumer review of company responses.[14]

[13] Consumer complaints are submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer's personal experience with a financial product or service. This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips.

[14] Percentages in tables may not sum to 100 percent due to rounding.

Table 1: Most Common Credit Card Complaints Reported by Consumers

	#	%
Billing disputes	1,278	13.7%
Identity theft / Fraud / Embezzlement	1,014	10.9%
APR or interest rate	950	10.2%
Other	854	9.2%
Closing / Cancelling account	478	5.1%
Credit reporting	437	4.7%
Credit card payment / Debt protection	383	4.1%
Collection practices	378	4.1%
Late Fee	364	3.9%
Other Fee	334	3.6%
CREDIT CARD COMPLAINTS IN TOP 10 TYPES	6,470	69.5%

Consumers' Credit Card Complaints

Table 1 shows the most common types of credit card complaints that the CFPB has received as reported by consumers. Over 69 percent of all complaints submitted through December 31, 2011, fell into these 10 categories.

The Bureau's early experience suggests that consumers are interpreting what these categories mean differently – for example, one consumer might choose billing dispute to categorize a problem that another would categorize as an interest rate issue. To improve the reliability of these data, the Bureau may revise the options over time to promote consistent categorization of complaints.

Table 2: Types of Mortgage Complaints Reported by Consumers

	#	%
Applying for the loan (Application, originator, mortgage broker)	235	10.1%
Receiving a credit offer (Credit decision/Underwriting)	65	2.8%
Signing the agreement (Settlement process and costs)	96	4.1%
Making payments (Loan servicing, payments, escrow accounts)	501	21.5%
Problems when you are unable to pay (Loan modification, collection, foreclosure)	889	38.2%
Other	540	23.2%
TOTAL COMPLAINTS	2,326	100.0%

Consumers' Mortgage Complaints

Table 2 shows the types of mortgage complaints that the Bureau has received, as reported by consumers.

How Companies Respond to Consumer Complaints

Approximately 9,885 or 75 percent of all complaints received between July 21 and December 31, 2011, have been sent to companies for review and response.[15] Table 3 shows how companies responded to these complaints.

Responses include a description of any steps taken or that will be taken in response to the complaint, communications received from the consumer in response to any steps taken, and any follow up actions or planned follow up actions in further response to the complaint as well as a categorization of the response. Beginning December 1, 2011, response category options included "Closed with relief," "Closed without relief," "In progress," and other administrative options. Relief is defined as objective, measurable, and verifiable monetary value to the consumer as a direct result of the steps taken or will be taken in response to the complaint. Where a company responds "Closed with relief," additional space is provided to describe that relief and to assign an estimated dollar amount.[16]

Companies have responded to 88.1 percent of the complaints sent to them. Companies report closing over 55 percent of complaints with relief and approximately 31 percent without relief.

[15] The remaining complaints have been referred to other regulatory agencies (10.9 percent), found to be incomplete (5.4 percent), or are pending with the consumer or the CFPB (4.7 percent and 4.2 percent, respectively).

[16] The CFPB initially asked companies to categorize their response as "Full resolution provided," "Partial resolution provided," "No resolution provided," or another administrative option. While companies' responses under the initial categorizations were maintained, for operational and reporting purposes responses categorized as "Full resolution provided," or "Partial resolution provided" are considered a subset of "Closed with relief" and responses categorized as "No resolution provided" are considered a subset of "Closed without relief."

Table 3: How Companies Have Responded to Consumer Complaints

	All		Credit Card		Mortgage	
	#	%	#	%	#	%
Company reported closed with relief	5,476	55.4%	4,785	64.1%	306	18.6%
Company reported closed without relief	3,028	30.6%	2,069	27.7%	768	46.7%
Company provided administrative response	203	2.1%	112	1.5%	71	4.3%
Company reviewing	1,178	11.9%	497	6.7%	498	30.3%
TOTAL COMPLAINTS SENT TO COMPANY	9,885	100.0%	7,463	100.0%	1,643	100.0%

Consumer Review

Once the company responds, the CFPB provides this response to the consumer for review. Where the company responds "Closed with relief" or "Closed without relief," consumers are given the option to dispute the response.[17] Complaints with disputed company responses are among those prioritized for investigation. Table 4 shows how consumers responded to the 7,349 complaints where they were given the option to dispute that companies report as closed or where full or partial resolution was reported. Consumers are asked to notify the CFPB within 30 days if they want to dispute a company's response. Nearly 40 percent of such consumers did not dispute the responses provided. Approximately 13 percent of consumers have disputed the responses provided. The rest are pending with the consumer.

[17] Initially consumers were given the option to dispute responses from companies that indicated a resolution had been provided. Consumers were not offered an option to dispute responses indicating that no resolution had been provided. With the shift to closure categories, consumers are given the option to dispute both responses with and without relief.

Table 4: Consumer Review of Company Responses

	All		Credit Card		Mortgage	
	#	%	#	%	#	%
Pending consumer review of company's reported resolution	3,488	47.5%	2,400	41.3%	809	77.4%
Consumer did not dispute company's reported resolution	2,910	39.6%	2,681	46.1%	76	7.3%
Consumer disputed company's reported resolution	951	12.9%	734	12.6%	160	15.3%
TOTAL COMPLAINTS SENT TO COMPANY	7,349	100.0%	5,815	100.0%	1,045	100.0%

"I want to thank you for your help on my issue, you helped me resolve it and in fact the resolution is pretty much everything [I] had hoped for..."

Warren from Maryland

Leveling the Playing Field

The CFPB's work is based on the principle that companies offering a particular consumer finance product or service should be supervised in the same way and that consumers should receive the protections afforded them by federal law regardless of where they obtain the product or service.

RULEMAKING

Since the Bureau's launch, its rulemaking activities have focused on two main areas: implementing protections required by the Dodd-Frank Act and streamlining inherited regulations.[18]

[18] Additional information regarding individual rulemaking projects is available in the CFPB's semi-annual regulatory agenda, which is posted on the website of the Office of Information and Regulatory Affairs. http://www.reginfo.gov/public/jsp/eAgenda/StaticContent/201110/Statement_3170.html

IMPLEMENTING STATUTORY PROTECTIONS

The Dodd-Frank Act requires the CFPB to develop regulations to address deep flaws in the mortgage market that the financial crisis revealed. The CFPB is in the process of finalizing certain proposed rules issued by the Federal Reserve. These rules include, among other things, regulations defining lenders' obligations to assess borrowers' ability to repay mortgage loans, including certain protections from liability for "qualified mortgages."

Patrice Ficklin, Asst. Director for Fair Lending & Equal Opportunity, and Stephen Stetson from Alabama Arise particpate in a roundtable on payday lending in Birmingham, Alabama
January 19, 2012

The CFPB is also developing proposed regulations to implement other provisions of the Dodd-Frank Act focused on the mortgage market. These regulations will address a variety of origination and servicing practices, including disclosure requirements, loan originator compensation and anti-steering rules, data reporting requirements, restrictions on high-cost loans, and other servicing practices. In addition, the Bureau is participating in interagency processes to consider mortgage servicing standards and to propose various regulations concerning appraisals.

Many of these requirements have statutory deadlines and will become self-executing in January 2013 unless the Bureau issues implementing regulations. Accordingly, the Regulations office has made these rulemakings a priority, so that the CFPB will deliver the consumer protections that Congress intended and provide clarity and certainty to the market regarding their nature and scope.

On July 2011, the CFPB published an interim final rule to implement amendments to the Alternative Mortgage Transaction Parity Act ("AMTPA").[19] This interim final rule clarifies the circumstances under which companies may make alternative mortgage transactions pursuant to AMTPA in states that would otherwise prohibit such transactions. The CFPB expects to publish final regulations to implement the Dodd-Frank Act's amendments to AMTPA based on comments from the public.

[19] 76 Fed. Reg. 44226; see also Dodd-Frank Act, Public Law 111-203, Section 1083.

In January 2012, the Bureau issued regulations governing certain international money transfers (remittances) pursuant to the Electronic Fund Transfer Act.

STREAMLINING INHERITED REGULATIONS

As one of its statutory objectives, the CFPB must "reduce unwarranted regulatory burden" by identifying and addressing "outdated, unnecessary, or unduly burdensome regulations."[20] The Bureau has undertaken the following projects to serve these goals:

[20] Dodd-Frank Act, Public Law 111-203, Section 1021(b).

Restatement of Inherited Regulations

The Dodd-Frank Act transferred to the CFPB rulemaking authority under more than a dozen consumer protection laws previously held by other agencies. The CFPB republished the regulations it inherited – a necessary step when one agency takes over rulemaking authority from another. On July 21, 2011, the CFPB published a list of implementing regulations previously issued by other agencies that the CFPB will enforce,[21] and in December 2011, republished these regulations as CFPB rules with certain technical and conforming changes.[22]

[21] 76 Fed. Reg. 43569. See also Dodd-Frank Act, Public Law 111-203, Section 1063(i).

[22] The regulations implement certain portions of the Fair Credit Reporting Act; certain portions of the Gramm-Leach-Bliley Act, the Secure and Fair Enforcement for Mortgage Licensing Act, ECOA, the Fair Debt Collection Practices Act, the Truth in Savings Act, the Interstate Land Sales and Full Disclosure Act, the Consumer Leasing Act, certain portions of the Electronic Fund Transfer Act, section 43(c) of the Federal Deposit Insurance Act, HMDA, RESPA, TILA, and section 626 of the Omnibus Appropriations Act of 2009. The restated regulations have consolidated multiple versions of the regulations under those statutes where rulemaking authority was previously split across multiple agencies.

Targeted Review of Inherited Regulations

In December 2011, the CFPB sought input from the public on how to streamline existing regulations implementing federal consumer financial laws.[23] The Bureau requested recommendations and data to help identify and prioritize opportunities to simplify, update, or eliminate regulatory requirements. The public can comment on these issues through early March. The Bureau will consider comments received from the public and assess opportunities to streamline existing regulations.

[23] 76 Fed. Reg. 75825.

SUPERVISION

The CFPB's Supervision program aims to monitor how companies' current business practices comply with consumer protection laws under the Bureau's jurisdiction, to detect emerging risks in the consumer financial marketplace, and to articulate consistent expectations about compliance.

SCOPE

The CFPB's supervision program has two parts that operate under common procedures and share staff. The large bank supervision program began operations in July and focuses on compliance at banks, thrifts, and credit unions with assets over $10 billion, their affiliates, and certain service providers.

The CFPB is also the first federal agency required to implement a supervision program over nonbank providers of consumer financial products and services – certain financial services companies without a bank, thrift, or credit union charter. There are thousands of such nonbanks – mortgage lenders and brokers, credit bureaus, payday lenders, and more – and they affect millions of Americans each year. The CFPB launched its nonbank supervision program in January 2012.

Over the past year, the CFPB has invested in building its supervision program and launched examinations of certain large banks and mortgage servicers.

INITIAL SUPERVISION ACTIVITIES

Since July 21, 2011, the CFPB's large bank supervision program has focused on understanding the products and services offered by institutions in its jurisdiction, including how each ensures compliance with consumer protection laws and regulations. It has also begun several examinations in conjunction with activity previously scheduled by the institutions' prudential regulators. The CFPB's Supervision staff has worked closely with other federal and state banking and other regulatory agencies with institutions in the Bureau's jurisdiction to learn from their experience and to coordinate examination activities. As part of these activities, the CFPB has begun assessing the policies and practices of certain mortgage servicing companies, including their default servicing practices like loan modification and foreclosure.

SUPERVISION AND EXAMINATION MANUAL

On October 13, 2011, the Bureau issued the first version of its *Supervision and Examination Manual*.[24] This manual instructs CFPB's examiners on how to determine if providers of consumer financial products and services are complying with federal consumer financial laws; how to assess whether companies appropriately monitor their own compliance; and how to identify risks to consumers in these markets. Examination manual and supervision processes will be revised over time based on experiences in the field and comments from industry and other stakeholders.

[24] The *Supervision and Examination Manual* is available on consumerfinance.gov

ADDITIONAL EXAMINATION PROCEDURES

In October 2011, the CFPB released its *Mortgage Servicing Examination Procedures*,[25] a module of the *Supervision and Examination Manual*. The Mortgage Servicing Examination Procedures describes the Bureau's approach to identifying key risks to consumers in servicing operations, such as improper foreclosure practices and inaccurate payment processing, the types of information that the Bureau's examiners will gather to evaluate

[25] The *Mortgage Servicing Examination Procedures* are available on consumerfinance.gov

mortgage servicers' policies and procedures, and how examiners will assess whether servicers are in compliance with applicable laws.

In January 2012, the CFPB issued two additional modules to its supervision manual regarding Mortgage Origination and Short-Term, Small-Dollar Lending Examination Procedures.[26]

[26] The updates on Mortgage Origination and Short-Term, Small-Dollar Lending Procedures are available on consumerfinance.gov.

RECRUITING & TRAINING

The CFPB has assembled a diverse and highly-qualified group of examiners. The Bureau's field staff includes examiners from the prudential regulators, state banking agencies, and industry. The Bureau's examiners are being trained to supervise banks and nonbanks. Training examiners to work in both sectors will help to ensure consistent oversight across both sectors and increase the CFPB's flexibility in allocating resources across the country. Examiners report to regional management in offices in New York, Chicago, San Francisco, and Washington, D.C.

ENFORCEMENT

The CFPB aims to consistently enforce the consumer protection laws in the Bureau's jurisdiction and to support consumer protection efforts nationwide by investigating potential violations independently and in conjunction with other state and federal law enforcement agencies.

CONDUCTING INVESTIGATIONS

Since the CFPB's launch, Enforcement has been conducting investigations identified by CFPB staff or transferred by the prudential regulators and HUD. Further detail regarding these and other ongoing investigations will not generally be made public by the Bureau until such time that a public enforcement action is filed.

JOINT TASK FORCE ON FORECLOSURE SCAMS

In December 2011, the CFPB, the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), and the U.S. Department of the Treasury ("Treasury") announced the creation of a joint task force to combat scams targeted at homeowners seeking to apply for the Home Affordable Modification Program ("HAMP"), a foreclosure prevention program administered by Treasury. This joint task force aims to protect taxpayers by investigating and shutting down these scams and by providing education programs to vulnerable homeowners.

WHISTLEBLOWER HOTLINE

In December 2011, the CFPB announced several ways in which individuals can alert the Bureau about potential violations of federal consumer financial laws. Current or former employees, contractors and vendors, and competitor companies may submit information

or tips. People who submit tips may request confidentiality or even remain anonymous to the extent permitted by law.

FAIR LENDING

The CFPB's Fair Lending and Equal Opportunity office leads the Bureau's efforts to ensure fair, equitable and nondiscriminatory access to credit for individuals and communities. Fair Lending can use many tools to work toward this goal – from supervision and enforcement to research and outreach.[27] Specifically, the Bureau is working to fulfill its fair lending mission in the following ways:

[27] This section provides an overview of the Bureau's fair lending activities. Additional information on topics addressed here will be provided in subsequent reports.

SUPERVISION

Fair Lending is providing guidance and support to the Bureau's supervision staff as they begin to assess fair lending compliance by companies in the Bureau's jurisdiction. Fair Lending staff is coordinating with the prudential regulators regarding their fair lending analyses and prior examinations of supervised institutions.

ENFORCEMENT

The Bureau's Fair Lending and Enforcement offices have begun investigating fair lending matters, including those transferred from the prudential regulators. In addition, the offices are engaging in early-stage research to identify new investigations. Further detail regarding these and other ongoing investigations will not be made public by the Bureau until such time that a public enforcement action is filed.

RULEMAKING

In conjunction with CFPB's Rulemaking office, Fair Lending has begun planning for several rulemakings mandated by the Dodd-Frank Act, including those regarding collection and reporting of small, minority- and women-owned business loan data under ECOA and reporting of additional data fields for all companies required to report under HMDA.

OUTREACH

To educate consumers and companies about fair lending compliance, Fair Lending staff has met with industry trade organizations, individual consumers, and financial institutions of all sizes, as well as national and grassroots consumer and civil rights groups.

CONSUMER RESPONSE

Fair Lending provides legal and analytical support to Consumer Response to ensure effective investigation of discrimination complaints.

Educating and Engaging Consumers

Listening to and learning from consumers is central to all that the CFPB does. This work – done by all staff, but lead by the Bureau's Consumer Education and Engagement Division and Community Affairs office – connects the Bureau to the real experiences of consumers across the country. Conversations with consumers – wherever they occur – also provide the CFPB an opportunity to provide them with the information and tools that they need, so that they can achieve their own financial goals.

EDUCATION & ENGAGEMENT

The Bureau is reaching out to consumers all over the country – through CFPB events, conferences, social media, and more.

Over 50 cities visited by senior staff since July 21

Since July 2011, the CFPB has engaged in over 250 meetings, roundtables, and other events with a wide range of nonprofit groups that work directly with consumers. CFPB's senior staff has visited more than 50 cities since July 21, 2011, including some of the communities that have been hardest-hit by the financial crisis. CFPB staff has also held town halls in Philadelphia, Pa.; St Paul, Minn., and Cleveland, Ohio in conjunction with significant policy announcements or speeches.

In December 2011, Servicemember Affairs hosted a Financial Fitness Forum in Washington, D.C. to raise awareness regarding consumer financial practices and services tailored to military personnel and their families. To prepare, the Bureau published a Notice and Request for Information on these issues.[28]

[28] 76 Fed. Reg. 54998

Since launching the CFPB's website in February 2011, Consumer Engagement has used the blog to engage the public in the Bureau's daily work – for example, by inviting the public to comment on prototype disclosures as part of the Know Before You Owe campaign and webcasting some of the CFPB's major events. Additionally, the Bureau has posted information designed to address topics of widespread concern – such as what to do when falling behind on a mortgage – and the specific needs of military families, older Americans, and students.

In October 2011, the Bureau launched an online Student Debt Repayment Assistant tool for the Bureau's website. The tool helps students understand their loan repayment options. There have been more than 30,000 unique pageviews of tool since its launch.

Older Americans is conducting a series of outreach meetings around the country with its core constituency, key public officials, financial institutions, industry, advocates, and other stakeholders. This included roundtables with consumer groups, service providers, and law enforcement in Maine, Massachusetts, Minnesota, New York, Florida, and California.

Servicemember Affairs staff visited 15 military bases in the past year. Those visits include listening to servicemembers and their leaders about the financial challenges that they face, observing financial education training, and providing educational materials.

Servicemember Affairs raised awareness about the acute financial impact that servicemembers face when they receive Permanent Change of Station ("PCS") orders and are required to move. Given the difficult conditions in the housing market, PCS orders may force military families to sell homes at a significant loss. Treasury responded by making it easier for families in this situation to qualify for loan modifications. Fannie Mae and Freddie Mac have also recognized PCS moves as a qualified hardship for purposes of consideration of a loan modification.

The CFPB's Private Education Loan Ombudsman will work with institutions of higher education, lenders, and other participants in the private education loan programs to address challenges in the student lending marketplace. The Ombudsman will coordinate with the Department of Education to help resolve complaints from borrowers of private education loans and will submit a report to Congress later this year.

In January 2012, the CFPB held a field hearing in Birmingham, Alabama to gather information on the payday lending market. Consumers, as well as officials from payday lenders, advocacy groups, and government agencies, shared their insight into how payday loans work for consumers.

In 2012, the CFPB will set up a Consumer Advisory Board to provide a formal mechanism for consulting with a range of external stakeholders about the Bureau's work and emerging practices in consumer financial markets, including regional trends and concerns.

Evidence-Based Analysis

Understanding how consumer financial markets work, the avenues for innovation in financial products and services, and the potential for risk to consumers is a core component of the CFPB's mission. The Bureau's aim is to ground all of its work – from writing rules and litigating enforcement actions to its outreach and financial literacy efforts – in the realities of the marketplace and the complexities of consumer behavior.

To do this, the Bureau has invested in its capacity to understand market dynamics, to assess risks to consumers, and to study the structure and efficiency of consumer financial markets and the nature of consumer behavior in these markets.

To build a foundation for rigorous analysis, the Bureau is acquiring detailed data in a number of areas, including mortgages, credit cards, and credit bureau reports. In every case, the Bureau will strictly respect privacy laws and considerations.

The CFPB's efforts to improve the information available to policymakers and market participants have already begun.

In July, the Bureau published two required reports:[29]

- **Remittances**

  The CFPB studied how exchange rates used in remittance transfers are disclosed to consumers and the potential for using remittance histories to enhance the credit scores of consumers. The CFPB also obtained additional data to evaluate the predictive value of using remittance history in credit scoring and will produce a second report on this subject.

- **Credit Scores**

  The Bureau examined the differences between credit scores sold to consumers and scores used by lenders to make credit decisions.

Additionally, the CFPB's Research and Markets teams are collaborating with their colleagues from the Students and Older Americans offices to prepare required reports on private student lending and reverse mortgages, and provide recommendations on best practices concerning financial advisors who work with older Americans.[30]

As part of Financial Education's efforts to understand effective financial education practices, the CFPB began a pilot program that will evaluate certain programs in the field and publish the results to help inform and advance the field of financial literacy.

[29] Dodd-Frank Act, Public Law 111-203, Sections 1073(e) and 1078(a), respectively. Both reports are available on consumerfinance.gov

[30] Dodd-Frank Act, Public Law 111-203, Sections 1077, 1076(a), 1013(g)(3)(C).

The CFPB has also hosted three research-oriented conferences designed to promote discussion of regulatory issues related to consumer finance among academics, consumer advocates, industry representatives, and public officials.

- In December 2010, the CFPB hosted a symposium to inform its work on the integrated TILA-RESPA disclosures for mortgages. The event addressed effective practices for communicating information about mortgages and research on how disclosures affect consumer behavior.

- In February 2011, the Bureau held a conference to assess the impact of the Credit Card Accountability Responsibility and Disclosure Act (the "CARD Act") and released related data from issuers and consumers.

- In October 2011, CFPB hosted a symposium focused on new research on sustainable mortgages and access to credit. Panelists discussed the relationship between lending standards and default risks, policy options to affect access to credit, and approaches to improving data on mortgage lending.

Building a Great Institution

The CFPB has grown from a handful of early arrivals in the summer of 2010 to over 750 employees nationwide. This growth has been matched by sustained effort to implement policies to govern the Bureau's activities, launch important relationships, and create a transparent culture that allows the American people see how their agency is doing. Taken together, these efforts mark an important investment in building an agency that can deliver the consumer protections guaranteed by federal law.

DEFINING THE BUREAU'S POLICIES AND PROCEDURES

As part of its implementation work, the Bureau has implemented several important policies and procedures, including:

COORDINATION OF REGULATORY ANALYSES, INTERAGENCY CONSULTATION & SMALL BUSINESS REGULATORY ENFORCEMENT FAIRNESS ACT PANELS

The CFPB has prepared to implement various requirements under the Dodd-Frank Act concerning analysis of certain benefits, costs, and impacts of the CFPB rules; consultation with prudential regulators and other appropriate agencies over the course of a rulemaking; and consultation with small regulated entities prior to proposing certain rules as required under the Small Business Regulatory Enforcement Fairness Act of 1996. Staff has studied and consulted with other federal agencies that have similar obligations.

NOTICE AND OPPORTUNITY TO RESPOND AND ADVISE ("NORA") POLICY

In November 2011, the CFPB outlined plans to provide advance notice of potential enforcement actions to individuals and companies under investigation. The NORA process begins with the Bureau explaining to individuals or companies that evidence gathered by the CFPB indicates they have violated consumer financial protection laws. Recipients of a NORA notice can then respond in writing before a final decision is made to begin legal action. Although the NORA notice is not required by law, it reflects the CFPB's commitment to fundamental fairness in the exercise of its enforcement authority. The decision to give notice in any particular case is discretionary and will depend on factors such as whether prompt action is needed.

PROCEDURES FOR ENFORCEMENT INVESTIGATIONS AND ADJUDICATION

In July 2011, the CFPB adopted Rules Relating to Investigations and Rules of Practice for Adjudication Proceedings as interim final rules and anticipates finalizing these rules

after consideration of public comments. The CFPB's Rules Relating to Investigations include procedures for investigating whether persons engaged in conduct that violates federal consumer protection laws enforced by the CFPB. The CFPB's Rules of Practice for Adjudication Proceedings set forth the rules for conducting adjudication proceedings to ensure or enforce compliance with these laws.

DISCLOSURE OF RECORDS AND INFORMATION

Also in July, the CFPB adopted an interim final rule establishing procedures for the public to obtain information from the CFPB under the Freedom of Information Act, the Privacy Act of 1974, and in legal proceedings. The rule establishes CFPB's procedures regarding the confidential treatment of information obtained from persons during supervisory or other regulatory activity. The CFPB anticipates finalizing the rule after consideration of public comments.

Over the next six months, the CFPB will continue to issue rules necessary to launch required functions:

ESTABLISHING THE SCOPE OF THE NONBANK SUPERVISION PROGRAM

"Larger Participants"

The Dodd-Frank Act requires that the CFPB supervise all nonbanks in the residential mortgage, private education lending, and payday lending markets. The nonbank supervision program will also apply to nonbanks that are "larger participants" in other markets, as defined by a forthcoming rule. In June 2011, the CFPB formally sought public comments on how to define a "larger participant"[31] and held a series of roundtable discussions with industry, consumer and civil rights groups, and state regulatory agencies and associations. The Bureau is reviewing the more than 10,400 comments on that topic and will soon propose its initial "larger participants" rule.

[31] 76 Fed. Reg. 38059.

Procedural Rules

Under the Dodd-Frank Act, the CFPB may also supervise any nonbank that it determines is engaging or has engaged in conduct that poses risks to consumers with regard to consumer financial products or services.[32] The CFPB will publish rules setting out procedural guidelines for implementation of this provision in the next few months.

[32] Dodd-Frank Act, Public Law 111-203, Section 1024(a)(1)(C)

ETHICS

The CFPB is establishing a model government ethics program that fosters high ethical standards and maintains the public's confidence that Bureau employees conduct their duties with integrity and impartiality. Key components include: pre-employment ethics review of candidates for executive positions, including a review of financial interests; comprehensive, interactive ethics training for every new CFPB employee, including specialized training for executives and examiners; development of supplemental ethics regulations tailored to the Bureau's mission, taking into account the nuanced ethics issues facing regulators; and implementation of an online electronic filing system for generating, tracking, reviewing and monitoring completion of financial disclosure forms.

INVESTING IN PARTNERSHIPS

The CFPB is committed to collaborating with local, state and federal partners and groups representing consumers, industry, and a wide array of other stakeholders. These partnerships will allow the CFPB to share information about emerging risks to consumers, coordinate and leverage resources, and promote innovative strategies in consumer protection and education. Over the past year, the Bureau has begun establishing these important relationships in a variety of contexts.

The CFPB has pursued efforts to establish Memoranda of Understanding ("MOU") with each of the prudential regulators, federal law enforcement agencies, state agencies, and various industry or self-regulatory organizations. These agreements establish a framework for sharing information about institutions within the Bureau's authority, coordinating activities and the use of resources, and promoting best practices. In the case of the prudential regulators, the MOUs will also establish protocols for conducting "simultaneous" examinations so that the burden of the Bureau's supervisory activities on companies can be reduced as the Dodd-Frank Act requires.

In April 2011, the Bureau signed a Joint Statement of Principles with the National Association of Attorneys General. Under this agreement, the CFPB and state attorneys general will work together to share information, data, and analysis; develop joint training programs; and, where appropriate, support each other through joint or coordinated investigations and coordinated enforcement actions

In early July, the CFPB's Servicemember Affairs and Enforcement offices and Judge Advocates General of all the service branches signed a Joint Statement of Principles to ensure that the CFPB can help protect military families from illegal practices.

Servicemember Affairs also established a working agreement with the Department of Veterans Affairs to refer military families to one-on-one foreclosure prevention assistance.

In October 2011, the CFPB's Private Education Loan Ombudsman entered into an MOU with the Department of Education to share information about private student loan complaints.

The CFPB Director serves as the Vice-Chair of the Financial Literacy and Education Commission ("FLEC"), which is developing a national strategy for financial education. Senior staff from Financial Education works with the representatives of 22 other member federal agencies to enhance financial literacy efforts and avoid duplication.

In January 2012, the CFPB announced a joint effort with state Attorneys General and the Department of Defense to track companies and individuals who repeatedly target servicemembers, veterans, and their families. The Repeat Offenders Against Military ("ROAM") Database will provide centralized information to local, state and federal law enforcement agencies to support their work investigate and stop financial scams against the military. The CFPB and its partners will continue to encourage agencies across the nation to share information to support this project.[33]

[33] Agencies that wish to contribute information to the ROAM database or request information should email the Bureau at ROAMDatabases@cfpb.gov.

OPEN GOVERNMENT

Transparency is not just a key element of the CFPB's vision for consumer financial markets. Openness about what the Bureau is doing and how it operates is also an essential ingredient in how the CFPB is being built. The CFPB has taken these steps to makes its operations transparent to the public:

- Leadership Calendars

  The Bureau published the daily calendars of Elizabeth Warren and Raj Date, each of whom served as Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau, on its website. Director Rich Cordray's daily calendar will also be published on the website.

- Budget Updates

  The CFPB publishes quarterly budget updates on its website to provide a snapshot of how the Bureau's resources are being used.

- Reports

  The CFPB has published reports on its implementation activities and an interim report on the first three months of Consumer Response's credit card complaint data.

- Congressional Oversight

  In 2001, the Bureau's senior staff testified 11 times before Congressional committees.[34] The CFPB publishes written testimony submitted as part of those appearances on its website.[35]

[34] Appendix B contains a complete list of Congressional appearances by CFPB staff.

[35] Written testimony can be found on consumerfinance.gov.

BUDGET

HOW THE CFPB IS FUNDED

The CFPB is funded principally by transfers from the Federal Reserve System, up to limits set forth in the Dodd-Frank Act. The Director of the CFPB requests transfers from the Federal Reserve in amounts that are reasonably necessary to carry out the Bureau's mission. Annual funding from the Federal Reserve System is capped at a fixed percentage of the total 2009 operating expenses of the Federal Reserve System, equal to:

- 10 percent of these Federal Reserve System expenses (or approximately $498 million) in fiscal year ("FY") 2011;
- 11 percent of these expenses (or approximately $547.8 million) in FY 2012; and
- 12 percent of these expenses (or approximately $597.6 million) in FY 2013 and each year thereafter, subject to annual inflation adjustments.

During fiscal year 2011, the CFPB requested transfers from the Federal Reserve totaling $161.8 million to fund implementation activities to launch operations and to continue to build operating capacity.[36]

These funds are held in an account for the Bureau at the Federal Reserve Bank of New York. Bureau funds that are not funding current needs of the CFPB are invested in Treasury securities on the open market. Earnings from those investments are also deposited into the Bureau's account.

If the authorized transfers from the Federal Reserve are not sufficient in fiscal years 2010-2014, the CFPB can ask Congress for up to $200 million, subject to the appropriations process. The CFPB did not request an appropriation in FY 2011 and does not plan on doing so in FY 2012 or FY 2013.

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect civil penalties against any person in any judicial or administrative action under federal consumer financial laws. The CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York. The CFPB did not collect any civil penalties in FY 2011.

* More detailed information on CFPB's budget is available in the Bureau's Annual Financial Report and FY 2013 Budget Justification. To facilitate oversight, CFPB's Financial Report for Fiscal Year 2011 is attached as an appendix to this report. It is also available on consumerfinance.gov.

The Bureau's FY 2013 Budget Justification will be available on the Bureau's website following the release of the President's FY 2013 Budget.

AUDITED FINANCIAL REPORT FOR FISCAL YEAR 2011

In November 2011, the CFPB issued its first Financial Report, including financial statements for fiscal year 2011 that were audited by the Government Accountability Office ("GAO") in accordance with generally accepted government accounting standards. The GAO's audit report concluded that the CFPB's fiscal year 2011 financial statements are fairly presented in all material respects. The GAO also concluded that the CFPB had effective internal control over financial reporting as of September 30, 2011, and found no reportable instances of noncompliance with the laws and regulations it tested.

KEY CFPB EXPENDITURES IN FISCAL YEAR 2011

During fiscal year 2011, the majority of CFPB spending was related to essential, one-time costs related to standing up the Bureau, such as information technology and mission-specific and human capital support. The CFPB incurred $123.3 million in obligations, including $68.7 million in contract and support services, $48.4 million in salary and benefits, and $6.2 million in other expenses.

Implementation Activities

The Bureau's significant start-up expenditures in fiscal year 2011 include:

- $18.6 million to Treasury for various administrative support services, including information technology and human resource support, office space, and detailees;
- $6.7 million to Treasury's Office of the Comptroller of Currency for office space and support services for complaint processing;
- $6 million to Treasury's Bureau of the Public Debt for cross-servicing of various human resource and financial management services, such as core financial accounting, transaction processing, travel, and payroll;
- $4.4 million to a contractor for human capital policies and assistance in developing salary and benefits packages consistent with statutory requirements;
- $4.3 million to an information technology contractor for project management support services; and
- $4.3 million to a contractor for the development of Consumer Response.

Members of the CFPB team.

Recruiting and Hiring

Over the past year, the CFPB has focused on recruiting and hiring the most highly qualified individuals. These efforts have focused on filling vacancies at its headquarters in Washington, D.C., and in its examiner workforce which is distributed across the country and organized by regions focused on satellite offices in Chicago, New York City, and San Francisco.

The $48.4 million that the CFPB spent on salary and benefits in fiscal year 2011 supported approximately 660 employees who were onboard by the end of September 2011. By the end of December 2011, the Bureau had 757 employees. In addition to competitive hires, these include approximately 230 highly qualified regulators, researchers, lawyers, and market practitioners who transferred from the consumer protection divisions of the prudential regulators and other agencies.

Figure 1: CFPB Positions Filled through December 31, 2011

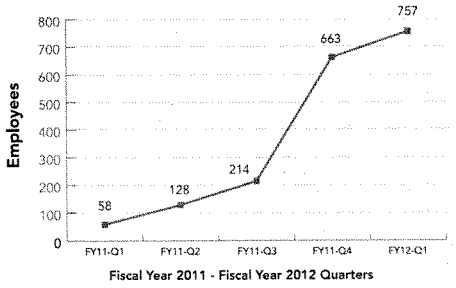


Figure 1 displays the quarterly growth of on-board positions filled for the CFPB through December 31, 2011

DIVERSITY[37]

Diversity has been a cornerstone of the Bureau's foundation, its programs, and its contracting since its establishment. In January 2012, the Bureau formally established an Office of Minority and Women Inclusion ("OMWI") to ensure that inclusion continues to inform its work. OMWI will focus on developing and refining standards for:

- equal employment opportunity, workforce diversity, and inclusion at all levels of the agency;
- increased participation of minority-owned and women-owned businesses in the CFPB's programs and contracts; and
- assessing the diversity policies and practices of companies that the CFPB supervises.

The CFPB has met with representatives from FIRREA agencies[38] and other stakeholders to assess how to structure and staff OMWI and to identify best practices for promoting hiring and contracting diversity.

[37] This section presents an overview of the Bureau's effort to promote diversity across its workforce and contractor support community. A more complete analysis will be presented in the Bureau's required annual Human Capital report, which will be published later in 2012.

In July 2011, the Bureau published a report on its goals for recruitment and retention, training and workforce development, and workforce flexibilities. That report is available on consumerfinance.gov.

[38] These agencies include OCC, OTS, FDIC, NCUA, the Commodity Futures Trading Commission, the Securities and Exchange Commission, and the Federal Reserve. See 12 U.S.C. § 1833b and 15 U.S.C. § 78d.

DIVERSITY IN THE CFPB'S WORKFORCE

As of December 31, 2011, CFPB had 757 employees onboard, approximately half of the Bureau's anticipated staffing level. The CFPB's workforce is 47 percent women and 53 percent men. Over 30 percent of the CFPB workforce is comprised of minorities, including approximately 19 percent of the Bureau's employees who self-identified as African-American, 7 percent as Asian, and 5 percent as Hispanic.

Figure 2: Bureau-wide gender and minority statistics to FIRREA benchmarks by pay band

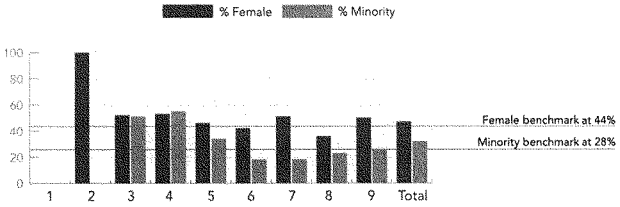


Figure 2 compares the CFPB's workforce to the FIRREA community with respect to diversity by gender, race, and national origin. Figure 2 shows that the CFPB has a relatively even distribution of women and minorities across pay bands. The CFPB workforce has more women in pay bands 3, 4, and 7 than FIRREA counterparts represented by the green line in Figure 2. Women also account for approximately 37 percent of pay bands 8 and 9, the pay bands that contain the CFPB's senior leadership positions. The Bureau's workforce has more minorities overall than the FIRREA agencies, and this is especially pronounced in pay bands 3, 4, and 5 as represented by the blue line below.

The overall variation of salary compensation across pay bands within CFPB with respect to gender is 0.2 percent. Finally, the comparable gap between pay for minority and non-minority populations is 0.6 percent.

OMWI'S ROLE AT THE CFPB

Now that it has been established, OMWI will help all parts of the Bureau bring diverse perspectives to bear on its work and promote inclusive hiring and contracting practices.

Recruitment

As the CFPB continues to grow, OMWI will work with the federal OMWI community, local and national media, and other stakeholders to develop awareness of existing opportunities at the Bureau to promote the opportunities for women and minorities in its workforce and to diversify its applicant pool. In addition to promoting diverse applicant pools for immediate openings, OMWI will work with the Bureau's Human Capital office to develop long-term plans that focus on active participation at recruitment and outreach

events for all levels of candidates. The aim is to continually support the capacity to attract diverse applicants for any job openings that may arise.

The CFPB is taking the following steps to create a pipeline of diverse candidates:

- targeted recruiting at colleges and graduate schools;
- creating an Employee Referral Program for hard-to-fill positions that that fosters contacts among underrepresented populations;
- forming strategic alliances and partnerships with organizations that serve underrepresented populations;
- developing a recruiting tool kit to provide each of CFPB's teams with tips for reaching diverse candidate pools;
- creating a recruitment website that reflects best practices for promoting diverse applicant pools; and
- utilizing social media and other technological tools to attract diverse talent.

Regulatory Oversight

Under the Dodd-Frank Act, OMWI must assess and monitor the diversity policies and practices of the companies that the CFPB supervises. OMWI will continue to the Bureau's efforts to define procedures for conducting this oversight.

DIVERSIFYING PROCUREMENT PARTICIPANTS

The CFPB has also worked to promote diversity among the companies that compete to receive its contracts. The Bureau's Procurement office is currently measuring obligations for certain small business contracts awarded to minority-owned small disadvantaged businesses and women-owned small businesses against goals based on the percentage of total dollars spent or obligated on contract actions.[39] As shown in Figure 3, in fiscal year 2011, the CFPB exceeded an initial goal of awarding at least 5 percent of its contracting dollars to minority owned small disadvantaged businesses and women owned small businesses.[40] In fiscal year 2011, 21.82 percent of CFPB contract dollars went to small disadvantaged businesses. Of that amount, 76 percent or roughly $5.5 million was awarded to certified 8(a) firms. Additionally, 6.57 percent of contract dollars went to woman-owned small businesses.[41]

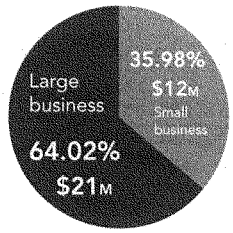
[39] Note that obligations are measured for contract awards valued above $3,000.

[40] The Bureau's goals for fiscal year 2011 were set by Treasury. Going forward, the CFPB's OMWI will help determine appropriate targets.

[41] Results from first quarter of fiscal year 2012 have not yet been validated.

FY11 Socioeconomic Obligations

FY11 Total Obligations



	Obligated dollars
Small disadvantaged business	$7.2M
Woman owned small business	$2.2M
Service disabled veteran owned small business	$1.3M
Other small business	$0.7M
HubZone small business	$0.6M

Going forward, the CFPB's Procurement office will work with OMWI to research and develop further strategies to increase the levels at which minority and women owned enterprises – both large and small – participate in the CFPB's contracting opportunities. OMWI will also develop procedures to promote opportunities for fair inclusion of women and minorities within the population of contractor staff and, as applicable, subcontractor staff in accordance with the Dodd-Frank Act.

Shopping Challenges

Promoting markets in which consumers can shop effectively for financial products and services is central to the CFPB's mission. When the costs, risks, and other key features of financial products are transparent, consumers may be able to compare products and choose the best one for them.

SCOPE

This report represents a set of preliminary observations about opportunities and challenges that consumers face when shopping for mortgages, credit cards, and student loans.

The Bureau aims to develop better data and evidence over time about consumers' shopping patterns and behaviors, and the ways that market structure and sales practices may shape these patterns.

This report focuses on consumers' ability to shop for loans based on price terms – for example, interest rates and fees – since that has been the focus of several of our most important projects in the last year. It also discusses consumers' ability to shop on monthly payment or total obligation.

Consumers may consider other factors, including product features, convenience, quality of service, and, in some cases, providers' financial stability. Future reports may consider those factors, as well as fair lending issues that may limit some consumers' ability to shop.

OVERVIEW

The U.S. consumer financial services market offers consumers a wide variety of credit, payments, and deposit products. Within any given product category, there are typically a wide array of features and terms, giving rise to a large number of potential combinations from which consumers can make a choice. In this kind of marketplace, shopping can help consumers find a product that meets their specific needs.

The market also contains a lot of information about certain elements of product prices. For example, those consumers who have Internet access – and it is important to bear in mind that many do not[42] – can readily use common websites to find certain rate information on mortgage loans or auto loans for borrowers with strong credit histories. Many consumers receive several credit card offers each month quoting them interest rates based on their credit histories.

[42] For example, Pew reports that 22 percent of adults and 58 percent of seniors do not have Internet access. Pew Internet & American Life Project, "Demographics of Internet Users" http://www.pewinternet.org/Trend-Data/Whos-Online.aspx

In this environment, consumers who want to shop on price still face many challenges:

Nonstandard information. The Truth in Lending Act standardized how rates are stated when consumers borrow money. Lenders must quote an annual percentage rate ("APR"). For many types of products, however, disclosures of fees are not standardized and information about fees is not readily available. For example, the presentation of fees for checking accounts and prepaid cards is not standardized and cannot be easily checked on websites or elsewhere.

Price can be complex. Consumer financial products can have such a wide variety of rates and fees that consumers have difficulty getting a clear sense of how much the product will cost. Determining which rates and fees will apply in certain circumstances often depends on a complicated set of legal rules about when different charges apply. In this context, disclosures mandated by government can simplify the price but only to a degree.

Price can depend on future behavior. The actual price to an individual consumer may depend on how the consumer ultimately uses a product, which can be difficult for the consumer to predict when they choose one offer over another. Consider the credit card, the most common consumer credit product. The actual cost of using a particular card depends on when consumers borrow, whether they make a purchase or take a cash advance, how much they borrow, and when and how much they pay back. Similarly, the actual cost of a checking account depends on the amount and timing of the consumer's deposits and withdrawals.

A consumer may have a hard time predicting these patterns, let alone determining how different patterns translate to different costs. Marketing materials may emphasize the cost for the consumer who uses the product in the most favorable way. Mandatory disclosures can help draw attention to a product's cost under less favorable circumstances. But, sometimes pricing is so complex that it cannot be reduced to an easy-to-understand disclosure, and that is when shopping may be most difficult.

Price can depend on credit quality. Risk-based pricing is the practice of charging higher prices for consumers whose credit history or lack of credit history indicates that these consumers are more likely to have trouble repaying the loan. For some credit products, risk-based pricing may make it possible for some lenders to expand access to credit and may make the allocation of credit more efficient. Risk-based pricing of credit products may make shopping harder, particularly for borrowers with weaker credit histories or borrowers who are uncertain about the strength of their credit history. For some credit products, risk-based pricing may make it possible for some lenders to expand access to credit and may make the allocation of credit more efficient.

Risk-based pricing can make it more difficult for consumers to obtain accurate price information when they are shopping. The lender does not determine the exact price it will charge a particular consumer until the lender has reviewed information about the borrower, known as underwriting the loan. The lowest-risk borrowers – assuming that they can correctly self-identify – may be able to rely on prices quoted in advertising, but higher-risk borrowers cannot assume that they will be able to obtain a loan at the advertised price. Such borrowers may not obtain an accurate price quote until after they have invested time and effort, and sometimes until after they have paid a fee to apply for a loan.

MORTGAGES

In 2010, approximately 7.8 million consumers took out a mortgage loan to purchase a house or refinance an existing loan.[43] Limited available evidence about consumers' shopping behavior suggests that consumers do not, or perhaps in some cases cannot, obtain information about mortgage products from more than a small number of lenders. Surveys conducted before the financial crisis suggest that roughly 20 to 30 percent of mortgage borrowers contacted only one lender, a similar fraction considered two lenders, and about half contacted three or more lenders.[44] Some studies estimate many consumers could see significant savings if they shopped more.[45] This evidence suggests that borrowers find the time and effort of additional shopping to be quite costly, underestimate the potential value from shopping, or both.

Several factors contribute to this phenomenon:

Timing. Consumers who are seeking a mortgage to purchase a home (as opposed to refinancing an existing mortgage) ordinarily face time pressure to complete the purchase. This pressure may lead consumers to shop less for a mortgage because they undervalue the benefits of comparison shopping and lack the time to do it.

Pricing complexity. Since the crisis in 2008, certain types of particularly complex mortgages have become much less common. Thus, on the whole, the array of available mortgage products has likely become simpler. Furthermore, although adjustable rate mortgages are still available, most consumers seem focused on fixed-rate, fixed-payment mortgage loans for a variety of reasons, including the low interest-rate environment. In 2010, these loans comprised over 90 percent of mortgage originations, or $1.4 trillion, compared to 52 percent and 55 percent respectively in 2005-2006.[46] If this reflects an increase in the number of borrowers that consider only fixed-rate, fixed-payment loans, then comparison shopping is likely easier for such consumers, all other things being equal.

But shopping even for relatively simple products – such as fixed-rate, fixed-payment mortgages – involves complex decisions. For example, these products often offer a trade-off between interest rates and discount points. Studies offer some evidence that many consumers struggle to understand this relationship.[47] Even for the consumer who understands discount points, comparing offers with different combinations of rate, points, and fees can be difficult.

Pricing variability and volatility. The interest rate on a mortgage, as on other credit products, will vary from consumer to consumer based upon the consumer's creditworthiness. In addition, mortgage rates can fluctuate daily based on secondary market supply and demand. Thus, a consumer can more effectively comparison shop if the consumer can efficiently obtain customized, firm rate quotes from more than one lender. However, obtaining firm rate quotes from more than one lender requires the consumer's time and effort to provide information to multiple lenders.

[43] Inside Mortgage Finance, "Mortgage Market Statistical Annual," 2010.

[44] Jinkook Lee and Jeanne M. Hogarth, "Consumer information search for home mortgages: who, what, how much, and what else?," Financial Services Review 9, 2000, 277–93; James M. Lacko and Janis K. Pappalardo, "The Effect of Mortgage Broker Compensation Disclosures on Consumers and Competition: A Controlled Experiment," Federal Trade Commission Bureau of Economics Staff Report, Feb. 2004 http://www.ftc.gov/be/workshops/mortgage/articles/lackopapalardo2004.pdf

[45] Susan E. Woodward and Robert E. Hall, "Diagnosing Consumer Confusion and Sub-Optimal Shopping Effort: Theory and Mortgage-Market Evidence," NBER Working Paper No. 16007, May 2010 http://www.nber.org/papers/w16007

[46] About 9 percent were adjustable-rate, fully-amortizing mortgages; interest-only loans were less than 1 percent. Inside Mortgage Finance, "Mortgage Market Statistical Annual," 2010.

[47] Susan E. Woodward, "A Study of Closing Costs for FHA Mortgages," May 2008, at 57-58 http://www.huduser.org/portal/publications/hsgfin/fha_closing_cost.html

James M. Lacko and Janis K. Pappalardo, "Improving Consumer Mortgage Disclosures An Empirical Assessment of Current and Prototype Disclosure Forms," Federal Trade Commission Bureau of Economics Staff Report, Jun. 2007, at 30 http://www.ftc.gov/os/2007/06/P025505MortgageDisclosureReport.pdf

Lacko and Pappalardo, 2004 at 50.

Moreover, even firm rate quotes are contingent on circumstances that may be difficult for the borrower to predict or control. If, for example, the appraised value of the home is lower than anticipated,[48] the lender usually reserves the right to charge a higher rate. Consumers have no ready way of anticipating how different lenders will respond to such a change in circumstances. In the case of a home purchase transaction, shopping after a change in circumstance may be impractical as the closing date will likely be near.

[48] Leonard Nakamura, "How Much is That Home Really Worth? Appraisal Bias and House-Price Uncertainty," Business Review, Q1 2010, 11-22 http://www.phil.frb.org/research-and-data/publications/business-review/2010/q1/brq110_home-worth-appraisal-bias.pdf

Third Parties. Consumers may seek to save time by turning to a mortgage broker to shop for the consumer or by using a third-party website. Mortgage brokers can offer a consumer loans from multiple lenders, potentially helping consumers to find a better deal than they would find on their own. Brokers also can offer the consumer advice and expertise. However, brokers generally do not have a legal obligation to represent the best interests of the consumer.[49] Third-party websites aggregate price quotes from multiple lenders and serve as an additional mortgage shopping channel, but the selection and placement of products within a site's list may be influenced by placement fees paid by the retail lender or mortgage broker.

[49] Until recently, a broker could present a consumer with a loan that provides the broker a higher commission but was not necessarily the best loan for the consumer. New rules adopted by the Federal Reserve Board prohibit a mortgage broker (or a loan officer) from steering a consumer to a loan that is not in the consumer's best interest to increase the broker's compensation. They also prohibit a mortgage broker (or a loan officer) from receiving compensation based on the terms or conditions of a loan. The Dodd-Frank Act included related provisions addressing mortgage originator compensation, and the Bureau will be issuing rules to implement these provisions.

Whether the consumer shops through a broker or a web site, the consumer faces the challenges discussed above. For example, rates quoted by brokers or web sites may not accurately reflect the actual rates and terms a consumer will receive after the lender has considered (underwritten) their application.

Complexity of Disclosures. Mandatory federal disclosures are meant to make shopping easier. RESPA requires lenders to disclose detailed information on closing costs shortly after application. This disclosure is known as the Good Faith Estimate ("GFE"). TILA requires lenders to state different information regarding loan costs, including an APR that takes into account interest, points, and certain one-time fees to create a single rate. But the APR's usefulness for purposes of comparing prices across loans is limited for various reasons. For example, the APR includes only certain types of fees and excludes others. The interaction between the RESPA and TILA disclosures has long been recognized as inefficient and confusing for consumers and industry. There is also evidence that many consumers find it difficult to read, understand, and use the required disclosures.

As discussed more fully above in the "Know Before You Owe" section, the Bureau is overhauling these disclosures on the basis of extensive testing with consumers and will propose new disclosures for public comment in July.

CREDIT CARDS

The credit card is one of the most common consumer financial products in the U.S. As many as three-fourths of households have a credit card, and many have more than one.[50] Nearly 514 million credit cards were in circulation as of December 31, 2010.[51] Credit cards provide consumers with convenience, serving as a substitute for cash and checks and providing ready access to credit.[52]

In 2010, consumers opened 39.0 million new bank credit card accounts and 34.3 million retail accounts, a significant proportion of which were retail credit cards.[53] It is unclear the extent to which consumers shop before applying for a new credit card. In January 2011, the CFPB commissioned a survey among consumers who currently hold a bank credit card. In that survey, 13 percent reported that they had applied for a bank credit card in the preceding twelve months, and of those, 30 percent reported that they had compared several different cards. However, because the number of respondents who had applied for a credit card was small, information about the shopping behavior in this survey must be used with caution.

Consumers who desire to shop for a credit card face several challenges.

Pricing Complexity. Credit card terms can be complex and hard to follow, making the total cost of using the card difficult to understand or predict and comparison with other cards even more challenging. Different transactions – such as cash advances, balance transfers, and purchases – may be subject to different APRs. And while APRs are communicated in percentages, various fees may be communicated in dollar terms, percentage terms, or a mix of dollar and percentage terms.

Consumers also face complex trade-offs. For example, promotional periods differ in length and cover different types of transactions. Consumers may seek to weigh the benefit of a longer or shorter introductory period against the benefit of a higher or lower "go to" APR. Additionally, some credit cards come with an annual fee. Consumers may seek to weigh a card with a fee and a lower APR against a card without a fee and higher APR. Some cards have rewards programs. Products with rewards may have different APRs or fees than products without rewards.

To make these various tradeoffs accurately, consumers must predict their propensity to carry a balance from month to month, foresee their spending and payment patterns, evaluate their rewards redemption preferences, and anticipate their need and appetite for cash advances. With so many moving parts, consumers may struggle to make value-maximizing decisions.

Information limitations. The introductory and "go to" APR on a credit card generally depend on the consumer's riskiness as assessed by the issuer based on pricing methods that are not public. This can make it more difficult for consumers to compare prices across products or to evaluate the competitiveness of a particular offer. Most issuers' websites, for example, display APRs in broad ranges (e.g., from 12.99 percent to 20.99 percent) based on credit quality segments. Thus, a consumer is left to guess what the ultimate price might be. Further, consumers who apply for credit cards are generally assigned a higher APR than the rate offered to customers identified by the issuer. While this does imply a potential penalty for consumers who shop actively, it may reflect genuinely higher risk profiles of consumers who actively seek credit.

[50] Brian Bucks, Arthur Kennickell, Traci Mach, and Kevin Moore, "Changes in U.S. Family Finances from 2004 to 2007: Evidence from the Survey of Consumer Finances", Feb. 2009, at A46 http://federalreserve.gov/econresdata/scf/files/2007_scf09.pdf

[51] The Nilson Report, Issue 965, Feb. 2011, at 8. This report refers to bankcards associated with the major payment networks (Visa, MC, Amex, and Discover).

[52] Thomas A. Durkin, "Credit Cards: Use and Consumer Attitudes, 1970 – 2000," Federal Reserve Bulletin, Sep. 2000, at 624 - http://www.federalreserve.gov/pubs/bulletin/2000/0900lead.pdf

[53] Experian-Oliver Wyman Market Intelligence Report: Bank Card Report, Q3 2011; Experian-Oliver Wyman Market Intelligence Report: Retail Report, Q3 2011.

Mail offers provide many consumers a steady flow of information about rates available to those consumers from the large, national card issuers. In the first three quarters of 2011, 60 percent of households received credit card mail solicitations,[54] and the average solicited household received five solicitations per month. Seventy-six percent of those solicitations contained a "pre-screened" price offer, that is, a specific price based on the fact that the consumer satisfied certain credit criteria specified by the card issuer.[55] Under the Fair Credit Reporting Act, these offers must be "firm offers," which means that if the consumer returns the application the consumer will receive the offered price unless the consumer no longer meets credit criteria established by the issuer at the time of the solicitation. Thus, consumers who are "in the market" for a new credit card and who receive and retain multiple pre-screened offers from different issuers can compare those offers. But many households – 40 percent in the first three quarters of 2011 – do not receive mail solicitations. Moreover, mail solicitations are dominated by the large national issuers whereas consumers may wish to shop more broadly.

[54] Synovate Mail Monitor, "Direct Mail Landscape," Q1-Q3 2011. Synovate maintains a consumer panel and obtains from these panelists on a monthly basis all credit card solicitations received during the month.

[55] *Ibid.*

Consumers are also solicited in person at bank branches and retail points of sale or by phone. In those settings, the consumer may be less likely to see or understand key price terms or to have compared different offerings before submitting an application.

Third Parties. Instead of visiting multiple issuers' websites or branches, consumers sometimes use an "aggregator" (i.e., a third-party website that contains information on multiple products from multiple issuers). Third-party sites may narrow a consumer's search by providing a list of products that meet certain consumer-defined parameters, such as low-interest, cash rewards, travel rewards, etc. But the selection and placement of products within that list may be influenced by placement fees paid by card issuers. Additionally, third-party sites quote the same ranges of rates the consumer would find on the issuers' web sites, not a specific rate.

Disclosure limitations. For consumers who have received and are evaluating mail solicitations, certain key terms will be disclosed in a standardized format. However, not all of the material terms are necessarily disclosed in solicitations. For example, credit lines vary across credit cards and these are not disclosed until after the consumer has applied for and obtained the card. Similarly, many of the key elements of rewards products are not disclosed until the consumer has obtained the card.

As discussed above, the CFPB has developed a draft prototype of a simplified credit card agreement that spells out the terms for the consumer and provides the appropriate legal protections to the issuer.

STUDENT LOANS

Student loans are a significant portion of household debt, second only to mortgages. Total outstanding student loan debt is estimated at $865 billion.[56] And over the past decade, total student loan borrowing has increased 57 percent per full-time enrolled student.[57] A likely factor in the increase is the rising cost of tuition and fees at colleges and universities.[58]

[56] Quarterly Report on Household Debt and Credit, Federal Reserve Bank of New York http://www.newyorkfed.org/research/national_economy/householdcredit/DistrictReport_Q32011.pdf

[57] College Board, "Trends in Student Aid," 2011.

[58] Tuition and fees at public colleges have increased by an average of 5.6 percent per year above the rate of general inflation. College Board, "Trends in College Costs," 2011, at Figure 4.

Students who need help in paying for post-secondary education can fund their educations with a mix of loans, grants, and tax benefits. Loans, however, make up 47 percent of the money students receive.[59] Of loans outstanding in 2011, approximately 90 percent are federally-supplied and 10 percent are from private sector lenders.[60] Originations of private student loans have been declining, from a ten-year high of $22 billion in 2007 to $6 billion in 2010.[61]

[59] College Board, "Trends in Student Aid," 2011.

[60] Based on reported volumes under servicing from Student Loan Servicer's Alliance, plus publicly reported portfolios of private loans held by large financial institutions not part of SLSA. These reported volumes are approximately equal to, but cannot be directly attributed to, Department of Education public reports on federal loan volumes. Outstanding federal loans cannot be publicly verified, in part because not all large servicers of federal direct loans report their volumes publicly.

[61] College Board, "Trends in Student Aid," 2011, at 10.

For many students, before shopping for loans they first must choose between two or more schools, each with different costs and financial aid packages. Students may seek to compare the cost of different schools in terms of the total debt the student will have upon graduating or the total monthly debt burden the student will have. These figures depend, in substantial part, on tuition, room, and board, which can vary. For a given cost, the debt burden from a particular financial aid package depends on a number of factors, including most importantly the amount of any institutional grants available to the student (e.g., scholarships) and, potentially, the availability of any school-subsidized sources of borrowing.

Prospective students and their families may have difficulties comparing their financing options across different educational institutions. After application and acceptance to a particular institution, potential students typically receive financial aid award letters. Financial aid letters detail the cost of attendance and aid packages. But these award letters typically do not clearly distinguish between gift aid and loan aid, do not fully inform students of their projected debt burden to complete several years of education, and typically do not estimate the future monthly payments to retire such debt. Additionally, the format and language of financial aid award letters are not standard across institutions.

Students who have selected a school and who need to borrow to finance the cost face an initial decision of whether to utilize federal loans or private loans. Students who use only federal loans do not need to worry about shopping for the best rate because federal law sets the rates. Rates and other terms may vary, however, between different types of federal loan programs. And, for students who need to (or elect to) resort to private loans, the terms and conditions of private student loans vary considerably across providers, so shopping could pay high returns. But comparing quotes from private lenders is challenging for several reasons.

Pricing variability. Students generally do not have significant credit histories and thus it is difficult to assess the creditworthiness of a student borrower. However, most private loans require a co-signer – typically the student's parents or other close relatives – and the rate the consumer will pay will depend upon the creditworthiness of the co-signers. The lender will typically not commit to a specific rate until after underwriting and approving the loan, which requires an investment of time and effort by the applicant and the loan co-signer. Obtaining a rate quote may also entail some delay, because federal Truth in Lending rules require that once a lender has approved an education borrower and quoted a rate, that quote must be binding on the lender for 30 days.[62] Lenders are therefore reluctant to communicate an approved rate until all conditions of loan approval have been fully satisfied.

[62] 12 CFR § 226.48(c).

Information availability. Most students who obtain private loans appear to learn about them from the colleges and universities they are considering. Some schools provide students a list of "preferred lenders." To prevent schools from improperly steering students to lenders, a lender may not make payments to a school in connection with private education loans. In addition, under Department of Education rules, a school that recommends a lender must maintain a "preferred lender list" with at least two unaffiliated lender options and must provide students with an explanation of the competitive methodology by which the list was compiled.

Students can also find private lenders through other sources such as the Internet. As with other credit products, there are third-party web sites which aggregate information from different lenders. However, the information these sites display may be influenced by placement fees paid by the various lenders.

Regardless of whether the student identifies the lender through the college, by doing an Internet search, by using a third-party website, or through other means, the student will still find it difficult to obtain reliable information as to the interest rate available to the student until the student has completed the application process.

As discussed more fully above in the "Know Before You Owe" section, the CFPB is working with the Department of Education to improve students' ability to compare financial aid packages based on factors such as total debt burden and monthly debt payment. As discussed more fully above, the agencies have published a prototype shopping sheet and are gathering comments from the public.

APPENDIX A

Statutory Reporting Requirements

This appendix provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act.

Section 1016(c)(3) requires "a list of significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year and the plan of the Bureau for rules, orders or other initiatives to be undertaken during the upcoming period."

In 2011, the Bureau adopted the following significant rules and orders and conducted the following significant initiatives:

1. AMTPA interim final rule;
2. TILA-RESPA mortgage disclosure integration project;
3. restatement of inherited regulations via interim final rules;
4. interim final rules defining procedures for investigations, rules of practice for adjudication proceedings, and procedures for disclosure of records and information;
5. Notice and Request for Comment regarding defining "larger participants" in certain markets;
6. studies on remittances and credit scores;
7. targeted review of inherited regulations;
8. issued the Bureau's Supervision and Examination Manual; and
9. Notice and Opportunity to Respond and Advise ("NORA") policy.

In January 2012, the Bureau published regulations concerning remittance transfers. In the next six months, the Bureau plans the following rules, orders, and other initiatives:

1. Final rules defining lenders' obligations to asses borrowers' ability to repay mortgage loans, including certain protections from liability for "qualified mortgages;"

2. proposed integrated disclosures and accompanying rules for mortgage loans that satisfy the requirements of both TILA and RESPA;

3. proposed rules to implement provisions of the Dodd-Frank Act regarding the mortgage market, including origination and servicing practices, including loan originator compensation rules, data reporting requirements, restrictions on high-cost loans, maintenance of escrow accounts, and other servicing practices;

4. convening of panels to consult with small regulated entities prior to proposing certain rules as required under the Small Business Regulatory Enforcement Fairness Act of 1996;

5. participation in interagency processes to consider mortgage servicing standards and to propose various regulations concerning appraisals;

6. propose initial rules to define the scope of the Bureau's nonbank supervision program;

7. final regulations based on certain interim final rules issued since July 21st, including those that establish procedures for investigations and rules of practice for adjudication proceedings among others;

8. supplemental ethics regulations for the CFPB's employees;

9. required studies on private student loans and, reverse mortgages and provide recommendations on best practices concerning financial advisors who work with older Americans;

10. continued expansion of the Bureau's capacity to handle consumer complaints with respect to all products and services within its authority by the end of 2012;

11. a pilot program to evaluate certain financial education programs in the field; and

12. required reports on various aspects of the Bureau's work and operations, including reports on Consumer Response, Financial Education, Fair Lending, and Human Capital among others.

Section 1016(c)(5) requires "a list, with a brief statement of the issues, of the public supervisory and enforcement actions to which the Bureau was a party during the preceding year." The Bureau has been a party to no such actions during the preceding year.

Section 1016(c)(6) requires a report on "the actions taken regarding rules, orders and supervisory actions with respect to covered persons which are not credit unions or depository institutions." In 2011, the Bureau has taken the following actions with respect to such companies:

1. AMTPA interim final rule
2. Restatement of inherited regulations via interim final rules
3. Advance Notice of Proposed Rulemaking regarding defining "larger participants" in certain markets

Section 1016(c)(7) requires that the CFPB assess "significant actions" by state attorneys general or state regulators relating to consumer protection laws in the Bureau's jurisdiction. To date, the Bureau is not aware of any action brought by a state attorney general or state regulator since July 21, 2011 that relates significantly to such law.

In addition, the sections of this report identified below respond to further requirements of Section 1016(c):

Statutory Subsection	Reporting Requirement	Section	Page	Dodd-Frank Requirements For Additional Reporting
1	a discussion of the significant problems faced by consumers in shopping for or obtaining consumer financial products or services	Shopping Challenges	40-47	–
2	a justification of the Bureau's budget request for the previous year	Building a Great Institution – Budge	34-36	1017
4	an analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year	Delivering for American Consumers – Responding to Consumers	16-20	1013(b)(3)(C)
8	an analysis of the Bureau's efforts of to fulfill its fair lending mission	Delivering for American Consumers – Fair Lending	25	1013(c)(2)(d), 1085(1), 1094
9	an analysis of the Bureau's efforts to increase workforce and contracting diversity consistent with the procedures established by OMWI	Building a Great Institution – Diversity	36-39	1067(b)

APPENDIX B

Congressional Testimony

In 2011, senior CFPB staff testified before Congress on the following occasions:

- **March 16, 2011**: Elizabeth Warren before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit
- **April 12, 2011**: Holly Petraeus before the Senate Homeland Security & Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia
- **May 24, 2011**: Elizabeth Warren before the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs
- **July 7, 2011**: Raj Date before the House Financial Services Subcommittees on Financial Institutions and Consumer Credit and Oversight and Investigations
- **July 13, 2011**: Kelly Cochran before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity
- **July 14, 2011**: Elizabeth Warren before the House Oversight and Government Reform Committee
- **July 28, 2011**: Dan Sokolov before the House Small Business Subcommittee on Investigations, Oversight and Regulations
- **September 6, 2011**: Richard Cordray Nomination Hearing before the Senate Banking Committee
- **November 2, 2011**: Raj Date before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit
- **November 3, 2011**: Holly Petraeus before the Senate Banking Committee
- **November 15, 2011**: Skip Humphrey before the Senate Banking Subcommittee on Financial Institutions and Consumer Protection

Written testimony submitted in connection with these appearances can be found on consumerfinance.gov.

APPENDIX C

Fiscal Year 2011 Financial Report

As required by the Dodd-Frank Act, the CFPB prepared financial statements for fiscal year 2011. The Government Accountability Office (GAO) rendered an unqualified — or "clean" — audit opinion on the CFPB's financial statements. GAO noted no material weaknesses or significant deficiencies in CFPB's internal controls and cited no instances of noncompliance with laws and regulations. Further, the report describes the fiscal year 2011 efforts to establish the CFPB, and the results we have achieved to date.

View the full report at http://www.consumerfinance.gov/report/financial-report-fy2011/

APPENDIX D

Defined Terms

Defined Terms	
AMTPA	The Alternative Mortgage Transaction Parity Act
APR	Annual percentage rate
Bureau	The Consumer Financial Protection Bureau
CFPB	The Consumer Financial Protection Bureau
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act
ECOA	The Equal Credit Opportunity Act
Federal Reserve	The Board of Governors of the Federal Reserve System
FDIC	The Federal Deposit Insurance Corporation
FIRREA	The Financial Institutions Reform, Recovery, and Enforcement Act
FLEC	Financial Literacy and Education Commission
FTC	The Federal Trade Commission
FY	Fiscal year
GAO	Government Accountability Office
GFE	Good faith estimate
HAMP	Home Affordable Modification Program
HMDA	The Home Mortgage Disclosure Act
HUD	The Department of Housing and Urban Development
MOU	Memorandum of understanding
NCUA	The National Credit Union Administration
NORA	Notice and opportunity to respond
OCC	The Office of Comptroller of the Currency
OMWI	Office of Minority and Women Inclusion
OTS	The Office of Thrift Supervision
PCS	Permanent change of station
RESPA	The Real Estate Settlement Procedures Act
ROAM	The Repeat Offenders Against Military Database
SIGTARP	Special Inspector General for the Troubled Asset Relief Program
T&I	Technology and Innovation
TILA	The Truth in Lending Act
Treasury	The Department of the Treasury

United States Government Accountability Office

GAO

Report to Congressional Committees

November 2011

FINANCIAL AUDIT

Bureau of Consumer Financial Protection's Fiscal Year 2011 Financial Statements

U.S. Government Accountability Office
GAO 90 YEARS 1921-2011
ACCOUNTABILITY * INTEGRITY * RELIABILITY

GAO-12-186

November 2011

GAO
Accountability * Integrity * Reliability

Highlights

Highlights of GAO-12-186, a report to congressional committees

FINANCIAL AUDIT

Bureau of Consumer Financial Protection's Fiscal Year 2011 Financial Statements

Why GAO Did This Study

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, referred to as the Consumer Financial Protection Act of 2010, created the Bureau of Consumer Financial Protection (CFPB). The act charged it with the responsibility of regulating the offering and provision of consumer financial products or services under the federal consumer financial laws. The act also requires CFPB to annually prepare financial statements, and further requires GAO to audit these statements. The Full-Year Continuing Appropriations Act, 2011 also requires that GAO audit CFPB's financial statements.

Pursuant to the above-referenced requirements in these two acts, GAO audited CFPB's fiscal year 2011 financial statements to determine whether (1) the financial statements were fairly presented, and (2) CFPB management maintained effective internal control over financial reporting. GAO also tested CFPB's compliance with selected laws and regulations.

What GAO Recommends

GAO is not making any recommendations in this report. In commenting on a draft of this report, CFPB stated that it was pleased with the results of the audit, and that it would continue to work to enhance its internal controls and ensure the reliability of its financial reporting.

What GAO Found

In GAO's opinion, CFPB's fiscal year 2011 financial statements are fairly presented in all material respects. GAO also concluded that CFPB had effective internal control over financial reporting as of September 30, 2011. GAO found no reportable instances of noncompliance with the laws and regulations it tested.

On July 21, 2010, the Consumer Financial Protection Act established CFPB as an independent bureau within the Federal Reserve System to be headed by a Director. Since the date of enactment, CFPB has been forming its structure and commencing operations. To assist in this process, the Department of the Treasury provided administrative support services to CFPB during this first year. Effective July 21, 2011, CFPB assumed responsibility for certain consumer financial protection functions formerly the responsibilities of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the National Credit Union Administration, and the Secretary of the Department of Housing and Urban Development.

In July 2011, the President of the United States submitted a nomination to the United States Senate for the CFPB's first Director. This nomination is currently pending before the Senate. Until the Director is confirmed, the Secretary of the Treasury has the power to perform some, but not all, of the functions of the CFPB. The Secretary of the Treasury appointed a Special Advisor to the Secretary to lead the CFPB's day-to-day operations.

While CFPB began operations in 2010, fiscal year 2011 was its first full year of operations and the first year for which it prepared financial statements. Consequently, CFPB's fiscal year 2011 financial statements do not present comparative information for the prior year.

GAO noted deficiencies involving CFPB's internal controls that were less significant than a material weakness or significant deficiency and will be reporting separately to CFPB management on these matters.

View GAO-12-186. For more information, contact Steven J. Sebastian at (202) 512-3406 or sebastians@gao.gov.

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Abbreviations

CFPB	Bureau of Consumer Financial Protection
FMFIA	Federal Managers' Financial Integrity Act of 1982
OMB	Office of Management and Budget

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United States Government Accountability Office
Washington, DC 20548

November 15, 2011

The Honorable Timothy Johnson
Chairman
The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Spencer Bachus
Chairman
The Honorable Barney Frank
Ranking Member
Committee on Financial Services
United States House of Representatives

This report presents the results of our audit of the financial statements of the Bureau of Consumer Financial Protection (CFPB) as of, and for the fiscal year ending, September 30, 2011—the first full year of CFPB's operation. These financial statements are the responsibility of CFPB. This report contains our (1) unqualified opinion on CFPB's financial statements, (2) opinion that CFPB's internal control over financial reporting was effective as of September 30, 2011, and (3) conclusion that our tests of CFPB's compliance with selected laws and regulations disclosed no instances of reportable noncompliance during fiscal year 2011.

CFPB was established in Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as the Consumer Financial Protection Act of 2010.[1] The act established the CFPB as the federal entity charged with the responsibility of regulating the offering and provision of consumer financial products or services under the federal consumer financial laws. The act requires CFPB to annually prepare financial statements and further requires GAO to audit the financial statements. The Full-Year Continuing Appropriations Act, 2011 also requires that GAO audit CFPB's financial statements. We conducted this audit in accordance with U.S. generally accepted government auditing

[1] Pub. L. No. 111-203, Title X, 124 Stat. 1955, signed into law on July 21, 2010.

standards. The accomplishment of this first-ever audit of CFPB's financial statements was made possible by the tremendous dedication of time and effort from CFPB management and staff.

CFPB was created as an independent bureau within the Federal Reserve System to be headed by a Director. As a newly established entity, CFPB spent the majority of fiscal year 2011 forming its structure and commencing operations. To assist in this process, the Department of the Treasury provided administrative support services to CFPB during this first year. The services related to, among others, financial management, human resource management, information technology, and general support operations. Effective July 21, 2011, CFPB assumed responsibility for certain consumer financial protection functions that were formerly the responsibilities of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the National Credit Union Administration, and the Secretary of the Department of Housing and Urban Development.[2]

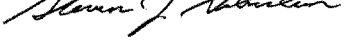
In July 2011, the President of the United States submitted a nomination to the United States Senate for CFPB's first Director. This nomination is currently pending before the Senate. Until a Director is confirmed, the Secretary of the Treasury has the power to perform some, but not all, of the functions of the CFPB. The Secretary of the Treasury appointed a Special Advisor to the Secretary to lead CFPB's day-to-day operations.

We are sending copies of this report to the Chairmen and Ranking Members of the Senate Committee on Appropriations and the House Committee on Appropriations, the Director of the Office of Management and Budget, and other interested parties. In addition, this report will be available at no charge on GAO's website at http://www.gao.gov.

If you have any questions concerning this report, please contact me at (202) 512-3406 or sebastians@gao.gov. Contact points for our Offices of

[2] See section 1061 of the Dodd-Frank Act, *codified at* 12 U.S.C. § 5581. Also, Title III of the Dodd-Frank Act provided for the abolishment of the Office of Thrift Supervision and the transfer of its other functions to the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation.

Congressional Relations and Public Affairs may be found on the last page of this report.



Steven J. Sebastian
Director
Financial Management and Assurance

United States Government Accountability Office
Washington, DC 20548

To the Secretary of the Treasury

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Full-Year Continuing Appropriations Act, 2011, we are responsible for conducting audits of the financial statements of the Bureau of Consumer Financial Protection (CFPB). In our audit of CFPB's fiscal year 2011 financial statements, we found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011; and
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions; (2) our conclusions on CFPB's Management's Discussion and Analysis; (3) our audit objectives, scope, and methodology; and (4) agency comments and our evaluation.

Opinion on Financial Statements

CFPB's financial statements, including the accompanying notes, present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, its assets, liabilities, and net position as of September 30, 2011; and its net costs, changes in net position, and budgetary resources for the fiscal year then ended.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act created CFPB as an independent bureau within the Federal Reserve System. For the remainder of fiscal year 2010 and for fiscal year 2011, the Department of the Treasury provided administrative and operational support services to CFPB in an effort to assist with establishing the new entity. As discussed in note 1B of the financial statements, fiscal year 2011 was the first full year of CFPB's operations and therefore, the first year for which CFPB prepared financial statements. Consequently, the financial statements do not present comparative information for the prior year. However, CFPB's fiscal year 2010 financial activity is discussed in note 11 of the financial statements.

Opinion on Internal Control

CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011, which provided reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements would be prevented or detected and corrected on a timely basis. Our opinion is based on criteria established under 31 U.S.C. § 3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

During our audit of CFPB's fiscal year 2011 financial statements, we identified deficiencies in CFPB's system of internal control that do not individually or collectively represent a material weakness or significant deficiency.[1] Nonetheless, these deficiencies warrant CFPB management's attention. These deficiencies related to CFPB's documented accounting policies and procedures, process of assessing internal controls, and information security management program. We have communicated these matters to CFPB management and, where appropriate, will report on them separately along with recommendations for corrective actions.

Compliance with Laws and Regulations

Our tests of CFPB's compliance with selected provisions of laws and regulations for fiscal year 2011 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards. The objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information

CFPB's Management's Discussion and Analysis contains information that is not directly related to the financial statements. We did not audit and we do not express an opinion on this information. However, where appropriate, we compared this information for consistency with the

[1] A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

financial statements and discussed the methods of measurement and presentation with CFPB officials. On the basis of this limited work, we found no material inconsistencies with the financial statements, with U.S. generally accepted accounting principles, or with applicable guidance in OMB Circular No. A-136, *Financial Reporting Requirements*.

Objectives, Scope, and Methodology

CFPB management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing and maintaining effective internal control over financial reporting and evaluating its effectiveness, and (3) complying with applicable laws and regulations. CFPB management evaluated the effectiveness of CFPB's internal control over financial reporting as of September 30, 2011, based on the criteria established under FMFIA. CFPB management's assertion based on its evaluation is included in appendix I.

We are responsible for planning and performing the audit to obtain reasonable assurance and provide our opinion about whether (1) CFPB's financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; and (2) CFPB management maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011. We are also responsible for (1) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements, and (2) performing limited procedures with respect to certain other information accompanying the financial statements.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the entity and its operations, including its internal control over financial reporting;

- considered CFPB's process for evaluating and reporting on internal control over financial reporting that CFPB is required to perform by FMFIA and the Consumer Financial Protection Act;
- assessed the risk that a material misstatement exists in the financial statements and the risk that a material weakness exists in internal control over financial reporting;
- evaluated the design and operating effectiveness of internal control over financial reporting based on the assessed risk;
- tested relevant internal control over financial reporting;
- tested compliance with selected provisions of the following laws and their related regulations: 31 U.S.C. § 3902 – Interest penalties under the Prompt Payment Act; 31 U.S.C. § 3904 – Limitations on Discount Payments Under the Prompt Payment Act; 5 U.S.C. § 8334 (a)(1), (2) – Civil Service Retirement Act; 5 U.S.C. §§ 8422, 8423, 8432 – Federal Employees' Retirement System Act of 1986; Social Security Act of 1935, as amended; 5 U.S.C. §§ 8905-8909 – Federal Employees Health Benefits Act of 1959, as amended; and Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and
- performed such other procedures as we considered necessary in the circumstances.

An entity's internal control over financial reporting is a process affected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in accordance with the laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements.

We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing internal control over financial reporting. Our internal control testing was for the purpose of expressing

an opinion on the effectiveness of internal control over financial reporting and may not be sufficient for other purposes. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness. Because of inherent limitations, internal control may not prevent or detect and correct misstatements due to error or fraud, losses, or noncompliance. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We did not test compliance with all laws and regulations applicable to CFPB. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements for the fiscal year ended September 30, 2011. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance with U.S. generally accepted government auditing standards. We believe our audit provides a reasonable basis for our opinions and other conclusions.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the Special Advisor to the Secretary of the Treasury for CFPB stated that the agency was pleased that the audit found that the CFPB financial statements were presented fairly, that it maintained effective internal control over financial reporting, and that there were no instances of reportable noncompliance with laws and regulations. CFPB also stated that it will continue to work to enhance its internal controls and ensure the reliability of its financial reporting, its operating performance, and public confidence in its work.

The complete text of CFPB's response is reprinted in appendix II.

Steven J. Sebastian
Director
Financial Management and Assurance

November 9, 2011

Management's Discussion and Analysis

Message from the Special Advisor to the Secretary of the Treasury for the Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (CFPB) was launched on July 21, 2011 with a focused goal: To make the markets for consumer financial products work for consumers, responsible providers, and the economy as a whole. We want to make sure that the price and risks of financial products are clear so that consumers can decide what products are best for them. And we want to make sure that there are sensible rules of the road and a level playing field so that providers can innovate and compete fairly.

The CFPB was created on July 21, 2010 by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Before the Dodd-Frank Act, responsibility for administering and enforcing the various federal consumer financial laws was scattered across seven different federal agencies. For each of those seven agencies, consumer protection was only one of its responsibilities. The result was that no single agency was truly on the hook for protecting the average, everyday user of financial products and services. There was no true accountability, and consumers got left behind. The Dodd-Frank Act changed this by creating in the CFPB a single point of accountability for consumer financial protection. And we have been given, for the first time at the Federal level, supervisory authority over independent nonbank companies in addition to depositories. That means, for example, that when it comes to the mortgage market, we will be able to ensure that brokers, originators, and servicers play by the same rules regardless of their charter. It doesn't matter if you're a thrift, bank, finance company, ILC, or investment bank. If you want to be in the business of consumer finance, then you've got to play by the same rules as everybody else.

We recognize that the CFPB has a tough job. But fortunately, we have lots of tools in our toolkit – research, supervision, rulemaking, enforcement, and consumer education. Having the full range of tools means that we don't have to force a square policy peg into a round hole. We will strive to use each of these tools in the smartest way possible, matching problems to solutions.

Ultimately, our efforts will benefit the entire economy. We will help give families the confidence they need to borrow for a home or a child's education. We will help give our nation's financial institutions the confidence they need to innovate and compete. If we succeed in our mission, everybody wins.

As required by the Dodd-Frank Act, the CFPB prepared financial statements for fiscal year 2011. The Government Accountability Office (GAO) rendered an unqualified – or "clean" – audit opinion on the CFPB's financial statements. GAO noted no material weaknesses or significant deficiencies in CFPB's internal controls and cited no instances of noncompliance with laws and regulations.

I am proud of the CFPB's first Financial Report. It describes the fiscal year 2011 efforts to establish the CFPB, and the results we have achieved to date. I am even more proud to be a part of the CFPB team, whose dedicated public service is making the promise of our mission a reality.

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

MISSION

The Consumer Financial Protection Bureau is a *21st century agency* that helps consumer financial markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

We will achieve our mission through…

- data-driven analysis
- innovative use of technology
- valuing the best people and great teamwork.

I. Introduction

Beginning in 2007, the United States faced the most severe financial crisis since the Great Depression. Millions of Americans saw their home values drop, their savings shrink, their jobs diminished, and their small businesses lose financing. Credit dried up, and countless consumer loans – many improperly made to begin with – went into default.

Many Americans took on loans that they did not fully understand and could not afford. Although some borrowers knowingly took on too much debt, many Americans who behaved responsibly were also lured into unaffordable loans by misleading promises of low payments. Honest lenders that resisted the pressure to sell complicated products had to compete with their less responsible competitors.

Even those who avoided the temptations of excessively risky credit were caught in its web. Those who never took out an unaffordable mortgage nonetheless saw the values of their homes plummet when neighbors lost homes in foreclosure. Those who used credit cards and home equity lines of credit judiciously saw across-the-board increases in interest rates on credit cards and contraction of outstanding lines of credit. Those who had saved regularly watched their retirement funds lose significant value. Cities and states cut back on services to make up for their own revenue losses. The cost of irresponsible lending has been and continues to be borne by tens of millions of American families.

In June 2009, President Obama proposed to address failures of consumer protection by establishing a new financial agency to focus directly on consumer protection. This new agency would heighten government accountability by consolidating in one place responsibilities that had been scattered across government. The agency would also have responsibility for supervising providers of consumer financial products and services that had not had regular federal oversight and for enforcing the consumer protection laws with respect to such providers. This agency would protect families from unfair, deceptive, and abusive financial practices. The President urged Congress to give the CFPB the same accountability and independence that the other banking agencies have and sufficient funding so it could ensure that financial companies would comply with consumer laws.

In July 2010, Congress passed and President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act. The law – often referred to as the Dodd-Frank Act – created the Bureau of Consumer Financial Protection (also known as the "Consumer Financial Protection Bureau" or the "CFPB"). Part of the purpose of creating the CFPB was to increase accountability in government by consolidating consumer financial protection authorities that had existed across seven different federal agencies into one. Instead of important consumer protection powers being scattered across the federal government, now a single entity would have the oversight authority to make sure consumer financial markets work for all consumers.

II. Establishment of the Consumer Financial Protection Bureau

One of the key elements of the Dodd-Frank Act was the creation of a new financial regulatory agency, the CFPB, which centralizes consumer protection authorities and increases accountability for the supervision and enforcement of laws governing consumer financial products and services. Specifically, the agency is tasked with protecting consumers from unfair, deceptive, and abusive financial practices by making the markets for consumer financial products and services work for American families.

The Dodd-Frank Act created the CFPB as an independent bureau within the Federal Reserve System. The CFPB is an Executive agency as defined in section 105 of Title 5, United States Code. Title X of the Dodd-Frank Act established the following goals for the CFPB:

- Ensure that consumers have timely and understandable information to make responsible decisions about financial transactions,
- Protect consumers from unfair, deceptive, or abusive acts or practices, and from discrimination,
- Reduce outdated, unnecessary, or overly burdensome regulations,
- Promote fair competition by enforcing the federal consumer financial laws consistently, and
- Encourage markets for consumer financial products and services that operate transparently and efficiently to facilitate access and innovation.

Under the Dodd-Frank Act, the Secretary of the Treasury is responsible for exercising the CFPB authorities until a Director of the Bureau is in place. On July 18, 2011 President Obama sent to the Senate a nomination for a Director of the CFPB. Until confirmed by the Senate, the day-to-day operations of the CFPB are being managed by the Special Advisor to the Secretary of the Treasury for the CFPB.

III. CFPB Stand-Up Actions and Status

CFPB leadership recognize that they have a unique and vital opportunity to create an organization with an innovative infrastructure, and accordingly, articulated a mission and vision and began establishing the infrastructure, tools and processes to attract, hire, develop and retain the human capital needed to build an agency responsible for protecting consumers of financial products and services. The tools needed by the CFPB to begin hiring, compensating, and managing employees using the CFPB's own statutory authorities under the Dodd-Frank Act were put in place and became operational in February 2011.

Vision

A consumer financial market place…

Where customers can see prices and risks up front and where they can easily make product comparisons;

in which no one can build a business model around unfair, deceptive, or abusive practices;

that works for American consumers, responsible providers and the economy as a whole

The CFPB has currently filled 25 of its key leadership positions with highly talented and experienced staff from the private, nonprofit, and public sectors. In addition, the CFPB has made considerable progress in recruiting, hiring, and orienting the workforce.

The CFPB's recruitment efforts have focused on filling vacancies throughout the country in support of its headquarters operations in Washington, D.C, and its regional satellite offices in Chicago, New York City, and San Francisco.

In addition, to ensure the successful stand-up of the Bureau, CFPB staff conducted reviews of "best practices" and "lessons learned" from the merger and stand-up of other federal agencies. The team also solicited input on stand-up needs and issues from other government agencies, private corporations, and the public. As a result of this process, staff used the following principles to guide the development and implementation of the CFPB's organization and human capital strategies:

- Focus on the CFPB's core principles and priorities (see below) to guide the organizational design and stand-up,
- Establish clear implementation goals and timelines that build momentum and demonstrate progress,
- Establish and implement a communication strategy to create shared expectations and report progress, and
- Build a "learning organization" that provides for the continuing development and advancement of the Bureau.

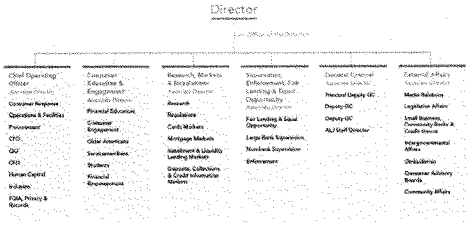
The CFPB has also implemented an initial workforce design strategy that identifies the human capital assets necessary to accomplish the CFPB's mission in line with the CFPB's vision and core organizational principles and priorities. This strategy has served to guide recruiting efforts to date and continues to serve as the CFPB's long-range workforce vision.

THE CFPB'S CORE ORGANIZATIONAL PRINCIPLES AND PRIORITIES

Engage the American public.
Ensure that federal consumer financial laws are administered consistently, efficiently, and effectively.
Help create a level playing field for community banks and credit unions to compete with large banks and non-depository financial companies.
Make the CFPB a data-driven agency by ensuring research and market analysis are at the core of all of its work.
Advance financial education opportunities for all Americans.
Continue an open and candid dialogue with Members of Congress.
Strengthen accountability within the CFPB.

Organization

One of the Bureau's top priorities has been to build an organization for success using a design that will provide the infrastructure the Bureau needs to meet its responsibilities. Late last calendar year, the CFPB began providing its draft organization chart to Members of Congress and the media. In early February 2011, the Bureau posted the chart to its newly launched website. In developing the CFPB's organizational structure, the Bureau has asked for comments and critiques from stakeholders across the spectrum. The CFPB organization chart as of September 30, 2011 is displayed below:



9 CFPB FINANCIAL REPORT – FISCAL YEAR 2011

The Bureau currently includes six primary divisions:

- Consumer Education and Engagement
- Supervision, Enforcement, Fair Lending and Equal Opportunity
- Research, Markets, and Regulations
- Office of General Counsel
- External Affairs
- Office of Chief Operating Officer

A description of the functions and responsibilities of the each of the Divisions follows.

Consumer Education and Engagement

Provides, through a variety of initiatives and methods, information to consumers that will allow them to make decisions that are best for them. Consumer education is a central mission to the Bureau. The Bureau is developing targeted outreach to groups that face particular challenges, as required by the Dodd-Frank Act.

It includes the following offices:

Community Affairs – conducts outreach to consumer groups, civil rights groups, community organizations, and other organizations focused on traditionally underserved consumers and communities.

Consumer Engagement – creates engaging experiences for the American public to enable them to live better financial lives and for people interacting with the Bureau by developing platforms for participatory government.

Financial Education – serves as a resource for consumers who are looking to better understand how to make decisions in the financial services marketplace and provides access to tools and information that can help consumers make financial choices.

Older Americans – helps prevent financial abuse of seniors, promotes consumer education and consumer protection efforts, and develops initiatives to ensure appropriate tools are available to guide financial decision making for Americans 65 and over.

Servicemember Affairs – works in partnership with the Department of Defense to (1) help ensure that military families receive the financial education they need to make the best financial decisions for them; (2) monitor complaints from military families, and responses to those complaints; and (3) coordinate the efforts of federal and state agencies to improve consumer financial protection measures for military families.

Students – assesses and develops policy and educational solutions to address and prevent consumer financial protection issues of students.

Supervision, Enforcement, Fair Lending and Equal Opportunity

Ensures compliance with federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.

It includes the following offices:

Bank Supervision – conducts examinations of the largest and most complex banks, thrifts, and credit unions in the country, as well as other depository institutions under the Bureau's jurisdiction. These efforts are closely coordinated with the Nonbank Supervision office.

Enforcement – initiates investigations and enforcement actions, where appropriate, to ensure that providers of consumer financial products and services are complying with the law and that such providers are held accountable when they fail to do so.

Fair Lending and Equal Opportunity – provides oversight and enforcement of fair lending laws to make certain that credit decisions are not based on race or any other prohibited factor. The office also engages in fair lending outreach and education.

Nonbank Supervision – conducts examinations of different types of nonbank consumer financial services companies, including nonbank affiliates of large depository institutions.

Research, Markets and Regulations

Responsible for understanding consumer financial markets and consumer behavior and for evaluating whether there is a need for regulation and the costs and benefits of potential or existing regulations. Before the CFPB acts, it will seek to be fully informed. The offices within this division are staffed with professionals selected for their strong analytical skills and subject matter expertise.

It includes the following offices:

Research – conducts research and rigorous policy evaluations and publishes findings on a variety of topics to support the CFPB's evidence-based policymaking and to develop a deeper understanding of consumer financial markets and household finances.

Market teams – provide real-time market intelligence, guidance, and analysis of their respective consumer markets. The market teams are Cards Markets, Mortgage Markets, Installment & Liquidity Lending Markets, and Deposits, Collections & Credit Information Markets.

Regulations – works to ensure that rulemaking is conducted in an informed, fair, and efficient manner in accordance with the law.

Office of General Counsel

Responsible for the CFPB's compliance with all applicable laws and provides advice to the Director and CFPB's divisions.

External Affairs

Responsible for ensuring that the CFPB maintains robust dialogue with various stakeholders who have an interest in its work in order to promote understanding, transparency, and accountability.

It includes the following offices:

Community Banks and Credit Unions – conducts outreach to smaller credit providers, especially community banks and credit unions.

Consumer Advisory Board – advises and consults with the Bureau in the exercise of its functions and provides information on emerging practices in the consumer financial products or services industry, including regional trends and concerns.

Intergovernmental Affairs - conducts outreach to municipal, state, and other government entities with coinciding concerns or initiatives.

Legislative Affairs - serves a liaison function with the Members of Congress and congressional staff, providing timely information on the Bureau's activities and responding to inquiries and concerns.

Media Relations - serves a liaison function with the media.

Ombudsman - focuses on problem resolution between the CFPB and regulated entities or other third parties.

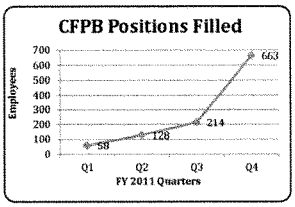
Office of Chief Operating Officer

Builds and sustains the CFPB's operational infrastructure to support the entire organization and includes the Offices of the Chief Financial Officer; Chief Information Officer; Chief Technology Officer; and Chief Human Capital Officer; Minority and Women Inclusion Office; Operations and Facilities; Procurement; and FOIA, Privacy and Records. The division also includes Consumer Response, which receives complaints and helps consumers find answers for questions about consumer financial products and services.

On-Board Status

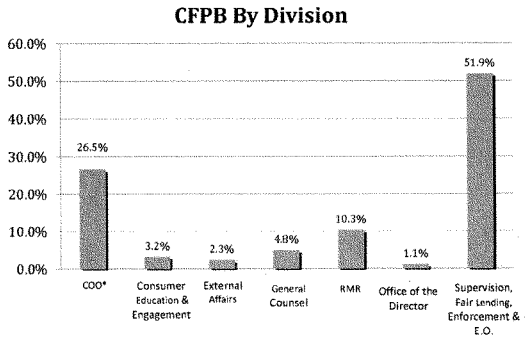
One of the key areas of focus in building the CFPB has been to identify the best qualified people to meet its immediate staffing needs. The CFPB has made significant strides by transferring[1] or hiring approximately 663 highly qualified personnel by September 30, 2011. This progress has been accomplished by taking many concurrent steps in the areas of policy development, recruitment activities, development of metrics, and on-boarding these many new employees, all within very compressed time frames.

Provided below is a chart that displays the dramatic quarterly growth of on-board positions filled for the CFPB during fiscal year 2011.



[1] The Dodd-Frank Act under Section 1064 provides for the transfer of certain employees from the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Office of Thrift Supervision, and the Department of Housing and Urban Development.

Provided below is a percentage breakout of CFPB total on-board staff by division as of September 30, 2011. As displayed in the chart, the CFPB's initial efforts to staff the bureau has placed a high priority on the Supervision, Enforcement, Fair Lending and Equal Opportunity functions – 51.9% of total on-board staff – receiving the highest attention in filling CFPB regulatory and compliance expertise positions.



*The Office of the Chief Operating Officer (COO) displayed as 26.5% is composed of 12.5% for the Consumer Response Center and 14% for all other COO functions.

Design and Implement Payroll and Human Resources Systems

The Dodd-Frank Act did not give the CFPB direct-hire authority, and the CFPB was required to implement its own payroll and hiring system in order to begin hiring regulatory and compliance expertise – either from competitive hires or from transfer agencies. The CFPB launched a series of discussions and negotiations with the Federal Reserve System and with federal providers of payroll and human resource (HR) systems. The CFPB ultimately decided to implement an independent payroll and HR automated system separate from the systems used by the Federal Reserve.

Under the Dodd-Frank Act, the CFPB must establish a compensation program that provides compensation and benefits that, at a minimum, are comparable to the compensation and benefits being provided by the Board of Governors for the corresponding class of employees. All such compensation and benefits must be based on the terms and conditions set forth in the Federal Reserve Act. Accordingly, the CFPB undertook a complete compensation and classification analysis and developed a market-based classification and

compensation system that supports its strategy of building a highly skilled, flexible, high-performing workforce and that attracts both individuals from outside of government as well as employees from the agencies transferring functions to the CFPB.

Additionally, the CFPB developed its own benefits program and implemented it on July 17, 2011. Pursuant to the Dodd-Frank Act, the CFPB has collaborated with the six transferring agencies[3] to establish procedures and systems that allow for employees transferring into the CFPB to retain appropriate benefits provided to them by their prior agency for a one-year period and to reimburse those agencies as required by the Dodd-Frank Act. The six agencies are the Department of Housing and Urban Development, Office of Thrift Supervision, Office of the Comptroller of the Currency, National Credit Union Administration, Federal Deposit Insurance Corporation, and the Federal Reserve Board of Governors and Federal Reserve System Banks.

IV. CFPB Actions, Performance and Results

The Dodd-Frank Act under section 1062 required the transfer date of the consumer financial protection functions from the seven prudential Federal agencies[2] to occur no later than July 21, 2011 unless Congress was notified. The Senior Advisor to the Secretary of the Treasury and CFPB management established as the primary performance goal for fiscal year 2011 the establishment and stand-up of the CFPB by the transfer date of July 21, 2011.[4]

On July 21, 2011 the CFPB achieved its goal and began its work to carry out its responsibilities and authorities to enforce the laws on credit cards, mortgages, student loans, prepaid cards, and other kinds of financial products and services. Some of the CFPB actions starting that day include:

- The CFPB sent introductory letters to the CEOs of the depository institutions – generally large banks and their affiliates – that are subject to CFPB supervision. These letters, which outline the agency's approach to supervision and examination, marked the beginning of CFPB's regular communications with the institutions it supervises. In addition, CFPB's Enforcement team was ready to begin enforcing federal consumer financial laws, when necessary.
- The CFPB's Consumer Response Center began accepting credit card complaints on its newly redesigned website, and through a toll free number. CFPB also began referring distressed homeowners to housing counselors via the Homeowner's mortgage assistance hotline.
- The CFPB began publishing regulations and interim rules, examples of which include: a list of the regulations of the transferor agencies that will be enforceable by the CFPB; interim rules to create

[2] Under the Dodd-Frank Act, the functions and responsibilities for consumer financial protection laws were transferred to the CFPB from seven Federal agencies, however, the Federal Trade Commission was not required to transfer any employees to CFPB per Section 1061 (b) (A).
[3] Under the Dodd-Frank Act, authorities for consumer financial protection were transferred from the Board of Governors of the Federal Reserve System, Comptroller of the Currency, Office of Thrift Supervision, Federal Deposit Insurance Corporation, Federal Trade Commission, National Credit Union Administration, and the Department of Housing and Urban Development.
[4] The CFPB is preparing a strategic plan to help guide its future-years activities beginning in fiscal year 2012.

records and information procedures to implement the Privacy Act and the Freedom of Information Act, and to establish a process by which parties may seek testimony or records from the CFPB for use in litigation; and an interim rule concerning the CFPB's conduct of investigations of potential violations of any provision of federal consumer financial law.

In addition, CFPB began work on many initiatives prior to July 21, 2011, including:

- **Know Before You Owe** – In May, the CFPB launched the Know Before You Owe project, an effort to combine two federally required mortgage disclosures into a single, simpler form that makes the costs and risks of the loan clear and allows consumers to comparison shop for the best offer. The CFPB began testing two alternate prototype forms that are designed to be given to consumers who have just applied for a mortgage loan. This testing – which is nearing completion and involves one-on-one interviews with consumers, lenders, and brokers which – will precede and inform the CFPB's formal rulemaking process. The CFPB also has posted the prototypes on its website with an interactive tool to gather public input about the designs.

- **Transparency in Credit Cards** – Credit cards are the most commonly used form of consumer credit. Almost two out of three families now have at least one credit card, and almost half of all families with credit cards carry a balance. In February 2011, the CFPB held a conference on the first anniversary of when many provisions of the Credit Card Accountability Responsibility and Disclosure Act – the CARD Act – took effect. The CFPB's conference brought together industry representatives, consumer groups, academics, government experts, and others for a review of data on how the CARD Act, coupled with the recession and its aftermath, have affected supply, demand, and pricing within the credit card marketplace. The CFPB undertook a voluntary survey of the nine largest card issuers, representing approximately 90 percent of the market, and other studies also were conducted in connection with the conference.

  The CARD Act has pushed in the right direction. It has brought about significant reforms in both the pricing practices of card issuers and the information provided to consumers. Even so, there are a lot of moving parts in a credit card price, and there is still room for improvement in the transparency of this market. The CFPB's next challenge will be to further clarify price and risk and make it easier for consumers to make direct product comparisons.

  As part of the CFPB's commitment to transparency, the raw data from a consumer survey conducted by the CFPB in connection with the conference were made public on its website at: www.consumerfinance.gov

- **Report on Using Remittance History for Credit Scores and Remittance Exchange Rates** – Each year, consumers in the United States send tens of billions of dollars to family members, friends, businesses, and others abroad through remittance transfers – electronic transfers from U.S. senders to recipients in foreign countries. The CFPB issued a report on July 20, 2011 mandated by the Dodd-Frank Act, which analyzes two subjects related to remittance transfers: the transparency and disclosure to consumers of exchange rates used in remittance transfers, and the potential for using remittance histories to enhance the credit scores of consumers.

  The report finds that implementation of some of the Dodd-Frank Act's new requirements related to remittance transfers – including mandatory disclosures of the exchange rate used – could shed light on any need for additional exchange rate transparency measures. The CFPB also recommends to policy makers and other stakeholders that any additional transparency measures be evaluated and considered together with the range of mechanisms for increasing the competitiveness of the remittance transfer market, or promoting other consumer protection goals. The report further

discusses the potential for remittance histories to inform credit scores, and describes planned CFPB research regarding the relationship between remittance histories and credit scores.

- **Report on Credit Scores** – CFPB issued a mandated report on July 19, 2011 examining the differences between credit scores sold to consumers and scores used by lenders to make credit decisions.

  The Dodd-Frank Act required the CFPB to study the differences between credit scores consumers purchase and those creditors use to make credit decisions. The CFPB's report covers the process of developing credit scoring models, why different scoring models may produce different scores for the same consumer, how different scoring models are used by creditors in the marketplace, what credit scores are available to consumers for purchase, and ways that differences between the scores provided to creditors and those provided to consumers may disadvantage consumers. A consumer unaware of the variety of credit scores available in the market place may purchase a score believing it to be his or her only credit score, when in fact there is no such single score.

  The report discusses the general lack of information about credit scoring. One survey shows that many consumers do not know that a credit score represents the risk of not repaying a loan. Furthermore, many consumers do not know that credit scores they buy may not use the same credit scoring models that are most widely used by lenders.

  As a followup to the report, the CFPB will obtain and analyze data that shed further light on differences in scores and the significance of related concerns. To help educate consumers, the CFPB also posted advice on its website about how to obtain and maintain a good credit score: http://www.consumerfinance.gov.

- **Larger Participants and Nonbank Supervision** – The Dodd-Frank Act gives the CFPB the job of supervising large banks, as well as some other types of financial companies, for compliance with federal consumer financial protection laws. While banks, thrifts, and credit unions have been subject to examinations by various federal regulators in the past, other types of companies providing consumer financial products and services have not. One of the goals of the new law is to better protect consumers by expanding this type of supervision to nonbank companies. The examination of nonbank companies will be a crucial piece of the CFPB's work. For the first time, many of these nonbank financial companies will be subject to federal oversight.

  Under the Act, the CFPB's nonbank supervision program will be able to look at companies of all sizes in the mortgage, payday lending, and private student lending markets. But for all other markets—like consumer installment loans, money transmitting, and debt collection—the CFPB generally can supervise only larger participants.

  The CFPB requested input on June 29, 2011 on how to define a "larger participant" through the rulemaking process. In order to collect input, CFPB published a Notice and Request for Comment (Notice). Public comments on the questions listed in the Notice will help the CFPB formulate a rule that helps the CFPB make the best use of its resources to protect American consumers.

Engaging the Public

One of the CFPB's top priorities is to communicate substantively and frequently across a wide range of industry and consumer group sectors. The CFPB aims to actively engage all stakeholders that could potentially be affected by the agency, with the understanding that there is much insight to be gained from varied perspectives that represent many distinct points of view.

The CFPB has traveled across the country to listen to and learn from the hopes, fears, and concerns of industry and consumer groups. As a result, the CFPB has collected ample information about how its work will affect various stakeholders, and suggestions from stakeholders have informed preparations in setting up the agency.

- **Community Banks and Credit Unions** – CFPB set a goal to reach out to small independent banks in all 50 states before July 21, 2011. By April 2011, the CFPB had reached its goal of speaking to bankers from every state. Further, CFPB officials delivered speeches at the Independent Community Bankers of America National Convention, the Credit Union National Association Governmental Affairs Conference, and at the National Association of Federal Credit Unions Congressional Caucus. A CFPB team has been dedicated to outreach to small financial service providers.

- **Trade Associations and Bank Executives** – CFPB has frequently met with banking executives and trade associations that represent both depository and non-depository institutions. The CFPB has spoken directly to many of the major trade organizations representing firms likely to be affected by its work and delivered speeches to the Financial Services Roundtable and at the U.S. Chamber of Commerce Fifth Annual Capital Market Summit.

- **Servicemembers and Military Families** – In January 2011, the CFPB made a key hire to establish its Office of Servicemember Affairs. The newly hired Assistant Director, Office of Servicemembers Affairs (OSA) understands – from personal experience as a military spouse and work at the Better Business Bureau Military Line – that men and women in the U.S. armed forces encounter unique financial issues.

  In January, the Assistant Director, OSA visited Joint Base San Antonio, Texas to speak with servicemembers and financial counselors about the unique financial circumstances and challenges that exist in military communities. In April, the Assistant Director traveled to Joint Base Myer-Henderson Hall in Virginia to meet with servicemembers and their families.

  The Assistant Director has visited many other military bases as well, talking about the financial challenges facing American men and women in uniform. The Assistant Director was the first CFPB staffer to testify before Congress when she appeared before the House Committee on Veterans Affairs and has also testified before a subcommittee of the Senate Committee on Homeland Security and Governmental Affairs, and has submitted testimony for the record to the Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security U.S. Senate Committee on Homeland Security.

- **Consumer Response** – The Dodd-Frank Act directs the CFPB to facilitate the collection and monitoring of, and response to, consumer complaints regarding certain financial products and services. These complaints and consumers' inquiries will help the CFPB identify areas of concern and help CFPB in its supervision and other responsibilities.

  The CFPB is implementing the consumer response function gradually through a phased roll-out of functionality. The CFPB aims to build an efficient and effective consumer response system that is useful to American consumers, minimizes burden on financial institutions, and leverages the best of technology. A phased roll-out will enable proper consideration of the needs of consumers, the requirements of financial institutions, and the relevant operational constraints. In the initial phase, the CFPB will focus on taking complaints for credit cards, with other products to follow.

  Anticipating that many distressed homeowners would contact the CFPB soon after the launch of the Consumer Response function, the CFPB designed a process to connect these homeowners with a

housing counselor via the Homeowner's HOPE™ Hotline, a housing counseling hotline available through the Department of the Treasury.

The CFPB is coordinating its approach with other regulators to prevent any gaps for consumers during this transition of responsibilities[2]. As the CFPB rolls out its full functionality, it plans to route or refer incoming complaints for other products to the prudential regulators or other appropriate agencies.

The CFPB is investing in a 21st-century IT infrastructure to ensure that its consumer response function is accessible, easy to use, and secure. To ensure broad access, the CFPB will provide a variety of contact channels, including the Internet, mail, fax, and a toll-free telephone number with English and Spanish language capabilities. For consumers, the CFPB is creating an integrated web and phone system to file and track complaints. The CFPB's website and call center will also provide answers to frequently asked questions regarding financial products. For credit card complaints, the CFPB is creating a web-based system that allows card issuers to log on, view, and respond to complaints online. Eventually, this system is expected to be used by providers of other financial products.

The CFPB has engaged and will continue to engage a broad range of stakeholders -- including community banks, consumer advocates, industry groups, and others -- to gather input on the complaint handling process. The CFPB has presented its complaint intake process and complaint handling system to the largest credit card issuers. The CFPB will be holding ongoing discussions with them regarding improvements to the system.

V. Enterprise Risk Management

Fiscal Year 2011

CFPB STATEMENT OF MANAGEMENT ASSURANCES

November 9, 2011

The management of the Consumer Financial Protection Bureau (CFPB) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). Continuous monitoring and periodic evaluations provide the basis for the annual assessment and report on management's controls, as required by FMFIA. CFPB is leveraging the established OMB Circular A-123 and the FMFIA assessment methodologies to assist in assessing the applicable entity-wide controls, documenting the applicable processes, and identifying and testing the key controls. Based on the results of these ongoing evaluations, CFPB can provide reasonable assurance that internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations meet the objectives of FMFIA and no material weaknesses were found in the design or operation of the internal controls as of September 30, 2011.

As required by the Dodd-Frank Act, the CFPB is required to provide a management assertion as to the effectiveness of CFPB's internal control over financial reporting. CFPB management is responsible for establishing and maintaining effective internal control over financial reporting. CFPB conducted its assessment of the effectiveness of internal control over financial reporting based on the criteria established under 31 U.S.C. Sec. 3512(c). Based on the results of this evaluation, the CFPB can provide reasonable assurance that its internal control over financial reporting as of September 30, 2011 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

As required by the Dodd-Frank Act, the CFPB is required to maintain financial management systems that comply substantially with Federal financial management systems requirements and applicable Federal accounting standards. The CFPB utilizes financial management systems that substantially comply with the requirements for Federal financial management systems and applicable Federal accounting standards.

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

Federal Managers' Financial Integrity Act

The CFPB was established as an independent bureau in the Federal Reserve System under the Dodd-Frank Act Section 1011 (a). As an independent, non-appropriated bureau, CFPB recognizes the importance of Federal laws associated with implementing effective enterprise risk management, including the Federal Managers' Financial Integrity Act. This includes ensuring that CFPB operations and programs are effective and efficient and that internal controls are sufficient to minimize exposure to waste and mismanagement.

In fiscal year 2011, CFPB performed an evaluation of its risks and systems of internal controls and employed an independent accounting firm to assist CFPB management in its evaluations. The results of those evaluations helped to support the CFPB's reasonable assurance of effective internal control.

The CFPB is committed to ensuring it has an effective risk management program in fiscal year 2012 and will take actions to implement all identified recommendations and concerns, and increase resources assigned to an office within the Office of the Chief Financial Officer – the Office of Audit and Internal Controls.

Federal Financial Management Systems Requirements

Section 1017 (a) (4) (C) of the Dodd-Frank Act requires the CFPB to implement and maintain financial management systems that substantially comply with Federal financial management systems requirements and applicable Federal accounting standards. As discussed below in the section on Financial Management System Strategy, the CFPB has entered into an agreement with the Department of the Treasury's Bureau of Public Debt (BPD) for the cross-servicing of CFPB's core financial management system needs. As such, BPD has provided assurances to CFPB that its system is in compliance with the Federal Financial Management Improvement Act (FFMIA) whereby the system is substantially compliant with:

- Federal financial management system requirements,
- Applicable federal accounting standards, and
- The United States Standard General Ledger at the transaction level.

BPD has reported that its system substantially complies with the three requirements of FFMIA and recently completed a Statement on Standards for Attestation Engagement (SSAE) No. 16, Reporting on Controls at a Service Organization. The independent auditors opined in the SSAE 16 report that, in short, BPD's controls were suitably designed to provide reasonable assurance that control objectives would be achieved if customer agencies applied the complementary customer agency controls.

CFPB evaluated its internal controls over the processing of transactions between the CFPB and BPD. CFPB determined it has adequate complementary controls in place.

Financial Statement Audit and Report on Internal Control over Financial Reporting

Sections 1017 (a) (4) (B) and (D) of the Dodd-Frank Act require the CFPB to prepare and submit to GAO annual financial statements and an assertion of the effectiveness of the internal controls over financial reporting. Section 1017 (a) (5) (A) and (B) of the Dodd-Frank Act also require GAO to audit those financial statements and assertions and report their results to the bureau, Congress and the President. The CFPB prepared financial statements for the first full year of operation, fiscal year 2011.

GAO issued an unqualified audit opinion on CFPB's fiscal year 2011 financial statements GAO noted no material weaknesses or significant deficiencies in CFPB's internal controls and cited no instances of non-compliance with laws and regulations.

Financial Management Systems Strategy

CFPB recognized early on that as a new bureau it needed to leverage existing financial management resources, systems and information technology platforms when identifiable and available. Initially, all of CFPB's financial management transactions were processed through the Department of the Treasury's Departmental Offices. In fiscal year 2011, CFPB entered into a contract with the Department of the Treasury's Bureau of Public Debt (BPD) for the cross-servicing of a core financial management system that uses a commercial off-the-shelf core financial management system designed and configured to meet generally accepted accounting principles for Federal entities. In addition to the core financial management system, BPD provides additional services to CFPB, such as transactional processing, financial reporting, human resource services, procurement services, and travel services.

Further, CFPB established an IT Investment Review Board (IRB) as an executive advisory body providing the business and technology leadership to ensure all technology investment aligns with the CFPB mission and goals. The members of the IRB work with the CIO and the Technology Implementation Group to make informed recommendations and assist the CIO in making the proper investment decisions to ensure that CFPB's IT assets are managed as strategic business resources that support the mission of the bureau.

Federal Information Security Management Act

The Federal Information Security Management Act (FISMA) requires Federal agencies to develop, document, and implement an agency-wide program to provide security for the information and information systems that support the operations and assets of the agency. As discussed above, the CFPB has leveraged existing information technology and platforms by deploying a cloud-based infrastructure and entering into various cross-servicing agreements with the Department of the Treasury, Departmental Offices and BPD, and the Department of Agriculture, National Finance Center. As part of the independent performance audit of the operations and budget of the CFPB, which is discussed below, the auditors also reported that the CFPB has complied with key elements of the E-Government Act of 2002, including FISMA.

Improper Payments Elimination and Recovery Act

The Improper Payments Elimination and Recovery Act of 2011 require agencies to review their programs and activities annually to identify those susceptible to significant improper payments. During fiscal year 2011, the Office of Audit and Internal Control conducted such a review over four areas of payments – Purchase Card, Contract Payments and/or Invoices, Travel Card, and Claims and/or Vouchers. The CFPB's risk assessment process did not identify any programs susceptible to significant improper payments.

Independent Performance Audit of the Operations and Budget of the CFPB

The Dodd-Frank Act, amended by the Full-Year Continuing Appropriations Act, 2011 (12 USC 5496a), mandated that CFPB obtain an annual independent audit of the operations and budget of the Bureau. CFPB contracted for a fiscal year 2011 independent performance audit of the CFPB budget and several operating areas that were instrumental in implementing the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act of 2010 and standing up the CFPB: Human Capital and Organizational Development, Consumer Response, Information Technology, and Communications and Transparency.

To evaluate CFPB's operations and performance in these five areas, the auditor's evaluation criteria were (1) compliance with legal requirements, (2) achievement of organizational goals, and (3) alignment with performance standards, best practices, and/or benchmarks. In its October 15 report, the auditors reported that CFPB has made significant progress towards achieving legal compliance, attaining organizational goals, and meeting performance standards.

Limitations of the Financial Statements

The principal financial statements contained in this report have been prepared to present the financial position and results of operations of the Consumer Financial Protection Bureau pursuant to the requirements of the Dodd-Frank Act Section 1017 (a) (4) (B). While the statements have been prepared from the books and records of the Consumer Financial Protection Bureau, in accordance with generally accepted accounting principles for the Federal government, and follows the general presentation guidance provided by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared using the same books and records.

The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

VI. Financial Analysis

How the CFPB is Funded

Under the Dodd-Frank Act, the CFPB is funded principally by transfers from the Board of Governors of the Federal Reserve System up to a limit set forth in the statute. The CFPB requests transfers from the Board of Governors in amounts that are reasonably necessary to carry out its mission, which funding is capped at a pre-set percentage of the total 2009 operating expenses of the Federal Reserve System, subject to an annual adjustment. Specifically, the CFPB fund transfers are capped as follows:

- In fiscal year 2011 to 10 percent of those Federal Reserve System expenses (or approximately $498 million),
- In fiscal year 2012 to 11 percent of these expenses (or approximately $547.8 million),
- In fiscal year 2013 to 12 percent of these expenses (or approximately $597.6 million), and
- In fiscal year 2014 and beyond, the cap remains at 12 percent but will be adjusted for inflation.

The Dodd-Frank Act requires the CFPB to maintain an account with the Federal Reserve - "Bureau of Consumer Financial Protection Fund" (Bureau Fund). Funds requested from the Board of Governors are transferred into the Bureau Fund. Bureau funds determined not to be needed to meet the current needs of the CFPB are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. During fiscal year 2011, five transfers totaling $161.8 million were received from the Board of Governors[3].

The Dodd-Frank Act explicitly provides that Bureau funds obtained by or transferred to the CFPB are not Government funds or appropriated funds.

The CFPB also collects filing fees from developers as part of the process regarding Interstate Land Settlements (ILS). The ILS program protects consumers from fraud and abuse in the sale or lease of land. In 1968, Congress enacted the Interstate Land Sales Full Disclosure Act, which is patterned after the Securities Law of 1933 and requires land developers to register subdivisions of 100 or more non-exempt lots and to provide each purchaser with a disclosure document called a Property Report. The Property Report contains relevant information about the subdivision and must be delivered to each purchaser before the signing of the

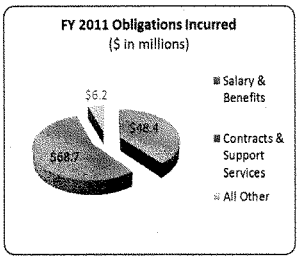
[3] In fiscal year 2010, one transfer for $18.4 million was received from the Board of Governors.

contract or agreement. On July 21, 2010, this program was transferred to the CFPB from the Department of Housing and Urban Development pursuant the Dodd-Frank Act. While CFPB continues to study the legal effects of the legislation with respect to the transfer of these functions under the Land Sales Act, and the collection of fees, the fees are currently being deposited into an account maintained by Treasury. The fees collected may be retained and are available until expended for the purpose of covering all or part of the costs that the Bureau incurs for ILS program operations.

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect civil penalties against any person in any judicial or administrative action under Federal consumer financial laws. The Act also requires the CFPB to maintain a separate fund, known as the Consumer Financial Civil Penalty Fund (Civil Penalty Fund). Collections of civil penalties will be deposited into the Civil Penalty Fund, which is in the process of being established. CFPB did not collect any civil penalties during fiscal year 2011.

What the CFPB has Funded

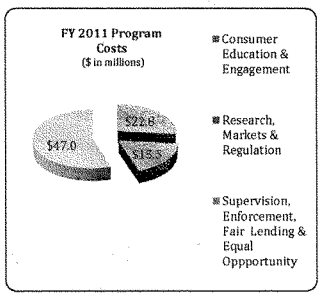
During fiscal year 2011, the CFPB was still growing; therefore, the majority of its obligations related to resources essential to standing up the CFPB, such as personnel, information technology, mission-specific and human capital support, and other general start-up activities. The CFPB incurred $123.3 million in obligations – $68.7 million in Contracts & Support Services, $48.4 million in Salary & Benefits, and $6.2 million in All Other – as displayed in the chart to the left:



Some of the larger funded items for the CFPB start-up activities included in the $68.7 million for Contracts and Support Services include:

- $18.6 million to the Department of the Treasury for various services such as, information and technology and human resource systems support and detailees,
- $6 million to the Bureau of the Public Debt for cross-servicing of various human resource and financial management services, such as cost financial accounting, transaction processing, travel and payroll,
- $4.4 million to a contractor for human resource policies and assistance in developing salary and benefits packages consistent with the requirements of the Dodd-Frank Act, and,
- $4.3 million to a contractor for the development and maintenance of a Consumer Complaint System.

Net Costs of the CFPB's Operations



The Statement of Net Cost presents the CFPB gross and net cost for its three strategic missions: Consumer Education & Engagement; Research, Markets & Regulation; and, Supervision, Enforcement, Fair Lending & Equal Opportunity. Total CFPB net costs for fiscal year 2011 in these three programmatic categories are $85.3 million – $47 million for Supervision & Enforcement, Fair Lending and Equal Opportunity, $22.8 million for Consumer Education and Engagement, and $15.5 million for Research, Markets & Regulation – as displayed in the chart to the left. The majority of costs were incurred in Supervision and Enforcement, Fair Lending and Equal Opportunity including the start-up costs of the program and the majority of CFPB's personnel costs – 51.9% of all hires by year-end.

VII. Possible Future Risks and Uncertainties

Potential Funding Concerns and Potential Impact to Independence

The Dodd-Frank Act followed a long-established precedent in providing the CFPB with funding outside of the Congressional appropriations process. Congress has consistently provided for independent funding for bank supervision to allow for long-term planning and the execution of complex initiatives and to ensure that banks are examined regularly and thoroughly for both safety and soundness and compliance with the law.

The CFPB has been tasked with supervising more entities than all other federal bank supervisors combined, including supervising the largest, most complex banks. Effective supervision that levels the playing field between bank and non-bank institutions will require dedicated and predictable resources, and independent examiners. Moreover, consumer compliance examinations for depository institutions with less than $10 billion in assets will continue to be conducted by prudential regulators and thus funded independently. Thus, consumer compliance examinations of community banks and large bank and non-bank institutions will all be funded independently.

Although Congress provided the CFPB with a source of funding outside the appropriations process, the CFPB is nonetheless the only bank supervisor with a statutory cap on its primary source of funding. If the Director were to determine that the non-appropriated funds to which it is entitled under the Act are insufficient to carry out its responsibilities, the Act provides the potential for CFPB to also obtain appropriated funds, up to a capped amount, in fiscal years 2011-2014. In accordance with the Act and appropriations law requirements, further action would be required on the part of the Director and Congress in order for CFPB to obtain such appropriated funds.

Financial Statements

Message from the Chief Financial Officer

During fiscal year 2011, the Office of the Chief Financial Officer played a major role in the growth and development of the Consumer Financial Protection Bureau (CFPB). The CFPB was established by the Dodd-Frank Act when it was enacted on July 21, 2010. Much of the work to establish CFPB as a new bureau occurred during fiscal year 2011. During this time, the agency grew from 58 employees in the first quarter to 663 employees at fiscal year-end. The rapid growth in employees and the associated offices required a significant level of effort to establish the necessary support structure of the agency. Some of the CFPB activities the Office of the Chief Financial Officer supported in fiscal year 2011 include:

- Entered into Inter-agency Agreements with other federal agencies to obtain services in the areas of financial management, human resource, procurement, travel, and payroll;
- Designed and developed CFPB's budget and internal control functions;
- Developed CFPB's operating plans;
- Prepared five fund request transfers from the Federal Reserve System totaling $161.8 million; and,
- Coordinated benefits payments for transferees.

As a new stand-up bureau, we recognize that much work remains to be done in fiscal year 2012. We will continue to work towards strengthening the Office of the Chief Financial Officer and continue to ensure we have sound fiscal policies and a strong internal control environment in place.

I am pleased to present the CFPB's first set of financial statements as an integral part of the fiscal year 2011 Financial Report. For fiscal year 2011, the Government Accountability Office rendered an unqualified audit opinion on CFPB's financial statements and noted no material weaknesses or significant deficiencies in CFPB's internal controls and cited no instances of non-compliance with laws and regulations.

Stephen Agostini
Chief Financial Officer
Consumer Financial Protection Bureau

Freddy Vélez
Acting Deputy Chief Financial Officer
Consumer Financial Protection Bureau

CONSUMER FINANCIAL PROTECTION BUREAU
BALANCE SHEET
As of September 30, 2011
(In Dollars)

		2011
Assets:		
Intragovernmental		
Fund Balance with Treasury (Note 2)	$	18,673,308
Investments (Note 3)		80,298,806
Total Intragovernmental		98,972,114
Cash, and Other Monetary Assets (Note 4)		332,021
Accounts Receivable		7,068
Property, Equipment, and Software, Net (Note 5)		1,770,214
Advances and Prepayments (Note 6)		14,689,107
Total Assets	$	115,770,524
Liabilities:		
Intragovernmental		
Accounts Payable	$	3,288,536
Other (Note 7)		1,151,377
Total Intragovernmental		4,439,913
Accounts Payable		5,728,159
Other (Note 7)		9,129,788
Total Liabilities	$	19,297,860
Net Position:		
Cumulative Results of Operations - Earmarked Funds	$	96,472,664
Total Net Position	$	96,472,664
Total Liabilities and Net Position	$	115,770,524

The accompanying notes are an integral part of these financial statements.

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF NET COST
For the Fiscal Year Ended September 30, 2011
(In Dollars)

		2011
Program Costs:		
Consumer Education and Engagement (Including Response Center):		
Gross Costs	$	22,831,638
Less: Earned Revenue		-
Net Consumer Education and Engagement (Including Response Center)	$	22,831,638
Research, Markets, and Regulations:		
Gross Costs	$	15,485,938
Less: Earned Revenue		-
Net Research, Markets, and Regulations	$	15,485,938
Supervision, Enforcement, Fair Lending and Equal Opportunity:		
Gross Costs	$	47,011,018
Less: Earned Revenue		-
Net Supervision, Enforcement, Fair Lending and Equal Opportunity	$	47,011,018
Total Gross Program Costs	$	85,328,594
Less: Total Earned Revenues		-
Net Cost of Operations (Note 10)	$	85,328,594

The accompanying notes are an integral part of these financial statements.

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2011
(In Dollars)

		2011
Cumulative Results of Operations:		
Beginning Balances (Note 11)	$	18,256,655
Budgetary Financing Sources:		
Nonexchange Revenue		161,847,142
Other		3,709
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources		1,693,752
Total Financing Sources		163,544,603
Net Cost of Operations		(85,328,594)
Net Change		78,216,009
Cumulative Results of Operations	$	96,472,664
Net Position - Earmarked Funds	$	96,472,664

The accompanying notes are an integral part of these financial statements.

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF BUDGETARY RESOURCES
For the Fiscal Year Ended September 30, 2011
(In Dollars)

		2011
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1 (Note 11)	$	9,200,000
Funds Available for Obligation		161,849,662
Total Budgetary Resources	$	171,049,662
Status of Budgetary Resources:		
Obligations Incurred (Note 12)		
Direct	$	123,329,760
Unobligated Balance		
Exempt From Apportionment		47,719,902
Total Status of Budgetary Resources	$	171,049,662
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1 (Note 11)	$	9,200,000
Total Unpaid Obligated Balance, Net		9,200,000
Obligations Incurred Net		123,329,760
Gross Outlays		(80,946,716)
Obligated Balance, Net, End of Period		
Unpaid Obligations		51,583,044
Total Unpaid Obligated Balance, Net, End of Period	$	51,583,044
Net Outlays:		
Gross Outlays	$	80,946,716
Net Outlays	$	80,946,716

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Bureau of Consumer Financial Protection, known as the Consumer Financial Protection Bureau (CFPB), was established under the Dodd-Frank Wall Street Reform and Consumer Protection Act P.L.111-203 (Dodd-Frank Act) on July 21, 2010. CFPB was established as an independent bureau within the Federal Reserve System. The Bureau is an Executive agency as defined in section 105 of Title 5, United States Code.

The Dodd-Frank Act authorizes the CFPB to exercise its authorities to ensure that, with respect to consumer financial products and services:

a. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;
b. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;
c. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;
d. Federal consumer financial law is enforced consistently in order to promote fair competition; and
e. Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

Under the Dodd-Frank Act, on the designated transfer date, July 21, 2011, certain authorities and functions of several agencies relating to Federal consumer financial law were transferred to the CFPB in order to accomplish the above objectives. These authorities were transferred from the Board of Governors of the Federal Reserve System (Board of Governors), Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), and the Department of Housing and Urban Development (HUD). In addition to these transferred authorities, the Dodd-Frank Act provided the CFPB with certain newly established federal consumer financial regulatory authorities.

To accomplish its mission, the CFPB is organized into six primary divisions/offices:

1. Consumer Education and Engagement

Provides, through a variety of initiatives and methods, information to consumers that will allow them to make decisions that are best for them. Consumer education is a central mission to the Bureau. The Bureau is developing targeted outreach to groups that face particular challenges, as required by the Dodd-Frank Act.

2. Supervision, Enforcement, Fair Lending and Equal Opportunity

Ensures compliance with federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.

3. Research, Markets, and Regulations

Responsible for understanding consumer financial markets and consumer behavior, for evaluating whether there is a need for regulation, and for determining the costs and benefits of potential or existing regulations. Before the Bureau acts, it will seek to be fully informed. The offices within this division are staffed with professionals selected for their strong analytic skills and subject matter expertise.

4. Office of General Counsel

Responsible for the Bureau's compliance with all applicable laws and provides advice to the Director and the Bureau's divisions.

5. External Affairs
Ensures that the Bureau maintains robust dialogue with various stakeholders that have an interest in its work in order to promote understanding, transparency, and accountability.

6. Office of Chief Operating Officer
Builds and sustains the CFPB's operational infrastructure to support the entire organization.

The CFPB workforce is spread across the country with its headquarters in Washington, D.C. and regional satellite offices in Chicago, New York City, and San Francisco. The headquarters is temporarily spread across several locations within Washington, D.C., utilizing space rented through interagency agreements with the Department of the Treasury (Treasury). CFPB will eventually consolidate its headquarters into one building in Washington, D.C. The workforce in CFPB's regional offices is predominantly mobile and therefore minimal office and conference room space is used in the regions.

Additional information on the organizational structure and responsibilities of CFPB is available on CFPB's website at http://www.consumerfinance.gov/.

Under the Dodd-Frank Act, the Secretary of the Treasury is responsible for establishing the CFPB and exercising certain of its authorities until a Director of the CFPB is in place. On July 18, 2011 President Obama sent to the Senate a nomination for a Director of CFPB. The CFPB is still without a Director and continues to operate under the authority of the Secretary of the Treasury. The Bureau's day-to-day operations are managed by the Special Advisor to the Secretary of the Treasury for the Consumer Financial Protection Bureau.

B. Basis of Presentation

CFPB's principal statements were prepared from its official financial records and general ledger in conformity with accounting principles generally accepted in the United States and follows the general presentation guidance established by OMB Circular A-136, *Financial Reporting Requirements*, as revised. The financial statements are a requirement of the Dodd-Frank Act. The financial statements are in addition to the financial reports prepared by CFPB, pursuant to OMB directives, which are used to monitor and control budgetary resources. The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and the status and availability of budgetary resources of CFPB. The financial statements and associated notes are presented on a single year basis. This is the first full year of operation for the CFPB and therefore comparative statements are not presented.

The net cost of operations is presented by the three primary objectives of the Bureau – educate, enforce, and study – and is consistent with CFPB's organizational structure.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements and controls over the use of federal funds. CFPB conforms to accounting principles generally accepted in the United States for federal entities as prescribed by the standards set forth by the Federal Accounting Standards Advisory Board (FASAB). FASAB is recognized by the American Institute of Certified Public Accountants as the body designated to establish generally accepted accounting principles for federal government entities. Certain assets, liabilities, earned revenues, and costs have been classified as intragovernmental throughout the financial statements and notes. Intragovernmental assets and liabilities are those due from or to other federal entities. Intragovernmental earned revenues are collections or accruals due from other federal entities. Intragovernmental costs are payments or accruals due to other federal entities.

CFPB has rights and ownership of all assets reported in these financial statements. CFPB does not possess any non-entity assets.

D. Funding Sources

Funding needed for carrying out the mission of CFPB is obtained primarily through transfers from the Board of Governors, interest earned on investments, and penalties and fees collected. The Dodd-Frank Act requires the CFPB to maintain an account with the Federal Reserve – "Bureau of Consumer Financial Protection Fund" (Bureau Fund). The Director of CFPB, or designee, requests transfers from the Board of Governors in amounts necessary to carry out the authorities and operations of the Bureau. The Board of Governors transfers the funds into the Bureau Fund, which is maintained at the Federal Reserve Bank of New York (FRBNY). Bureau funds determined not needed to meet the current needs of the Bureau are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. Going forward, CFPB anticipates requesting funds on a quarterly basis. The funds maintained by the FRBNY are reported in the financial statements and related notes and represent budget authority for CFPB.

The CFPB funding requests for the Bureau Fund are capped as follows:

> The amount that shall be transferred to the Bureau in each fiscal year shall not exceed a fixed percentage of the total operating expenses of the Federal Reserve System, subject to an annual inflation adjustment, as reported in the Annual Report, 2009, of the Board of Governors, equal to:
>
> 1. 10 percent of such expenses in fiscal year 2011,
> 2. 11 percent of such expenses in fiscal year 2012,
> 3. 12 percent of such expenses in fiscal year 2013, and in each year thereafter.

The Dodd-Frank Act explicitly provides that Bureau funds obtained by or transferred to CFPB are not Government funds or appropriated funds.

If the Director were to determine that the non-appropriated funds to which it is entitled under the Act are insufficient to carry out its responsibilities, the Act provides the potential for CFPB to also obtain appropriated funds, up to a capped amount, in fiscal years 2011-2014. In accordance with the Act and appropriations law requirements, further action would be required on the part of the Director and Congress in order for CFPB to obtain such appropriated funds.

The CFPB also collects filing fees from developers as part of the process regarding Interstate Land Settlements (ILS). The Interstate Land Settlements program protects consumers from fraud and abuse in the sale or lease of land. In 1968 Congress enacted the Interstate Land Sales Full Disclosure Act, which is patterned after the Securities Law of 1933 and requires land developers to register subdivisions of 100 or more non-exempt lots and to provide each purchaser with a disclosure document called a Property Report. The Property Report contains relevant information about the subdivision and must be delivered to each purchaser before the signing of the contract or agreement. On July 21, 2011, this program was transferred to the CFPB from HUD pursuant the Dodd-Frank Act. While CFPB continues to study the legal effects of the legislation with respect to the transfer of these functions under the Land Sales Act, and the collection of fees, the fees are currently being deposited into an account maintained by Treasury. The fees collected may be retained and are available until expended for the purpose of covering all or part of the costs that the Bureau incurs for ILS program operations.

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect civil penalties against any person in any judicial or administrative action under Federal consumer financial laws. The Act also requires the CFPB to maintain a separate fund, known as the Consumer Financial Civil Penalty Fund (Civil Penalty Fund),

Collections of civil penalties will be deposited into the Civil Penalty Fund, which will be maintained by the FRBNY. The Civil Penalty Fund is in the process of being established. CFPB did not collect any civil penalties for fiscal year 2011.

CFPB also recognizes imputed financing sources. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. CFPB recognized imputed costs and financing sources in fiscal year 2011 as prescribed by accounting standards. CFPB recognizes as an imputed financing source the amount of pension expenses for OCC and the Office of Personnel Management (OPM) and post-retirement benefit expenses for OPM for current employees accrued on CFPB's behalf.

E. Use of Estimates

The Bureau has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities to prepare these financial statements. Actual results could differ from these estimates. Significant transactions subject to estimates include costs regarding benefit plans for CFPB employees that are administered by the OPM, OCC, FDIC, and the Federal Reserve System and cost allocations among the programs on the Statement of Net Cost.

F. Earmarked Funds

FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 27 *Identifying and Reporting Earmarked Funds* established certain disclosure requirements for funds defined as "earmarked." SFFAS No. 27 states that "earmarked funds are financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes and must be accounted for separately from the Government's general revenues." The standard also presents three required criteria for an earmarked fund. Based on the standard's criteria, CFPB is an earmarked fund due to its primary funding sources being transfers from the Board of Governors, interest on investments, and fees from the ILS program.

G. Fund Balance with Treasury

The U.S. Treasury holds funds in the Treasury General Account for CFPB which are available to pay agency liabilities and finance authorized purchase obligations. Treasury processes cash receipts and disbursements on CFPB's behalf, such as fees collected from the ILS program. As discussed in Note 1.D. above, CFPB also maintains an account with the FRBNY known as the Bureau Fund. During the year, increases to the Bureau Fund are generally comprised of fund transfers from the Board of Governors and investment interest. These funds are available for transfer to CFPB's Fund balance with Treasury. CFPB's Fund Balance with Treasury is maintained in a special fund. A special fund is established where the law requires collections to be earmarked from a specified source to finance a particular program, and the law neither authorizes the fund to conduct a cycle of business-type operations (making it a revolving fund) nor designates it as a trust fund.

H. Investments

CFPB has the authority to invest the funds in the Bureau Fund account that are not required to meet the current needs of the Bureau. CFPB invests solely in U.S. Treasury securities purchased at a discount on the open market, which are normally held to maturity and carried at cost. CFPB selects investments with maturities suitable to its needs, currently three month Treasury bills. Investments are adjusted for discounts. In accordance with generally accepted accounting principles, the CFPB records the value of its investments in U.S. Treasury securities at cost and amortizes the discount on a straight-line basis over the term of the respective issues. Interest is credited to the Bureau Fund.

I. Accounts Receivable

Accounts receivable consists of amounts owed to CFPB by the public. An allowance for uncollectible accounts receivable from the public is established when either (1) management determines that collection is unlikely to occur after a review of outstanding accounts and the failure of all collection efforts, or (2) an account for which no allowance has been established is submitted to Treasury for collection, which takes place when it becomes 180 days delinquent.

J. Property, Equipment, and Software, Net

Property, Equipment, and Software is recorded at historical cost. It consists of tangible assets and software. Under CFPB's property management policy equipment acquisitions of $50 thousand or more are capitalized and depreciated using the straight-line method over the estimated useful life of the asset. Similarly, internal use software, software purchased or developed to facilitate the operation of an entity's programs, is capitalized for software of $750 thousand or more and depreciated using the straight-line method over the estimated useful life of the asset. Additionally, for bulk purchases of similar items, which individually do not meet the test to capitalize, the acquisition is capitalized and depreciated if the depreciated basis of the bulk purchase is $250 thousand or more. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property and equipment. The useful life classifications for capitalized assets are as follows:

PP&E Category	Useful Lives (years)
Laptop/Desktop Computers	3
Internal Use Software	5
Mainframe Computer System	7
Servers	7
Telecommunications Equipment	7
Furniture	8
Other Equipment	10

A leasehold improvement's useful life is equal to the remaining lease term or the estimated useful life of the improvement, whichever is shorter. CFPB has no real property holdings or stewardship or heritage assets. Other property items, normal repairs and maintenance are charged to expense as incurred.

K. Advances and Prepaid Charges

Advances and prepayments may occur as a result of reimbursable agreements, subscriptions, payments to contractors and employees, and payments to entities administering benefit programs for CFPB employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

L. Liabilities

Liabilities represent the amount of monies likely to be paid by CFPB as a result of transactions or events that have already occurred. Liabilities may be intragovernmental (claims against the CFPB by other Federal agencies) or with the public (claims against CFPB by an entity or person that is not a Federal agency). However, no liability can be paid if there is no funding. Liabilities for which funds are not available, therefore,

are classified as not covered by budgetary resources. There is no certainty that the funding will be received. Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as components not requiring or generating resources on the Reconciliation of Net Cost to Budget.

M. Annual, Sick, and Other Leave

Annual leave and credit hours earned by the Bureau's employees, but not yet used, are reported as accrued liabilities. The accrued balance is adjusted annually to current pay rates. The accrued leave, for which funding is not available, is recorded as an unfunded liability. Sick and other leave are expensed as taken.

N. Employee Benefits

CFPB employees are enrolled in various benefit programs – medical, vision, dental, long-term disability, and life insurance. Employees also have options regarding which benefit programs to enroll.

Benefits for employees transferred pursuant to the Dodd-Frank Act

The Dodd-Frank Act provided employees transferred from other agencies (Board of Governors, Federal Reserve Banks, OCC, OTS, FDIC, NCUA, and HUD) with the ability to continue participation in some of the transferring agencies' non-Title 5 benefit programs for a defined amount of time (one year from the CFPB transfer date of July 21, 2011). Title 5 of the U.S. Code outlines benefit programs for the majority of the Federal workforce, in which the programs are typically administered by OPM. The transferring agencies continue to administer the non-Title 5 benefit programs for those transferred employees. Upon conclusion of the defined period of time, the employees may enroll in non-Title 5 benefit programs sponsored by CFPB. For those employees participating in the transferring agencies' programs, CFPB reimburses the transferring agencies for the employer's contribution to the programs. CFPB may also reimburse the transferring agencies for administrative costs pursuant to memoranda of understanding with the transferring agencies. These costs are reflected as expenses in CFPB's financial statements.

Benefits for employees not transferred pursuant to the Dodd-Frank Act

Employees not transferred to the Bureau pursuant to the Dodd-Frank Act are enrolled in benefit programs administered by OPM and also have the option to enroll in non-Title 5 benefit programs sponsored by CFPB in addition to, or in lieu of, OPM programs. For those employees participating in OPM's benefit programs, CFPB records the employer's contribution to those programs. OPM records the liability and pays for these programs on behalf of all of the Federal agencies participating in the programs. For those employees participating in CFPB's non-Title 5 benefit programs, CFPB directly contracts with vendors to provide those services. The Bureau recognizes the employer's contributions for these benefits as the benefits are earned. All of these costs are reflected as expenses in CFPB's financial statements.

O. Pension Costs and Other Retirement Benefits

CFPB employees are enrolled in several retirement and pension programs and post-employment benefits in accordance with the authorities in the Dodd-Frank Act.

Employees transferred from the Federal Reserve, OCC, OTS, FDIC, and HUD

The Dodd-Frank Act allowed employees transferred from OCC, OTS, FDIC, and HUD, under the terms of the Act, to continue participating in the pension or retirement plans in which they were enrolled at their transferring agency or to affirmatively elect, from January 21, 2012 to January 20, 2013, to join the Federal Reserve System Retirement Plan and the Federal Reserve System Thrift Plan. Many transferee employees

from these agencies are in the traditional Title 5 retirement plans (Federal Employee Retirement System (FERS), Civil Service Retirement System (CSRS), or CSRS Offset); however, a few transferees from OTS are in a non-Title 5 plan (i.e., Pentegra Defined Benefit Plan). Transferees from the Federal Reserve are allowed to remain in the Federal Reserve System retirement program or to affirmatively elect into the appropriate Title 5 retirement plan during that same timeframe. For those employees electing to enroll in an alternative retirement plan, the enrollment will become effective in January 2013.

CFPB does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the Federal Reserve System, OCC, or OPM as the administrator of their respective plans. In all cases, CFPB pays any employer contributions required by the plans. Refer to the chart below for information on which agency administers each of the retirement plans for CFPB employees.

OCC, OTS, and FDIC also offered other agency-only savings plans to employees. Any transferees who participated in such plans are allowed to continue their participation as long as they remain enrolled in their current retirement plans. In such cases, CFPB pays any employer contributions. Employees who elect to enroll in the Federal Reserve retirement plan will not be allowed to continue their participation in either the Title 5 Thrift Savings Plan or OCC, OTS, and FDIC agency savings plans.

CFPB may also reimburse the transferring agencies for administrative costs pursuant to memoranda of understanding with the transferring agencies. These costs are reflected as expenses in CFPB's financial statements.

All other employees of CFPB

Employees hired with prior Title 5 Federal Retirement System coverage who are not transferees under the Dodd Frank Act are enrolled in the appropriate retirement programs administered by OPM – CSRS, CSRS Offset, or FERS. These employees also have the option, within one year of appointment, to enroll in the Federal Reserve System retirement plans. CFPB will begin providing employees the opportunity to enroll in the Federal Reserve retirement system plans beginning in November 2011. For those employees electing to enroll in the Federal Reserve System retirement plans, the enrollment will become effective at the beginning of the pay period following receipt of their written election decision. Employees that were hired from the private sector, with no previous coverage under a Title 5 retirement plan, are automatically enrolled in the Federal Reserve System's retirement plans. CFPB pays the employer's contribution into those plans.

Pension/Retirement Plans for CFPB Employees

Name	Administering Agency
Federal Reserve System Retirement Plan	Federal Reserve System
Federal Reserve System Thrift Plan	Federal Reserve System
Pension Enhancement Plan for Officers of the Board of Governors of the Federal Reserve System[1]	Federal Reserve System
Retirement Plan for Employees of the Federal Reserve System Benefits Equalization Plan[1]	Federal Reserve System
Retirement Plan for Employees of the Federal Reserve System Benefits Equalization Plan for Section 415 Excess Benefits[1]	Federal Reserve System
Thrift Plan for Employees of the Federal Reserve System Benefits Equalization Plan[1]	Federal Reserve System
Civil Service Retirement System (CSRS)	OPM
CSRS Offset	OPM
Federal Employees' Retirement System (FERS)	OPM
Thrift Savings Plan	Federal Retirement Thrift Investment Board
FDIC Savings Plan	FDIC
OCC 401(k)	OCC
OTS 401(k)	OCC
OTS Deferred Compensation Plan	OCC
Pentegra Defined Benefit Plan (OTS)	OCC (administration is through Pentegra)

[1] This retirement program does not have any CFPB participants for fiscal year 2011.

The Bureau does not have a separate pension or retirement plan distinct from the plans described above. CFPB expenses its contributions to the retirement plans of covered employees as the expenses are incurred. CFPB reported imputed (unfunded) costs with respect to retirement plans (OPM and OCC administered), health benefits and life insurance (OPM administered) pursuant to guidance received from OPM and OCC. These costs are paid by OPM and OCC and not by CFPB. Disclosure is intended to provide information regarding the full cost of CFPB's program in conformity with generally accepted accounting principles.

The Bureau recognizes the employer's contributions for the retirement plans administered by the Federal Reserve. The Bureau however is responsible for transferring the employer's and employee's contributions to the Federal Reserve. The FRBNY records the full costs and liability and pays for the retirement plans on behalf of the Federal Reserve System and CFPB.

P. Commitments and Contingencies

A commitment is a preliminary action that will ultimately result in an obligation to the U.S. government if carried through, such as purchase requisitions or unsigned contracts.

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity that will ultimately be resolved when one or more future confirming events occur or fail to occur. The future confirming event or events are more likely than not to occur, with the exception of pending or threatened litigation and unasserted claims. For pending or threatened litigation and unasserted claims, the future confirming event or events are likely to occur. In accordance with Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government*, contingent future outflows or other sacrifices of resources as a result of past transactions or events may be recognized, may be disclosed, or may not be reported at all, depending on the circumstances. Contingencies should be recognized

as a liability when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable, and the related future outflow or sacrifice of resources is measurable. A contingent liability should be disclosed if any of the conditions for liability recognition are not met and there is a reasonable possibility that a loss or an additional loss may have been incurred. Disclosure should include the nature of the contingency and an estimate of the possible liability, an estimate of the range of the possible liability, or a statement that such an estimate cannot be made.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2011, were as follows:

(in Dollars)	2011
Fund Balance:	
Special Fund	$ 18,673,308
Total	$ 18,673,308
Status of Fund Balance with Treasury:	
Unobligated Balance	
Available	$ 47,719,902
Unavailable	-
Obligated Balance Not Yet Disbursed	51,583,044
Investments (at Cost) (See Note 3)	(80,297,617)
Cash Held in the Bureau Fund at the Federal Reserve (See Note 4)	(332,021)
Total	$ 18,673,308

Unobligated Balance Available represents the amount of budget authority that can be used to enter into new obligations. This amount, or a portion thereof, may be administratively dedicated for specific purposes that have not yet been obligated. The Obligated Balance Not Yet Disbursed represents amounts designated for payment of goods and services ordered but not received or goods and services received but for which payment has not yet been made.

NOTE 3. INVESTMENTS

As discussed further in Note 4, the Board of Governors at the discretion of the CFPB can invest the portion of the Bureau Fund that is not, in the judgment of the Bureau, required to meet the current needs of the Bureau. When directed by CFPB, the FRBNY will utilize the funds available to purchase investments on the open market. CFPB only invests in three month U.S. Treasury bills. The market value is determined by the secondary U.S. Treasury market and represents the value an individual investor is willing to pay for these securities, as of September 30, 2011.

Investments as of September 30, 2011 consist of the following:

(In Dollars)	Cost	Amortization Method	Amortized (Premium) Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Marketable	$80,297,617	Straight-Line	$ 1,189	$ 80,298,806	$ 80,297,603
Total	$80,297,617		$ 1,189	$ 80,298,806	$ 80,297,603

NOTE 4. CASH AND OTHER MONETARY ASSETS

CFPB has both cash and investments held outside of Treasury. When transfers are made from the Board of Governors to CFPB, the funds are deposited into an account held within the FRBNY referred to as the Bureau Fund. The account has a required minimum balance of $250,000 and any funds in excess of this minimum are invested in Treasury securities in increments of $100,000 by the FRBNY utilizing an automatic investment process. CFPB requests cash disbursement from the Bureau Fund to the CFPB's Fund Balance with Treasury based on projections of future expenditures.

Funds obtained by, transferred to, or credited to the Bureau Fund are immediately available to CFPB and under the control of the Director, and shall remain available until expended, to pay for the expenses of the Bureau in carrying out its duties and responsibilities. Funds obtained by or transferred to the Bureau Fund shall not be construed to be Government funds or appropriated monies. These funds are not subject to apportionment for purposes of chapter 15 Title 31, United States Code, or under any other authority.

Account balance as of September 30, 2011:

(In Dollars)	2011
Cash	
Cash Held in the Bureau Fund at the Federal Reserve	$ 332,021
Total Cash and Other Monetary Assets	$ 332,021

NOTE 5. PROPERTY, EQUIPMENT and SOFTWARE, NET

Schedule of Property, Equipment, and Software as of September 30, 2011:

Major Class (In Dollars)	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Equipment	$ 997,719	$ 108,490	$ 889,229
Internal Use Software	978,872	97,887	880,985
Total	$ 1,976,591	$ 206,377	$ 1,770,214

NOTE 6. ADVANCES AND PREPAYMENTS

Advances and Prepayment balance as of September 30, 2011 were as follows:

(In Dollars)	2011
With the Public	
Advances and Prepayments	$ 14,689,107
Total Public Advances and Prepayments	$ 14,689,107

The prepayment primarily represents a payment of $14.4 million to the Federal Reserve System for the Federal Reserve System retirement plans to cover the time in service for employees transferred to CFPB under Section 1064 of the Dodd-Frank Act who were previously covered by an OPM or OTS retirement plan. Pursuant to Section 1064 of the Dodd-Frank Act, employees transferred to CFPB may enroll in the Federal Reserve System Retirement Plan and Federal Reserve System Thrift Plan. If the transferred employee chooses to enroll in these plans, CFPB has to transfer to the Federal Reserve System Retirement Plan an amount determined by the Board of Governors in consultation with CFPB to reimburse the Federal Reserve System Retirement Plan for the costs of providing the transferred employees' benefits under this plan. The $14.4 million payment was based on a projection of CFPB employees likely to enroll in the Federal Reserve System Retirement Plan. A memorandum of understanding between the Board of Governors and the Bureau established that the Board of Governors would provide the Bureau a final cost estimate for this payment by September 30, 2014. This prepayment represents the amount agreed to by the Board of Governors and Bureau to fund the Federal Reserve Plan Trust until the final cost estimate is complete. The amount is calculated using actuarial assumptions. Other prepayments include subscriptions and other miscellaneous items.

NOTE 7. OTHER LIABILITIES

Other liabilities as of September 30, 2011 consist of the following:

(In Dollars)		Total
Intragovernmental Liabilities		
Payroll Taxes Payable	$	257,336
Benefits Payable		894,041
Total Intragovernmental Liabilities	$	1,151,377
With the Public		
Employee Withholdings	$	14,536
Employer Benefits Contributions		817,293
Accrued Funded Payroll		4,315,674
Unfunded Leave		3,982,285
Total Public Liabilities	$	9,129,788

All other liabilities are considered current liabilities.

NOTE 8. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2011 consists of unfunded leave of $3,982,285.

NOTE 9. COMMITMENTS AND CONTINGENCIES

As described in Note 6, CFPB is responsible for reimbursing the Federal Reserve Retirement Plan for certain costs related to employees, transferred to CFPB under Section 1064 of the Dodd Frank Act, that enroll in the Plan. As described in note 1.O. employees will be given the opportunity to elect to enroll into the Plan from January 21, 2012 to January 20, 2013, therefore the number of employees that will elect to enroll in the Plan is not known as of September 30, 2011. Consequently, a contingent liability and related expense are not recognized as of September 30, 2011, because the amount to be reimbursed is not measurable.

NOTE 10. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and intragovernmental exchange revenue represent goods and services provided between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

By Program

(In Dollars)		2011
Consumer Education and Engagement (Including Response Center)		
Intragovernmental Costs	$	9,947,744
Public Costs		12,883,894
Total Program Costs		22,831,638
Net Consumer Education and Engagement Cost	$	22,831,638
Research, Markets, and Regulations		
Intragovernmental Costs	$	6,747,223
Public Costs		8,738,715
Total Program Costs		15,485,938
Net Research, Markets, and Regulations Cost	$	15,485,938
Supervision, Enforcement, Fair Lending and Equal Opportunity		
Intragovernmental Costs	$	20,482,699
Public Costs		26,528,319
Total Program Costs		47,011,018
Net Supervision, Enforcement, Fair Lending and Equal Opportunity Cost	$	47,011,018
Total Intragovernmental Costs	$	37,177,666
Total Public Costs		48,150,928
Total Program Costs		85,328,594
Less: Total Public Earned Revenue		-
Total Program Net Cost	$	85,328,594

NOTE 11. BEGINNING BALANCES

CFPB was established on July 21, 2010 and had minimal activity in fiscal year 2010, which related primarily to an initial fund transfer received from the Federal Reserve Bank.

All amounts are for the period ended September 30, 2010:

(In Dollars)	2011
Funds Received from Federal Reserve	$ 18,400,000
Operating Costs	(143,345)
Cumulative Results of Operations	$ 18,256,655
Funds Available for Obligation	$ 18,400,000
Obligations Incurred	(9,200,000)
Unobligated Balance	$ 9,200,000

NOTE 12. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

All obligations incurred are characterized as Category C, Exempt from Apportionment (i.e. not apportioned), on the Statement of Budgetary Resources. Obligations incurred and reported in the Statement of Budgetary Resources in fiscal year 2011 consisted of the following:

(In Dollars)	2011
Direct Obligations, Category C	$ 123,329,760
Total Obligations Incurred	$ 123,329,760

NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. CFPB's Undelivered Orders represent obligated amounts designated for payment of goods and services ordered but not received.

Undelivered Orders as of September 30, 2011 were $36,267,469.

NOTE 14. RECONCILIATION OF NET COST TO BUDGET

CFPB has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations for the year ended September 30, 2011.

(In Dollars)	2011
Resources Used to Finance Activities:	
Budgetary Resources Obligated	
Obligations Incurred	$ 123,329,760
Less: Spending Authority From Offsetting Collections and Recoveries	
Less: Offsetting Receipts	-
Net Obligations	123,329,760
Other Resources	
Imputed Financing From Costs Absorbed By Others	1,693,752
Total Resources Used to Finance Activities	125,023,512
Resources Used to Finance Items Not Part of the Net Cost of Operations:	
Change In Budgetary Resources Obligated For Goods, Services and Benefits Ordered But Not Yet Provided	(41,899,921)
Resources That Finance the Acquisition of Assets	(1,976,591)
Total Resources Used to Finance Items Not Part of Net Cost of Operations	(43,876,512)
Total Resources Used to Finance the Net Cost of Operations	81,147,000
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:	
Components Requiring or Generating Resources in Future Periods	
Increase In Annual Leave Liability	3,982,285
Components Not Requiring or Generating Resources	
Depreciation and Amortization	206,377
Other	(7,068)
Total Components of Net Cost of Operations That Will Not Require or Generate Resources In The Current Period	4,181,594
Net Cost of Operations	$ 85,328,594

NOTE 15. PRESIDENT'S BUDGET

Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires explanations of material differences between amounts reported in the Statement of Budgetary Resources and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include fiscal year 2011 actual budgetary execution information has not yet been published. Therefore the reconciliation of fiscal year 2011 balances will be reported next year since CFPB is a first-year entity.

Appendix I: Management's Report on Internal Control over Financial Reporting

Consumer Financial Protection Bureau

1700 G Street NW, Washington, DC 20036

November 9, 2011

Comptroller General of the United States
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro,

As required by § 1017 of the Dodd-Frank Act, 12 U.S.C. § 5497(a)(4)(D), the Consumer Financial Protection Bureau (CFPB) provides this management assertion regarding the effectiveness of internal controls that apply to financial reporting by the CFPB using the standards established in section 3512(c) of Title 31, United States Code (commonly known as the Federal Managers' Financial Integrity Act).

The CFPB internal controls over financial reporting are processes implemented by those charged with governance, by management, and by other personnel. The objectives of the internal control are to provide reasonable assurance that transactions are 1) properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition and 2) executed in accordance with laws governing the use of budget authority and other laws that could have a direct and material effect on the financial statements.

CFPB management is responsible for establishing and maintaining effective internal controls over financial reporting. The CFPB conducted its assessment of the effectiveness of these internal controls based on the criteria required by the Dodd-Frank Act. Based on this evaluation, the CFPB can provide reasonable assurance that its internal controls over financial reporting as of September 30, 2011 were operating effectively and that no material weaknesses were found in the design or operation of these internal controls.

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

Stephen Agostini
Chief Financial Officer
Consumer Financial Protection Bureau

Freddy Vélez
Acting Deputy Chief Financial Officer
Consumer Financial Protection Bureau

consumerfinance.gov

Appendix II: Comments from the Bureau of Consumer Financial Protection

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 9, 2011

Mr. Steven J. Sebastian
Director, Financial Management and Assurance
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Sebastian,

I appreciate the opportunity to respond to the Government Accountability Office's (GAO) draft audit report titled, *Financial Audit: Bureau of Consumer Financial Protection's Fiscal Year 2011 Financial Statements (GAO-12-186)*, and want to thank you and your staff for your dedicated efforts and for working with us to meet the audit requirements in the short time available.

We are pleased that, in this first full fiscal year, GAO's auditors rendered an "unqualified" or "clean" audit opinion, which means they found that the CFPB financial statements are presented fairly, in all material respects, and in conformity with U.S. generally accepted accounting principles; that CFPB maintained, in all material respects, effective internal control over financial reporting; and that there were no instances of reportable noncompliance with laws and regulations tested by GAO.

This first year was challenging for the CFPB, and I am proud of how we have met that challenge. Our primary goal was the establishment and standing-up of CFPB operations one year after enactment of the Dodd-Frank Act. It took considerable effort to achieve this goal – from developing an organization structure, to hiring personnel, to establishing required support structures. Obtaining an unqualified audit opinion in CFPB's first full fiscal year is a true testament to the efforts of the CFPB management and staff.

In fiscal year 2012, the CFPB will continue to work to enhance our internal controls and ensure the reliability of CFPB's financial reporting, operating performance, and public confidence in the Bureau's work. The CFPB looks forward to working with GAO in future audits and truly appreciates GAO's work over the past fiscal year.

If you have any questions relating to this response, please contact Freddy Vélez, Acting Deputy Chief Financial Officer.

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

consumerfinance.gov

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Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

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Testimony Before Congress by CFPB Officials

1. **March 16, 2011**: Elizabeth Warren before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit
2. **April 12, 2011**: Holly Petraeus before the Senate Homeland Security & Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia
3. **May 24, 2011**: Elizabeth Warren before the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs
4. **July 7, 2011**: Raj Date before the House Financial Services Subcommittees on Financial Institutions and Consumer Credit and Oversight and Investigations
5. **July 13, 2011**: Kelly Cochran before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity
6. **July 14, 2011**: Elizabeth Warren before the House Oversight and Government Reform Committee
7. **July 28, 2011**: Dan Sokolov before the House Small Business Subcommittee on Investigations, Oversight and Regulations
8. **September 6, 2011**: Richard Cordray Nomination Hearing before the Senate Banking Committee
9. **November 2, 2011**: Raj Date before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit
10. **November 3, 2011**: Holly Petraeus before the Senate Banking Committee
11. **November 15, 2011**: Skip Humphrey before the Senate Banking Subcommittee on Financial Institutions and Consumer Protection
12. **January 24, 2012:** Richard Cordray before the House Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

Obligations Incurred
FY 2011

By Quarter

Object Classification	Quarter 1	2	3	4	Grand Total
Personnel compensation	$ -	$ 1,805,222.23	$ 5,807,939.99	$ 14,611,751.83	**$ 22,224,914.05**
Personnel benefits	$ -	$ 506,322.79	$ 1,810,653.90	$ 23,836,995.25	**$ 26,153,971.94**
Travel and transportation of persons	$ -	$ 53,317.55	$ 216,472.93	$ 1,909,783.04	**$ 2,179,573.52**
Transportation of things	$ -	$ -	$ 53,510.00	$ 262,286.85	**$ 315,796.85**
Rent, communications, and utilities	$ 8,213.28	$ 25,337.00	$ 2,467.89	$ 123,933.11	**$ 159,951.28**
Printing and reproduction	$ -	$ -	$ 422.25	$ 7,618.22	**$ 8,040.47**
Other contractual services	$ 5,910,481.00	$ 12,317,799.70	$ 33,599,752.84	$ 16,874,827.29	**$ 68,702,860.83**
Supplies and Materials	$ -	$ -	$ 463,167.49	$ 716,543.78	**$ 1,179,711.27**
Equipment	$ -	$ 38,816.69	$ 534,504.41	$ 1,831,617.81	**$ 2,404,938.91**
Interest and dividends	$ -	$ -	$ 0.53	$ -	**$ 0.53**
	$ 5,918,694.28	$ 14,746,815.96	$ 42,488,892.23	$ 60,175,357.18	**$ 123,329,759.65**

By Division

Division	Total
DIRECTOR AND OTHER ADMINISTRATIVE COSTS	32,729,112.08
CHIEF OPERATING OFFICER	58,787,696.70
OFFICE OF CONSUMER EDUCATION & ENGAGEMENT	1,822,873.82
OFFICE OF RESEARCH, MARKETS & REGULATIONS	6,255,669.46
SUPERVISION, FAIR LENDING AND ENFORCEMENT DIVISION	19,480,559.36
OFFICE OF GENERAL COUNSEL	3,359,646.50
OFFICE OF EXTERNAL AFFAIRS	894,201.73

Note: The CFPB recognized early that, as a new Bureau, we needed to leverage existing financial management resources, systems and information technology platforms when identifiable and available. Accordingly, some of the larger funded items included in the $68.7 million for "Other Contractual Services" include: $18.6 million to the Department of the Treasury for various services, including information techhology, human resource systems support and detailees; $6 million to the Bureau of the Public Debt for the cross-servicing of various human resouce and financial management services, including core financial accounting, transaction process, travel and payroll; $4.4 million to a contractor for human resource policies and assistance in developing salary and benefits packages consistent with the requirements of the Dodd-Frank Act; and $4.3 million to a contractor for the development and maintenance of a consumer complaint system.

Transfers from the Board of Governors of the Federal Reserve System
FY 2011

Request #	Amount Transfered	Date Requested	Date Received
1	14.37 million	12/21/2010	12/21/2010
2	27.93 million	3/8/2011	3/10/2011
3	74.5 million	6/3/2011	6/7/2011
4	14.4 million	7/21/2011	7/22/2011
5	30.6 million	9/7/2011	9/28/2011
Total:	161.8 million		

Note: In FY 2010, one transfer for $18.4 million was received from the Board of Governors.