



Consumer Federation of America

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Consumer Protections in the Dodd-Frank Wall Street Reform and Consumer Protection Act

The Consumer Financial Protection Bureau

One of the centerpieces of the Dodd-Frank Act is the creation of the Consumer Financial Protection Bureau (CFPB). The CFPB's jurisdiction covers a broad array of transactions related to the sales and marketing of credit, deposit and payment products and services, including:

- Credit and loans, including mortgages, credit cards, payday and other high-cost loans, overdrafts, and private student loans.
- Real Estate Settlement services
- Stored value or payment services
- Check cashing
- Remittances
- Debt management and collection
- Credit reporting
- Forced arbitration

Credit and Lending

The CFPB has expansive authority to:

- Enforce existing consumer financial protection laws, including the Truth in Lending Act, Real Estate Settlement Practices Act, Home Ownership Equity Protection Act and Fair Debt Collection Practices Act.
- Take action to prevent unfair, deceptive or abusive acts or practices.
- Write regulations to ensure that the features of any product or service are fully, accurately and effectively disclosed so that consumers understand costs, benefits and risks.
- Develop model forms to be used at the option of the lender, which will include –
 - Plain language understandable to consumers
 - Clear format and design, like easily readable type font
 - Succinct explanations
- Write rules regarding financial products offered by non-banks and require non-banks to register with the CFPB.
- Establish procedures to respond to consumer complaints and inquiries, with information on steps taken in response to a complaint, responses received from the subject of the complaint, and any follow up actions or planned follow up actions in response to the complaint or inquiry.

- Conduct a study on forced arbitration and use the findings from the study to write regulations to prohibit or impose conditions or limitations on the use of forced arbitration.

Mortgages

The CFPB will enforce new requirements that:

- Restrict prepayment penalties on mortgages
- Ensure that mortgage lenders offer home loans that are affordable to the borrower
- Prohibit steering consumers into unaffordable loans
- Improve disclosures for variable rate mortgages, including the amount of the initial monthly payment and the fully indexed monthly payment
- Enhance disclosures on monthly mortgage statements to include amount of principal owed, current interest rate, date interest rate may reset (if variable rate loan), amount of any prepayment fee charged, description of late payment fees, and contact information for mortgage lender
- Limit late fees on high cost mortgages
- Develop a new model disclosure for mortgage loans

Reverse Mortgages

- CFPB will conduct a study and can use the findings to place conditions or limitations on reverse mortgage transactions to protect borrowers who use reverse mortgages to fund investments, annuities and other investment products and to ensure that reverse mortgages are suitable for the borrowers to whom they are offered.
- CFPB regulations can identify any practice as unfair, deceptive, or abusive in connection with a reverse mortgage transaction, and
- CFPB can develop an integrated disclosure standard and model disclosure form.

Credit Reports

- Requires credit reporting companies to supply a credit score along with a credit report to a consumer who has been denied credit or charged more for it.

Private Student Loans

- The Private Education Loan Ombudsman is set up within the CFPB to provide assistance to borrowers of private education loans; to receive, review, and attempt to resolve complaints in collaboration with Department of Education; and to compile and analyze data on borrower complaints.