Supervisory Highlights

Consumer Financial Protection Bureau

Winter 2015

Table of contents

1. Introduction

The supervision of consumer financial services providers is a core function of the Consumer Financial Protection Bureau (CFPB or Bureau), and Supervision[1] continues to prioritize entities for examination based on assessments of consumer risk across the products and services under the Bureau's authority, as well as within particular markets.[2] Supervision remains committed to sharing findings from these examinations – while maintaining the confidentiality of supervised entities – to assist industry in its efforts to remain in compliance with Federal consumer financial law.

As noted in previous issues of *Supervisory Highlights*, Supervision continues to resolve violations using non-public supervisory actions. Recent supervisory resolutions have resulted in remediation of approximately $19.4 million to more than 92,000 consumers.[3] The findings reported in this seventh issue of *Supervisory Highlights* reflect information obtained by Supervision at the time of issuance of an examination report or supervisory letter. When Supervision examinations determine violations occurred, supervised entities are directed to implement appropriate corrective measures, including remediation to consumers as appropriate.

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[1] Supervision includes CFPB's examiners and regional and headquarters members of the Office of Supervision Examinations, and the Office of Supervision Policy. Members of the Office of Fair Lending and Equal Opportunity also participate in the supervision process.

[2] *See* Supervisory Highlights: Summer 2013, Section 3.2.3 (Risk-Based Approach to Examinations), *available at* http://files.consumerfinance.gov/f/201308_cfpb_supervisory-highlights_august.pdf.

[3] Remediation numbers represent remedial actions that have been completed since the publication of the last issue of Supervisory Highlights and during the period under review.

The CFPB supervises depository institutions and credit unions with total assets of more than $10 billion, and their affiliates. The Bureau also has authority under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) to supervise nonbanks, regardless of size, in certain specific markets: mortgage companies (originators, brokers, servicers, and providers of loan modification or foreclosure relief services); payday lenders; and private education lenders.

The CFPB may also supervise the “larger participants” in other nonbank markets as the Bureau defines by rule. To date, the Bureau has issued four rules defining larger participants in the following markets: consumer reporting (effective September 2012), consumer debt collection (effective January 2013), student loan servicing (effective March 2014), and most recently, international money transfers (effective December 2014). In September 2014, the Bureau proposed a rule defining the larger participants in the nonbank automobile finance market. The comment period for the proposed rule ended on December 8, 2014, and the CFPB expects to issue a final rule after reviewing the comments received.

This report highlights supervision work generally completed between July 2014 and December 2014.

2. Supervisory observations

Below are some of Supervision's recent observations from examinations in consumer reporting, debt collection, deposits, mortgage origination, and fair lending.

2.1 Consumer reporting

In prior issues of *Supervisory Highlights*, Supervision discussed its consumer reporting examination program and its focus on how consumer reporting agencies (CRAs) meet their dispute-handling obligations under Section 611 of the Fair Credit Reporting Act (FCRA), including the requirement that a CRA generally notify a furnisher when a consumer disputes the accuracy or completeness of an item of information provided by the furnisher to the CRA and promptly provide the furnisher "all relevant information" regarding the dispute. CFPB examiners previously found that some CRAs failed to forward relevant documents submitted by consumers, including cancelled checks, invoices, and correspondence, to furnishers.

In follow-up reviews, examiners found that one or more CRAs significantly enhanced their dispute handling systems in response to CFPB directives. Examiners found that one or more CRAs now allow consumers to use online portals to submit disputes directly to furnishers, and have implemented systems to forward to furnishers relevant dispute documents submitted by consumers via the mail. Examiners also found that one or more CRAs made improvements to call center scripts and training regarding solicitation of relevant information from consumers with disputes.

While CFPB examiners have seen progress in compliance with dispute handling obligations under the FCRA, recent reviews identified several practices that failed to meet dispute handling obligations. For example, examiners continued to find that one or more CRAs failed to consistently forward all relevant information found in letters and supporting documents supplied by consumers with their disputes.

In recent reviews, examiners found deficiencies in the updating of public record information, leading to errors in the updating of files after a reinvestigation and in the reporting of dispute results to consumers. In light of these findings, examiners directed one or more CRAs to take corrective action, including the development of appropriate training with respect to the notice of dispute and forwarding of relevant information to furnishers in accordance with FCRA requirements. One or more CRAs must also establish necessary policies and procedures to ensure that when, as a result of a reinvestigation, a provider of public record information notifies the CRA that information in the CRA's system is incorrect or incomplete, the CRA promptly modifies or updates the public record information in its system.

2.2 Debt collection

The Supervision program covers certain bank and nonbank creditors who originate and collect their own debt. The Bureau also began its supervision of the larger participants among third-party debt collectors in January 2013. The Bureau's recent examinations have identified a risk of a deceptive practice, violations of the FCRA[4] and Regulation V,[5] and violations of the Fair Debt Collection Practices Act (FDCPA).[6]

2.2.1 False and misleading representations in debt collection communications

The FDCPA prohibits the use of any false, deceptive, or misleading representation or means in connection with the collection of any debt.[7] In one or more examinations of debt collectors performing collection services of defaulted student loans for the Department of Education, examiners identified collections calls, scripts and letters containing various misrepresentations to consumers. Examiners found that collection agents overstated the benefits of federal student

[4] 15 USC 1681s.

[5] 12 CFR 1022.42-1022.43.

[6] 15 USC 1692.

[7] 15 USC 1692e.

loan rehabilitation. Specifically, these agents overstated the rehabilitation program's impact on consumers' credit report and credit score and the extent to which collection fees would be waived upon completion of the program.[8] In addition, examiners identified instances in which collection agents misrepresented to consumers that they could not participate in a federal student loan rehabilitation program unless consumers made payments by credit card, debit card, or Automatic Clearing House (ACH) payment, when in fact no such program requirement existed.[9] Examiners also found that collectors threatened to take action against certain consumers, which created the impression that if they did not make a payment they would be sued. In fact, none of the collection agents knew whether legal action would be taken and did not intend to take legal action.[10] The relevant financial institutions have undertaken remedial and corrective actions regarding these violations, which are under review by the Bureau.

2.2.2 Risk of a deceptive practice regarding required minimum notice for cancellation or modification of recurring ACH payments

The Dodd-Frank Act makes it unlawful for any covered institution to engage in any unfair, deceptive, or abusive act or practice.[11] In one or more examinations, examiners identified a practice that created a risk of deception. When attempting to collect on delinquent accounts, collectors offered consumers a recurring ACH payment option. When informing consumers about this payment option, collectors promoted the consumers' ability to adjust or cancel a recurring ACH payment with only 24 hours' notice. This representation, however, contradicted both an express representation in monthly periodic statements provided to consumers and internal policies and procedures, which stated that a minimum of 72 hours' notice was required. The contradiction in oral and written disclosures of the timeframe required to cancel or adjust a recurring ACH created a risk of deception.

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[8] 15 USC 1692e(10).

[9] 15 USC 1692e(10).

[10] 15 USC 1692e(5).

[11] 12 USC 5531, 5536.

2.3 Deposits

The Bureau has reviewed overdraft protection services at multiple financial institutions. Bureau examiners observed that one or more financial institutions switched from a ledger-balance method to an available-balance method for purposes of deciding whether to authorize signature-based debit transactions and other electronic transactions (collectively "electronic transactions") and whether to post or return checks and ACH transactions. In addition, one or more institutions switched to an available-balance method for purposes of calculating whether a transaction results in an overdraft and/or whether an overdraft fee is assessed when a transaction is settled.

A ledger-balance method factors in only settled transactions in calculating an account's balance; an available-balance method calculates an account's balance based on electronic transactions that the institutions have authorized (and therefore are obligated to pay) but not yet settled, along with settled transactions. An available balance also reflects holds on deposits that have not yet cleared. Examiners observed that in some instances, transactions that would not have resulted in an overdraft (or an overdraft fee) under a ledger-balance method did result in an overdraft (and an overdraft fee) under an available-balance method.

At one or more financial institutions, examiners noted that these changes to the balance-calculation method used were not disclosed at all, or were not sufficiently disclosed, resulting in customers being misled as to the circumstances under which overdraft fees would be assessed. Because these misleading practices could be material to a reasonable consumer's decision-making and actions, they were found to be deceptive.

Examiners also observed at one or more institutions the following sequence of events after the institutions switched balance-calculation methods: a financial institution authorized an electronic transaction, which reduced a customer's available balance but did not result in an overdraft at the time of authorization; settlement of a subsequent unrelated transaction that further lowered the customer's available balance and pushed the account into overdraft status; and when the original electronic transaction was later presented for settlement, because of the intervening transaction and overdraft fee, the electronic transaction also posted as an overdraft and an additional overdraft fee was charged. Because such fees caused harm to consumers, one or more supervised entities were found to have acted unfairly when they charged fees in the manner described above. Consumers likely had no reason to anticipate this practice, which was not appropriately disclosed. They therefore could not reasonably avoid incurring the overdraft fees charged. Consistent with the deception findings summarized above, examiners found that the failure to properly disclose the practice of charging overdraft fees in these circumstances was deceptive.

At one or more institutions, examiners found deceptive practices relating to the disclosure of overdraft processing logic for electronic transactions. Examiners noted that these disclosures created a misimpression that the institutions would not charge an overdraft fee with respect to an electronic transaction if the authorization of the transaction did not push the customer's available balance into overdraft status. But the institutions assessed overdraft fees for electronic transactions in a manner inconsistent with the overall net impression created by the disclosures. Examiners therefore concluded that the disclosures were misleading or likely to mislead, and because such misimpressions could be material to a reasonable consumer's decision-making and actions, examiners found the practice to be deceptive. Furthermore, because consumers were substantially injured or likely to be so injured by overdraft fees assessed contrary to the overall net impression created by the disclosures (in a manner not outweighed by countervailing benefits to consumers or competition), and because consumers could not reasonably avoid the fees (given the misimpressions created by the disclosures), the practice of assessing the fees under these circumstances was found to be unfair.

2.4 Mortgage origination

In January 2013, the CFPB issued rules pursuant to Title XIV of the Dodd-Frank Act (Title XIV rules) related to mortgage origination activities. The Title XIV rules cover the ability-to-repay and qualified mortgage standards, escrow requirements, high-cost mortgage and homeownership counseling requirements, appraisal requirements for higher-priced mortgage loans, and loan originator compensation. Most of the Title XIV rules took effect in January 2014 and the CFPB commenced supervisory examinations for compliance four months after the effective date. Supervision's examination findings for compliance with Title XIV rules will be discussed, for the most part, in a future issue of *Supervisory Highlights*. The discussion below largely focuses on Supervision's examination findings and observations from July 2014 to December 2014.

2.4.1 Loan originators cannot receive compensation based on a term of a transaction

Regulation Z prohibits a loan originator from receiving compensation based, directly or indirectly, on the terms of a consumer credit transaction secured by a dwelling.[12] A loan originator includes administrative staff and branch managers who, for compensation or other monetary gain, or in expectation of compensation or other monetary gain, arrange, negotiate, or otherwise obtain an extension of consumer credit for another person.[13] This rule has been in effect since April 2011; it was originally promulgated by the Federal Reserve Board of Governors in September 2010. The Bureau has since revised the rule.

In one or more examinations, examiners found that branch managers were loan originators and owners of related marketing services entities. Supervision found instances of improperly allocated expenses on branch income statements which resulted in marketing services entities receiving income based on the profitability of retail loans originated by branch managers. Consequently, branch managers, as owners of the marketing services entities, received compensation based on the terms of transactions originated by the branch managers themselves. Supervision directed that compensation to loan originators based on a term of a transaction, including branch managers, cease.

2.4.2 Improper use of lender credit absent changed circumstances

Regulation X requires that a loan originator be bound, within the applicable tolerances, to the settlement charges and terms listed on the Good Faith Estimate (GFE) provided to the borrower, unless a revised GFE is provided prior to settlement.[14] A loan originator that provides a revised GFE is required to document the reason for the revised GFE and retain those records for no less than three years after settlement.[15]

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[12] 12 CFR 1026.36(d)(1).

[13] 12 CFR 1026.36(a)(1).

[14] 12 CFR 1024.7(f).

[15] 12 CFR 1024.7(f).

At one or more institutions, examiners identified practices that caused the amounts disclosed on the HUD-1 to exceed those disclosed on the GFE. Due to inadequate training and compliance policies and procedures, a lender credit in one or more examinations was reduced on the HUD-1 to prevent the borrower, on a no-cost refinance, from receiving excess cash-back at closing. This reduction, however, in the absence of changed circumstances, impermissibly increased the final adjusted origination charge, a violation of Regulation X.[16] The difference in the amounts disclosed was refunded to consumers.

2.4.3 Failing to provide the Good Faith Estimate in a timely manner

Regulation X requires that a lender provide a GFE not later than three business days after it receives an application, or information sufficient to complete an application.[17] Regulation Z also requires creditors, in certain mortgage transactions secured by a consumer's dwelling, to provide a good faith estimate of the Truth in Lending disclosure not later than the third business day after the creditor receives the consumer's written application.[18]

During one or more examinations, examiners identified policies and procedures that did not define sufficiently when an application was received. As a result, the lender did not measure the three-business-day period accurately, and this caused the good faith estimates to be delayed beyond the three-business-day requirement, a violation of Regulations X and Z.[19] Examiners directed appropriate corrective action.

2.4.4 Improperly using advertisements with triggering terms without the required additional disclosures

Regulation Z requires advertisements to include disclosures when certain triggering terms are advertised. Examiners found in one or more institutions that social media advertising was not

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[16] 12 CFR 1024.7(e)(1).

[17] 12 CFR 1024.7(a)(1).

[18] 12 CFR 1026.19(a)(1)(i).

[19] 12 CFR 1024.7(a)(1); 12 CFR 1026.19(a)(1)(i).

subject to monitoring or compliance audit, which are components of an effective compliance management system. Loan originators created their own advertisements and content. Loan originators advertised the length of payment, amount of payments, numbers of payments, and finance charges, without providing the required disclosures, a violation of Regulation Z.[20] These institutions agreed to appropriate corrective actions.

2.4.5 Adverse action notice deficiencies and failure to provide the notice in a timely manner

Regulation B requires a lender to notify an applicant of action taken within 30 days after receiving a completed application regarding the creditor's adverse action on the application.[21] The notice must be in writing and contain a statement of the action taken; the name and address of the creditor; a statement describing the provisions of section 701(a) of the Equal Credit Opportunity Act (ECOA); the name and address of the Federal agency that administers compliance with respect to the creditor; and either a statement of the specific reasons for the action taken, or a disclosure of the applicant's right to a statement of specific reasons within 30 days, if the statement is requested within 60 days of the creditor's notification.[22]

CFPB examiners found one or more supervised entities failed to provide the requisite information in denial notices as set forth in Regulation B and failed to notify an applicant of action taken within 30 days after receiving the completed application. These errors were attributed to weaknesses in the compliance audit programs and the monitoring and corrective action component of the compliance programs.[23] Supervision directed the supervised entities to conduct a review of all mortgage loan applications denied within the relevant time period and take appropriate corrective action, including providing corrected notices to applicants.

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[20] 12 CFR 1026.24(d).

[21] 12 CFR 1002.9(a)(1)(i).

[22] 12 CFR 1002.9(a)(2); *see* 15 USC 1691–1691f.

[23] *See* Supervisory Highlights: Summer 2014, *available at* http://files.consumerfinance.gov/f/201409_cfpb_supervisory-highlights_auto-lending_summer-2014.pdf.

2.4.6 Deficiencies in compliance management systems

A sound and robust compliance management system is essential to ensuring compliance with Federal consumer financial law and preventing associated risks of harm to consumers. As noted in previous issues of *Supervisory Highlights*, an effective compliance management system includes board and management oversight, a compliance program, a consumer complaint management program, and a compliance audit program. The board of directors and senior management should, among other things, adopt clear policy statements concerning consumer compliance, establish a compliance function to set policies and procedures, and assign resources to the compliance function commensurate with the size and complexity of the supervised entity's practices and operations. A compliance program should include policies and procedures, training, and monitoring and corrective action processes. A compliance audit program should assist the board of directors or board committees in determining whether policies and standards adopted by the board are being implemented, and should also identify any significant gaps in board policies and standards.

At one or more institutions, examiners concluded that a weak compliance management system allowed numerous violations of Regulations B, X, and Z to occur. For example, in one or more instances, a supervised entity first adopted a compliance policy manual and hired a compliance officer shortly before the start of a Bureau examination, and as a result, lacked procedures to implement the manual and was unable to effectively communicate compliance responsibilities to employees. In one or more instances, an institution's board members did not receive any training, the training provided to employees was not comprehensive or accurate, and training content was neither kept current nor directed towards the appropriate employees. At one or more institutions, Supervision found that compliance audits performed by third parties were limited in scope and failed to identify numerous regulatory violations found by examiners, and audit results were not reported to directors. Examiners directed the institutions to take appropriate action to address the weaknesses in order to implement effective compliance management systems.

2.5 Fair Lending: Consideration of protected forms of income

Since the start of the Bureau's supervision program, examiners have conducted ECOA targeted mortgage origination reviews at institutions, both bank and nonbank, that receive about 40% of the applications and make about 40% of the originations reported pursuant to the Home Mortgage Disclosure Act (HMDA),[24] and have found that many lenders operate in compliance with the ECOA and its implementing regulation, Regulation B.[25] At some institutions, however, examiners have identified violations of the ECOA and Regulation B, including violations related to the failure to consider public assistance income or other sources of income protected by Regulation B.

The ECOA forbids a creditor from discriminating against any applicant "because all or part of the applicant's income derives from any public assistance program."[26] Furthermore, Regulation B states that a creditor "shall not . . . exclude from consideration the income of an applicant . . . because of a prohibited basis or because the income is derived from part-time employment or is an annuity, pension, or other retirement benefit . . . ."[27] In addition, Regulation B also states that a "creditor shall not make any . . . written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application."[28]

During recent examinations, the Bureau's examination staff found one or more violations of the ECOA and Regulation B related to the treatment of protected forms of income. Applicants were automatically declined if they relied on income from a non-employment source, such as social security income or retirement benefits, in order to repay the loan. Marketing materials contained written statements regarding the prohibition and may have discouraged applicants who received public assistance or other protected sources of income from applying for credit.

While the general rules governing the prohibition against consideration of protected forms of income include narrow exceptions (*e.g.*, while a creditor may not consider the fact that an

[24] *See* 12 USC 2801–2810.

[25] *See* 12 CFR 1002.

[26] 15 USC 1691(a)(2); *see* 12 CFR 1002.4(a).

[27] 12 CFR 1002.6(b)(5). Regulation B also states that "[w]hen an applicant relies on alimony, child support, or separate maintenance payments in applying for credit, the creditor shall consider such payments as income to the extent that they are likely to be consistently made."

[28] 12 CFR 1002.4(b).

applicant receives public assistance income, the creditor can consider "[t]he length of time an applicant will likely remain eligible to receive such income"[29]), for these exceptions to apply, an institution must analyze each applicant's particular situation.[30] A blanket practice of denying any applicant who relies on public assistance income, or a specific form of public assistance income, without an assessment of an applicant's particular situation, violates the ECOA and Regulation B.

The relevant supervised entities were directed by examination staff to identify applicants who were wrongly denied on the basis of their protected income source, as well as potential applicants who were discouraged by the marketing materials. Supervision also directed that remediation be made to harmed applicants and prospective applicants, including reimbursement of fees and interest; the opportunity to reapply; and additional remuneration for any consumers who were improperly denied and subsequently lost their homes.

2.6 Remedial actions

Recent supervisory resolutions reached in the areas of payday lending, mortgage servicing, and mortgage origination have resulted in remediation of approximately $19.4 million to more than 92,000 consumers.

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[29] *See* Official Staff Commentary, 12 CFR 1002, ¶ 6(b)(2)-6 (Supp. I).

[30] *See* Official Staff Commentary, 12 CFR 1002, ¶ 6(b)(2)-6 (Supp. I) ("When considering income derived from a public assistance program, a creditor may take into account, for example: i. The length of time an applicant will likely remain eligible to receive such income. ii. Whether the applicant will continue to qualify for benefits based on the status of the applicant's dependents (as in the case of Temporary Aid to Needy Families, or social security payments to a minor).").

3. Supervision program developments

Supervision continues to strive for increased efficiency in its operations, and continues to focus on recruiting highly-qualified examination staff and providing regular and thorough training to all Bureau examiners. As of February 6, 2015, Bureau examination staff numbers approximately 400 examiners supported by both regional management and headquarters staff. More than 165 of these examiners have been commissioned through the Bureau's internal process, or came to the CFPB with commissions from other regulators.

The Bureau remains committed to publishing guidance documents to aid industry in complying with the Bureau's expectations of supervised entities. Below are summaries of the Bureau's recent guidance documents and updates to examination procedures, as well as operational updates related to examiner training.

3.1 Examination procedures

3.1.1 Credit card account management examination procedures

In February 2015, the CFPB added new Credit Card Account Management examination procedures to the Supervision and Examination Manual.[31] These procedures are expected to

[31] *See* Credit Card Account Management Examination Procedures, *available at* http://files.consumerfinance.gov/f/201502_cfpb_credit-card-account-management-examination-procedures.pdf.

help examiners carry out credit card product level examinations more efficiently. They are a compilation of existing FFIEC[32]-approved Truth in Lending Act/Regulation Z open-end credit exam procedures related to credit cards, organized into Modules that follow the lifecycle of a credit card account. Depending on scope, each examination will cover one or more of the Modules:

- Advertising and Marketing
- Account Origination
- Account Servicing
- Payments and Periodic Statements
- Dispute Resolution
- Marketing, Sale, and Servicing of Credit Card Add-on Products

3.2 Recent guidance from the CFPB

3.2.1 Confidential Supervisory Information guidance

On January 27, 2015, the CFPB issued a bulletin entitled "Treatment of Confidential Supervisory Information."[33] This bulletin reminded supervised financial institutions, including nonbank companies that may be unfamiliar with federal supervision, of existing regulatory requirements regarding confidential supervisory information (CSI). The bulletin sets forth the definition of CSI, provides examples of CSI, and highlights certain existing legal restrictions on the disclosure of CSI. It also explains that provisions in non-disclosure agreements entered into by supervised

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[32] The Federal Financial Institutions Examination Council (FFIEC) is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the CFPB.

[33] Compliance Bulletin 2015-01, *available at* http://files.consumerfinance.gov/f/201501_cfpb_compliance-bulletin_treatment-of-confidential-supervisory-information.pdf.

financial institutions do not alter or limit the CFPB's existing supervisory authority or the institution's obligations related to CSI.

3.2.2 Bulletin on Social Security disability income verification and compliance with the Equal Credit Opportunity Act and Regulation B

On November 18, 2014, the Bureau issued a bulletin providing guidance to help lenders avoid prohibited discrimination against consumers receiving Social Security disability income.[34] The bulletin reminds lenders that requiring unnecessary documentation from consumers who receive Social Security disability income may raise fair lending risk, and calls attention to standards and guidelines that may help lenders comply with the law.

The Social Security Administration provides certain benefits for individuals with serious disabilities, but generally will not provide documentation regarding how long benefits will last. Some applicants have reported being asked for information about their disabilities or even for doctors' notes about the likely duration of their disabilities. The ECOA and Regulation B prohibit creditors from discriminating against an applicant because some or all of the applicant's income comes from any public assistance program, which includes Social Security disability income. Though lenders can consider the source of an applicant's income for determining pertinent elements of creditworthiness, the bulletin notes that lenders may face fair lending risk if they require documentation beyond that required by lawful applicable agency or secondary market standards and guidelines in order to demonstrate that Social Security disability income is likely to continue.

The bulletin discusses current standards and guidelines on verification of Social Security disability income, including under the CFPB's Ability-to-Repay rule, the Department of Housing and Urban Development's standards for Federal Housing Administration-insured loans, the Department of Veterans Affairs (VA) standards for VA-guaranteed loans, and guidelines from Fannie Mae and Freddie Mac. The bulletin reminds lenders that following the applicable

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[34] Social Security Disability Income Verification Bulletin 2014-03, *available at* http://files.consumerfinance.gov/f/201411_cfpb_bulletin_disability-income.pdf.

standards and guidelines may help them avoid policies and practices that violate the ECOA and Regulation B.

3.3 Other developments

3.3.1 Examiner Commissioning Program (ECP)

The CFPB Division of Supervision, Enforcement, and Fair Lending (SEFL) recently released the new Examiner Commissioning Program (ECP) with support from the National Treasury Employees Union. The ECP sets standards and processes for the CFPB's certification of examiners who perform the Bureau's critical supervision mission, and replaces the interim guidance from 2012. Successful completion of the ECP is a milestone of professional achievement signifying an examiner's attainment of the broad-based technical expertise, knowledge, skills, and tools necessary to perform the duties of a commissioned examiner. It also sets a clear future path for Bureau examiners.

Principal elements of the ECP include:

- Required course work (operations and deposits, lending principles, fair lending, advanced communications, and a capstone course);
- Two assignments acting as examiner-in-charge (EIC) for a CFPB review (under supervision of a commissioned examiner);
- Successful completion of a comprehensive multiple-choice test of knowledge of Federal consumer financial law; and
- Successful performance during EIC Case Study assessment.

4. Conclusion

The Bureau intends and expects that regular publication of *Supervisory Highlights*, now in its seventh edition, will continue to aid supervised entities across the spectrum of consumer financial services achieve the goal of remaining in compliance with Federal consumer financial law. Any questions or comments about this or previous editions of *Supervisory Highlights* can be directed to CFPB_Supervision@cfpb.gov.