

CFPB Bites of the Month - February Top 10

February 19, 2021 | [Justin B. Hosie](#) and [Eric L. Johnson](#)

Each month, we host a 30-minute [webinar](#) outlining the month's key announcements and takeaways from the Consumer Financial Protection Bureau (CFPB) for financial services providers to consider. In this month's article, we share some of our top "bites" covered during the February 17 webinar.

So what happened at the CFPB in the past month?

Bite #10 - Biden administration calls for a regulatory freeze.

On January 20, President Biden's Chief of Staff Ronald Klain issued a memo to the heads of "executive departments and agencies," asking that the agency heads not propose or issue rules until an agency head appointed or designated by President Biden reviews and approves the rule. Though the CFPB was created as an independent agency, the Supreme Court's decision in *Seila Law* last year allows the President to remove the CFPB Director at will, effectively making the Bureau an executive agency.

The CFPB's Final Rule on the role of supervisory guidance—originally issued on January 19—was published in the Federal Register on February 12, meaning that Acting Director Uejio had reviewed and approved the rule. For rules that have already been published, the memo asks agency heads to consider whether to postpone effective dates for 60 days from January 20. The CFPB's recent rules regarding qualified mortgages fall into this category.

Bite #9 - The CFPB decided against an enforcement action related to "deferred interest" promotions.

On January 15, 2021, the CFPB notified a financial services company that it did not intend to recommend that the CFPB take enforcement action against the company.

In September of 2020, the company received a NORA (Notice of Opportunity to Respond and Advise) letter from the CFPB indicating that the CFPB Office of Enforcement was considering whether to recommend that the CFPB take legal action relating to the marketing and servicing of deferred interest promotions. The company had received a civil investigative demand (CID) related to this matter in 2017.

The company revealed the CFPB's determination in its annual Form 10-K filed with the Securities and Exchange Commission.

Bite #8 - The CFPB presented findings about an experiment on consumer savings.

The CFPB released findings regarding an experiment addressing consumer savings. The CFPB had presented 551 people with the following scenario:

- Mr. Green has \$5,000 in credit card debt. He has [\$X] in a bank savings account. He has no other savings except in a retirement account, which he cannot access. How much, if any, of the \$5,000 credit card debt should Mr. Green payout of the [\$X] available savings?
- For the savings amount, participants were randomly assigned to one of ten amounts, ranging between \$1,000 and \$10,000.

The experiment produced the following findings:

- People want a savings cushion. In nine of the ten savings scenarios presented to study participants, fewer than half of participants put the maximum amount of savings toward reducing the debt. The majority of the participants paid off credit card debt completely only when they had twice as much money in savings as they had debt.
- People also want to pay down debt. The vast majority of study participants—over 90 percent in each of the savings scenarios—used at least some savings to reduce the debt. On average, participants put more than half of the amount in savings towards paying down their debt, even when the amount in savings was only one-fifth the amount of debt.

Bite #7 - The CFPB released a guide for military families.

The CFPB released a guide called "Focus on Military Communities" as part of its *Your Money, Your Goals* suite of financial empowerment materials. The Bureau designed the guide to be the "go-to" resource for financial educators, counselors, and other trusted agents who help servicemembers, veterans, and their families reach their financial goals.

According to the CFPB, military families faced unique challenges as a result of the COVID-19 pandemic:

- Some active-duty military families were stuck paying rent for two houses because they could not move during a stop movement order from the U.S. Department of Defense.
- Some members of the National Guard were deployed away from their homes and families to support their state's pandemic efforts, thereby putting a financial strain on their homebound spouses.
- Some veterans experienced delays in obtaining critical disability funds to pay for basic living expenses because they could not receive a medical exam at a U.S. Department of Veterans Affairs facility.

Bite #6 - A CFPB blog post tackled retirement during a pandemic.

The CFPB released a blog intended to help those who are considering retiring early due to the COVID-19 pandemic. The blog touches on topics such as claiming social security benefits, collecting pensions, and withdrawing from retirement and other savings accounts.

Bite #5 - Acting Director David Uejio outlined his priorities.

CFPB Acting Director David Uejio shared a statement with employees at the CFPB, outlining the Bureau's new focus and priorities. He stated that his priorities are:

1. relief for consumers facing hardship due to COVID-19 and the related economic crisis; and
2. racial equity.

To carry out these priorities, Acting Director Uejio is focusing supervision and enforcement on companies responsible for COVID relief and fair lending. He also noted that the Bureau will be reversing policies of the last administration that weakened enforcement and supervision. In addition, Acting Director Uejio made it the official policy of the CFPB to supervise lenders with regard to the Military Lending Act.

Bite #4 - The CFPB outlined COVID-19 protection extensions.

The CFPB released a blog post highlighting certain COVID-19 financial relief and protections that have been extended. The protections highlighted include:

- Federally-Owned Student Loans: Principal and interest payments on federally-held student loans are automatically suspended through September 30, 2021.
- Renter Eviction: The Centers for Disease Control and Prevention (CDC) announced an extension to their current order that halts certain residential evictions until at least March 31, 2021.
- Mortgage Relief:
 1. For mortgages backed by some government agencies, the deadline to request an initial forbearance is February 28, 2021. Others may not yet have specified a deadline or may have specified a later date.
 2. For borrowers with mortgage loans through FHA or USDA, your lender or loan servicer cannot foreclose on your home until after March 31, 2021.
 3. For those with mortgages backed by the VA, Fannie Mae, or Freddie Mac, the foreclosure moratorium has been extended through February 28, 2021.

Bite #3 - Acting Director Uejio outlined his vision for the Division of Research, Markets & Regulations.

CFPB Acting Director David Uejio shared a second internal statement - this one about his vision for the Division of Research, Markets & Regulations (RMR).

He is asking the RMR to immediately do the following:

- Analyze housing insecurity, including mortgage foreclosures, mobile home repossessions, and landlord-tenant evictions;
- Prepare an analysis of the most pressing consumer finance barriers to racial equity to inform research and rulemaking priorities;

- Explicitly include in policy proposals the racial equity impact of the policy intervention; and
- Resume data collections paused due to the pandemic, including HMDA quarterly reporting and the CARD Act data collection, as well as the previously completed 1071 data collection and the ongoing PACE data collection.
- Focus the mortgage servicing rulemaking on pandemic response to avert, to the extent possible, a foreclosure crisis when the COVID-19 forbearances end in March and April; and
- Explore options for preserving the status quo with respect to QM and debt collection rules.

Acting Director Uejio also pledged to provide the RMR the support it needs to implement Dodd-Frank section 1071 "without delay."

Bite #2 - Acting Director Uejio outlined his vision for the Division of Consumer Education and External Affairs.

CFPB Acting Director David Uejio shared a third internal statement, this one about his vision for the Division of Consumer Education and External Affairs (CEEAA). He asked the CEEAA to immediately do the following:

- Target Bureau resources to reach and help struggling homeowners in delinquency or at risk of foreclosure and renters at risk of eviction to ensure they know their rights.
- Ramp up coordination efforts with other agencies to provide help and information to at-risk homeowners and renters.
- Collaborate with coalitions of stakeholders, including consumer advocates, civil rights groups, grassroots, community-based organizations, and individual consumers to get messages to homeowners in languages and terminology they understand.
- Help ensure homeowners and renters can access HUD-approved housing counseling organizations to help them manage the challenges they face due to financial hardships brought on by COVID.
- Lead a refresh of the Bureau's website's look-and-feel to be more user-friendly and to expand the CFPB's social media presence.
- Aggressively rebuild and repair relationships with consumer, civil rights, racial justice, and tribal and Indigenous rights groups.

Bite #1 - The CFPB is hiring attorneys.

CFPB Acting Director David Uejio wrote a blog post calling for attorneys interested in joining the CFPB, noting that this is a crucial time due to "the COVID-19 pandemic, the associated economic dislocation, and ongoing racial inequity." Acting Director Uejio stated that achieving the CFPB's mission requires "vigorous oversight of all applicable Federal laws and the fullest utilization of our legal authorities."

As a result, the Bureau is launching an effort to recruit attorneys at all experience levels.

Still hungry?

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