

The Consumer Financial Protection Bureau Outlines Its Priorities Under Director Cordray

Under the leadership of its newly appointed first director, Richard Cordray, the Consumer Financial Protection Bureau (Bureau) has laid out its top three priorities: (1) nonbank supervision; (2) protection against unfair, deceptive, or abusive acts or practices (UDAAP), and (3) disclosures.

Nonbank Supervision. Watch for the Bureau to use its new supervisory and enforcement powers to “level the playing field” between banks and nonbanks (i.e., a “company that offers or provides consumer financial products or services but does not have a bank, thrift, or credit union charter”). Effective immediately, we expect the Bureau to focus its new supervisory and enforcement powers on mortgage originators and servicers, student lenders, debt collectors, and payday lenders. Use of these powers against other types of consumer financial companies is likely to follow.

UDAAP. While he was the Attorney General of Ohio, Mr. Cordray aggressively used Ohio statutes prohibiting unfair and deceptive acts or practices against banks and consumer financial services companies. We expect him to do the same with Dodd-Frank’s UDAAP provisions which, in addition to adding a new term to the vernacular (“abusive”), have real teeth. Among other things, the Bureau can seek penalties of \$1 million per day for knowingly committing UDAAP violations.

Disclosures. Since its inception, the Bureau has pushed its “Know Before You Owe” program, designed to help consumers understand the terms of their credit agreements, including mortgages, credits cards, and student loans. To that end, the Bureau has in the works a simplified disclosure form for mortgages, a financial aid shopping sheet for student loans, and a two-page template for credit card terms and conditions. Expect to see final versions before the summer.

Foley & Lardner LLP is closely watching developments at the Bureau. For continued monitoring of CFPB developments, as well as other financial services legal issues, be sure to visit our blog, [The CFSL Bulletin](http://www.CFSLBulletin.com) (<http://www.CFSLBulletin.com>).

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