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DODD-FRANK
NEWS

October 2016

The Dodd-Frank Wall Street Reform and Consumer Protection Act was enacted as a measure to promote financial stability and protection for consumers through increased regulation of nearly every aspect of the consumer finance industry. In the years since its enactment, the Dodd-Frank Act has led to significant industry reforms and the promulgation of numerous new laws and regulations. In an effort to stay apprised of these significant industry changes, Burr & Forman's Dodd-Frank Newsletter will serve as a periodic update of recent case law, news, and developments related to the Dodd-Frank Act.

---- RECENT CASES ----

CFPB Involvement in Litigation

PHH Corp. v. Consumer Financial Protection Bureau, -- F.3d ---, 2016 WL 5898801 (D.C. Cir. Oct. 11, 2016).

In a landmark decision, the U.S. Court of Appeals for the D.C. Circuit recently held that the CFPB's single-director structure violates Article II of the U.S. Constitution, which provides that the President alone has the authority to "take Care that the Laws be faithfully executed." With this ruling the court reversed a $109 million penalty the CFPB imposed on PHH.

The court first addressed the CFPB's structure. In the Dodd-Frank Act, Congress established the CFPB, an independent agency headed not by a multi-member commission but a single Director who is removable only for cause. As such, the court said that this Director holds more unilateral authority than any single commissioner or board member than any other independent agency in the U.S. Government, and "[t]he CFPB's concentration of enormous executive power in a single, unaccountable, unchecked Director not only departs from settled historical practice, but also poses a far greater risk of arbitrary decisionmaking and abuse of power, and a far greater threat to individual liberty, than does a multi-member independent agency." *See* 2016 WL 5898801, at *4. The court also noted the "enormous power" the Director holds "over American businesses, American consumers, and the overall U.S. economy," as he "unilaterally enforces 19 federal consumer protection statutes, covering everything from home finance to student loans to credit cards to banking practices." *See id.* at *2.

PHH argued for the shut-down of the CFPB as well as the invalidation of the Dodd-Frank Act. The court, however, opted for a narrower remedy and decided to sever the unconstitutional for-cause provision from the statute which would allow the President to remove the Director at will. With this approach, the CFPB could continue its day-to-day operations.

The court then addressed PHH's challenge to the CFPB's $109 million penalty. First, PHH argued that the CFPB incorrectly interpreted Section 8 of the Real Estate Settlement Procedures Act ("RESPA") to bar captive reinsurance arrangements involving mortgage companies. The court agreed with PHH, finding that Section 8 of RESPA allows captive reinsurance arrangements as long as the amount paid by the mortgage insurer for the reinsurance does not exceed the reasonable market value. Second, PHH argued that the CFPB denied it due process by retroactively applying its interpretation of the statute against PHH. The court agreed with PHH on this point as well, finding that captive reinsurance arrangements were lawful prior to the CFPB's recent interpretation of Regulation X. Applying "fundamental anti-retroactivity principles [as] Rule of Law 101," the court held that

the CFPB violated PHH's due process rights by retroactively applying its changed interpretation of Regulation X and imposing a $109 million penalty. *See* 2016 WL 5898801, at *35. Finally, the court held that RESPA's three-year statute of limitations applies to CFPB enforcement actions, including administrative actions to enforce Section 8. With this holding, the court rejected the CFPB's argument that the Dodd-Frank Act as a whole does not impose any statute of limitations on CFPB enforcement actions brought in an administrative proceeding. Accordingly, the court vacated the $109 million penalty and remanded the case for further proceedings.

Robins v. Spokeo, Inc., No. 11-56843 (9th Cir. July 11, 2016).

In May 2016, the U.S. Supreme Court held that alleging a "bare procedural violation" of the Fair Credit Reporting Act ("FCRA") is insufficient to establish Article III standing. The Court remanded the case to the Ninth Circuit to determine whether Robins' alleged claims were sufficient to meet the concreteness standard.

The CFPB filed an amicus brief urging the Ninth Circuit to find that Robins alleged dissemination of an inaccurate consumer report is a concrete injury under Article III. In support of its argument, the CFPB said that intangible injuries can be concrete. Additionally, the CFPB argued that by enacting the FCRA, Congress identified the dissemination of an inaccurate consumer report as an intangible injury and the court should rely on Congress' judgment as "instructive and important." The CFPB analogized the intangible harm protected by the FCRA to the intangible harm protected under a defamation claim. Both the FCRA and defamation, according to the CFPB, created a cause of action to prevented risk of future harm and did not require a showing of actual damages. As such, traditional principals of defamation law supported a conclusion that dissemination of an inaccurate consumer report was concrete and could therefore satisfy Article III's requirements.

RESPA

Cole v. JPMorgan Chase Bank, N.A., No. 2:15-cv-2634, 2016 WL 4491731 (S.D. Ohio Aug. 25, 2016).

Plaintiff Andrew Cole filed suit against JPMorgan Chase Bank, N.A. ("Chase") alleging violations of RESPA, 12 U.S.C. § 2605. The court dismissed Plaintiff's complaint because Plaintiff lacked standing to assert claims that should have been brought before he filed Chapter 13 bankruptcy. The court allowed Plaintiff to amend his complaint to assert claims accruing after the date of his bankruptcy filing. Chase moved to dismiss Plaintiff's amended complaint.

Plaintiff's RESPA claim was based on the allegation that Chase maintained a website in violation of 12 C.F.R. § 1024.35(c) and that Chase failed to respond properly to Plaintiff's qualified written request ("QWR"). With respect to Chase's website, Plaintiff argued that all of Chase's websites did not include the designated address to which borrowers should send QWRs. In response, Chase asserted that it provided the designated address in a letter sent to Plaintiff and on at least one of its websites. The court looked to the plain language of 12 C.F.R. § 1024.35(c), which provides that "[a] servicer that designates an address for receipt of notices of error must post the designated address on any Web site maintained by the servicer if the Web site lists any contact address for the servicer." *See* 12 C.F.R. § 1024.35(c). Because the regulations require servicers to include the designated address on "any" website, the court held that Plaintiff stated a claim for relief by alleging that Chase failed to include the designated address on certain websites.

Turning to Plaintiff's claim that Chase did not respond properly to his QWRs, the court first addressed Chase's argument that Plaintiff's letters were not QWRs and, therefore, Chase had no duty to respond under RESPA. Chase argued that pursuant to 12 U.S.C. § 2605(e)(1)(A), RESPA imposed a duty to respond to a QWR that concerns loan servicing. In support of this argument, Chase

relied on *Martini v. JPMorgan Chase Bank, N.A.*, No. 15-1423, 2015 WL 8479633, at *5 (6th Cir. Dec. 10, 2015) and *Medrano v. Flagstar Bank, FSB*, 704 F.3d 661, 667 (9th Cir. 2012), which held that the subject letters were not QWRs because they did not address loan servicing. The court pointed out that the letters at issue in *Martini and Medrano* were sent before the effective date of Regulation X and Plaintiff's claims arose under § 2605(k), which were part of the Dodd-Frank amendments to RESPA and went into effect on January 10, 2014.

Applying the new regulatory guidelines to Plaintiff's claims, the court noted that 12 C.F.R. § 1024.35(a) defines a QWR as "a qualified written request that asserts an error relating to the servicing of a mortgage is a notice of error for the purposes of this section, and a servicer must comply with the requirements applicable to a notice of error with respect to such qualified written request," and a "notice of error" encompasses a written notice from the borrower that, among other things, "asserts the error the borrower believes has occurred with respect to the borrower's mortgage loan." *See* 12 C.F.R. § 1024.35(a). The court also looked to the CFPB's Official Interpretation of the rule, which cautions servicers not to rely on the borrower's description of a submission when determining whether a request constitutes a QWR and provides that a "[QWR] is just one form that written notice of error or information request may take. Thus, the error resolution and information request requirements in §§ 1024.35 and 1024.36 apply as set forth in those sections irrespective of whether the servicer received a qualified written request." *See* Consumer Financial Protection Bureau, Mortg. Servicing Regulation X Final Rule – Interpretations, *available* at http://files.consumerfinance.gov/f/201301_cfpb_final-rule_servicing-respa-interpretations.pdf. Further, Regulation X defines the "scope of error" to include errors that address the failure to provide accurate information to a borrower regarding loss mitigation. *See* 12 C.F.R. § 1024.35(b)(7). Under the new regulatory scheme implemented under the Dodd-Frank Act, the court found that Plaintiff's letters, which addressed errors in the evaluation of his loss mitigation application, constituted a QWR and Plaintiff sufficiently alleged a violation of RESPA. Accordingly, the court denied Chase's motion to dismiss.

Joussett v. Bank of America, N.A., No. 15-6318, 2016 WL 5848845 (E.D. Pa. Oct. 6, 2016).

Plaintiff Jayme Joussett filed suit against Bank of America, N.A., Roundpoint Loan Servicing Corp., and Newlands Asset Holding Trust, alleging violations of §§ 1024.36, 1024.38, 1024.40 and 1024.41 of Regulation X of RESPA. Defendants moved to dismiss Plaintiff's complaint.

Section 1024.36(d) requires a servicer to respond to a borrower's request for information within thirty days. Specifically, the servicer must respond by providing the borrower with the requested information, or by conducting a reasonable search for the requested information and by informing the borrower in writing that the requested information is not available. See 12 C.F.R. § 1024.36(d). The requirements set forth in § 1024.36(d) apply to qualified written requests, but the court found that, pursuant to the CFPB's regulations, which are broader than the language of RESPA, such requests are not limited to information relating to the servicing of the loan. However, the court found that Plaintiff failed to allege sufficiently that: (1) the defendant is a loan servicer; (2) the plaintiff sent the defendant a valid request under § 1024.36; (3) the defendant failed adequately to respond within the statutory period; and (4) the plaintiff is entitled to actual or statutory damages. Rather than sending requests for information, Plaintiff sent requests for a loan modification. Accordingly, the court declined to find that Plaintiff stated a claim under § 1024.36(d).

Turning to Plaintiff's claim that defendants violated §§ 1024.38 and 1024.40, the court acknowledged that § 1024.38 requires servicers to maintain certain pro-borrower policies and procedures. In turn, § 1024.40 requires servicers to be reasonably accessible to borrowers. The court easily dismissed these claims finding that pursuant to its rulemaking authority granted by the Dodd-Frank Act, the CFPB did not create a private right of action under § 1024.38.

Finally, the court addressed Plaintiff's claim that defendants violated § 1024.41 of Regulation X. Section 1024.41 requires a servicer to first determine whether a loss mitigation application is complete. If the application is received at least forty-five days before a foreclosure sale, then the servicer must acknowledge receipt within five days and inform the borrower whether the application is complete or advise them which documents are still needed. If the application is received at least thirty-seven days before a foreclosure sale, the servicer must evaluate the loss mitigation application within thirty days and notify the borrower. This provision also requires servicers to use reasonable diligence in obtaining documents required to evaluate loss mitigation applications. Section 1024.41 also prevents a servicer from moving for foreclosure judgment or conducting a sale if foreclosure proceedings have commenced but an application becomes complete within thirty-seven days before the sale. The court found that Plaintiff failed to allege that he submitted a timely loss mitigation application and, therefore, the requirements set forth in § 1024.41 were not triggered. As a result, the court dismissed Plaintiff's § 1024.41 claim.

TCPA Class Actions

Espejo v. Santander Consumer USA Inc., No. 11 C 8987, 2016 WL 6037625 (N.D. Ill. Oct. 14, 2016) and *Levins v. Santander Consumer USA Inc.*, No. 12 C 9431, 2016 WL 6037 (N.D. Ill. Oct. 14, 2016).

In the consolidated cases *Espejo v. Santander Consumer USA Inc.*, No. 11 C 8987, 2016 WL 6037625 (N.D. Ill. Oct. 14, 2016) and *Levins v. Santander Consumer USA Inc.*, No. 12 C 9431, 2016 WL 6037 (N.D. Ill. Oct. 14, 2016), the U.S. District Court for the Northern District of Illinois denied Plaintiff Faye Levins' motion to certify a class pursuant Fed. R. Civ. P. 23(b)(3), finding that Levins failed to meet the prerequisites for class certification. While the court denied Levins' motion for class certification, it granted in part and denied in part Santander Consumer USA Inc.'s ("Santander") motion for summary judgment on Levins' Telephone Consumer Protection Act ("TCPA") claims.

The court first addressed Santander's motions for summary judgment. With respect to liability under the TCPA, the parties agreed that any potential liability turned on whether Santander obtained the plaintiffs' consent to call the cell numbers at issue. Levins claimed that Santander called her cell phone numbers, one of which was provided on her credit application. Finding the undisputed facts showed Santander obtained consent to call, the court easily granted Santander's motion for summary judgment as it related to the cell number provided on Levins' credit application. With respect to one of the remaining cell numbers, Levins pointed to Santander's activity notes and argued there was an "utter lack of clarity" on the issue of consent. Drawing all reasonable inferences in favor of Levins, the court determined that a question of fact remained as to whether Levins provided consent.

Turning to Levins' motion for class certification, the court noted that Fed. R. Civ. P. 23 required Levins to show (1) numerosity; (2) commonality; (3) typicality; and (4) adequacy of representation, as well as show "that the question of law or fact common to class members predominate over any questions affecting only individual members, and that a class action is superior to other available methods for fairly and efficiently adjudicating the controversy" pursuant to Fed. R. Civ. P. 23(b)(3).

Levins sought to certify a class of all individuals who were called on a cell number that was not provided at origination, was not provided orally or in writing before Santander's first call as reflected in Santander's records, and was not verified before being called as reflected in Santander's records. Levins' proposed subclass consisted of those individuals whose cell number was captured through calls made to Santander's IVR system by its identification as such in Santander's records. According to Levins, the class could be determined by analyzing Santander's records.

Finding that Levins could not have her cake and eat it too, the court first addressed the ascertainability and numerosity requirements, pointing out that Levins based her motion for class certification on Santander's activity notes, which were the very

records she challenged as having an "utter lack of clarity" in her response to Santander's motion for summary judgment. Because Levins challenged the "content, clarity, accuracy, and completeness" of the records upon which her class certification was based, the court found that Levins' proposed class definition was unascertainable. Similarly, Levins could not identify a group of any individuals who met her class definition and attempted to rely on Santander's activity notes to determine class members. Levins argued that her proposed class was "fail-safe" because it was defined so that whether the person qualifies as a member depends on whether the person has a valid claim. The court, however, adopted Santander's argument that the class definition was improper because a class member would win or, by virtue of losing, be defined out of the class and not bound by the judgment. Because a determination of the class would also constitute a determination of liability, the court held that Levins' proposed class was impermissible.

The court then turned to the question of commonality, which requires a question of law or fact common to the class pursuant to Fed. R. Civ. P. 23(a)(2). Levins presented three proposed questions of law or fact common to the class. The court accepted Levins' first proposed question – whether Santander's dialing system falls within the definition of an ATDS – and found that it had the potential for class treatment. Levins' second proposed question asked only whether the class members suffered a violation of the same provision of law and was therefore an insufficient, "superficial" common question. The court said, however, that this "bottom-line liability question" did not raise jurisdictional concerns under *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1548 (2016). The court concurred with cases which held that allegations of nuisance and invasion of privacy in TCPA actions were sufficient to state a concrete injury under Article III. While the alleged TCPA injury satisfied Article III, it did not satisfy the requirements of Rule 23.

Finally, the court dismissed Levins' third proposed question which asked whether Santander lacked consent to place the calls at issue. The third question, like Levins' proposed class, relied on an analysis of Santander's activity notes and records which rendered the class unascertainable. Further, this question would have already been resolved once the class was determined and, as a result, would no longer be a common question that united the class. Significantly, this question also raised individualized consent issues that would predominate in the litigation, and the court looked to other decisions wherein courts denied class certification of TCPA claims. To bolster this conclusion Santander produced evidence of its policies, which supported a finding that a significant percentage of the class members provided consent to be called. Because Levins' third question involved an analysis of Santander's activity notes to determine whether Santander obtained consent to call, it would inevitably raise factual disputes as illustrated by Levins' response in opposition to Santander's motion for summary judgment.

The court then analyzed the typicality and adequacy requirements and found that Levins would likely have a defense unique to her, rendering her an inadequate representative of the class. The court again pointed to Santander's activity notes and Levins' argument on summary judgment where she asserted they contained "many inconsistencies" which, in turn, prevented the court from determining whether she provided consent to be called. In fact, the court determined that Levins could not be a member of her proposed class to the extent it consisted only of those individuals who never provided consent to be called, because her activity notes suggested that she provided consent at some point during the loan servicing. Accordingly, the court determined that Levins failed to meet the adequacy and typicality requirements.

The court also held that Levins failed to meet the superiority requirement, citing the significant administrative burden involved with establishing the class which would require Santander to review several million sets of activity notes to determine, among other things, whether the number called was a cell number, whether the number was provided at origination, whether the loan was

subject to an enforceable arbitration agreement, and whether the TCPA claim had been litigated or released. Additionally, the court acknowledged that the TCPA's statutory damages provision is a built-in incentive for plaintiffs to bring individual actions, which weighed against a finding of superiority. For all of these reasons, the court denied Levins' motion for class certification.

Levins illustrates the significant hurdles plaintiffs seeking to certify TCPA class actions face. Nonetheless, the *Levins* decision is significant in today's environment given the CFPB's push to encourage consumer class actions. At the same time, *Levins* follows the general trend of district courts to follow the pre-*Spokeo* TCPA standing cases which hold that the TCPA creates a cognizable right and, therefore, any violation of that right is a "concrete injury in fact."

Whistleblower Protection

Kuhns v. Ledgeri, --- F. Supp. 3d ---, 2016 WL 4705160 (S.D.N.Y. Aug. 24, 2016).

Plaintiff John Kuhns filed suit against his former employer and executives alleging violations of the Dodd-Frank Act's whistleblower protection provision. Defendants moved to dismiss Plaintiff's complaint.

The whistleblower protection provision of the Dodd-Frank Act provides that "no employer may discharge, demote, suspend, threaten, harass, directly or indirectly, or in any other manner discriminate against a whistleblower in the terms or conditions of employment because of any lawful act done by the whistleblower" related to providing information to the Securities and Exchange Commission or making disclosures that are required or protected under the Sarbanes-Oxley Act of 2002. Dodd-Frank's whistleblower provision cross-references Sarbanes-Oxley, which prohibits retaliation when a person reports to "a person with supervisory authority over the employee (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct)." See 18 U.S.C. 1514A(a)(1)(C). Defendants argued that Plaintiff did not report to a more senior member of the company with supervisory authority over the employee and, therefore, failed to state a claim under the Dodd-Frank Act. The court dismissed this argument finding that pursuant to the plain language of the statute, Plaintiff could report to "such other person working for the employer who has the authority to investigate, discover, or terminate misconduct."

Defendants further argued that Plaintiff failed to allege that he reasonably believed that the conduct constituted securities fraud because he did not identify the violation of law he believed defendant committed and needed to have "definitively and specifically" alerted management that a violation of § 1514A occurred. The court, however, noted that the Second Circuit has held that "relief pursuant to § 1514A turns on the reasonableness of the employee's belief that the conduct violated one of the enumerated provisions." See 2016 WL 4705160, at *4 (quoting Nielsen v. AECOM Tech. Corp., 762 F.3d 214,221 (2d Cir. 2014)). The court found that Plaintiff alleged sufficiently an objective basis for belief that a violation occurred and that orally providing the information pursuant to § 1514A was sufficient. As a result, the court held that Plaintiff stated a claim under the whistleblower provision of the Dodd-Frank Act.

---- IN THE NEWS ----

Amendments to the Federal Mortgage Disclosure Requirements under the Truth in Lending Act (Regulation Z)

On July 29, 2016, the CFPB issued a proposed rule to amend various disclosure requirements under Regulation Z. The "Know Before You Owe" mortgage disclosure rule took effect on October 3, 2015, and these amendments seek to provide greater clarity and certainty.

The proposed changes affect tolerances for the total number of payments, housing assistance lending, cooperatives, and privacy and sharing of

information. This includes providing additional disclosures apart from the typical closing disclosures.

To read more, visit: www.consumerfinance.gov/documents/ 769/20160728_cfpb_Amendments_to_Federal_Mortgage_Disclosure_Requirements_Under_TILA.pdf

CFPB Issues Final Rule Interpreting the Interaction Between the FDCPA and Regulations X and Z

On August 4, 2016, the CFPB issued a final rule to clarify the interaction between the FDCPA and the mortgage servicing rules in Regulations X and Z. Specifically, this final rule serves as an advisory opinion covering three situations.

First, servicers do not violate the FDCPA when communicating about the mortgage with confirmed successors in interest in compliance with the mortgage servicing rules found in Regulation X and Z. Second, servicers do not violate the FDCPA when providing the written early intervention notice required by Regulation X to a borrower who has invoked the cease communication right under the FDCPA. Third, servicers do not violate the FDCPA when responding to borrower-initiated communications regarding loss mitigation after the borrower has invoked the cease communication right under the FDCPA.

To read more, visit: www.consumerfinance.gov/documents/811/20160804_ cfpb_Bureau_Interpretations_Safe_Harbors_from_Liability_under_FDCPA.pdf

CPFB Issues Final Rule Amending the 2013 Mortgage Rules under RESPA and TILA

On August 4, 2016, the CFPB amended the mortgage servicing rules issued in 2013. Specifically, this final rule amends provisions regarding force-placed insurance notices, policies and procedures, early intervention, and loss mitigation requirements under RESPA's servicing requirements. Additionally, this final rule amends the prompt crediting and periodic statement requirements under TILA's servicing requirements.

To read this final rule, visit: www.consumerfinance.gov/documents/813/20160804_cfpb_Final_Rule_Amendments_to_the_2013_Mortgage_Rules.pdf

Proposed Amendments to TILA (Regulation Z) and CLA (Regulation M)

On August 4, 2016, the CFPB issued proposed rules that would amend TILA (Regulation Z) and CLA (Regulation M). The proposed rules would require the dollar threshold for exempt consumer credit transactions be adjusted annually by the annual percentage increase in the CPI-W, as required by the Dodd-Frank Act.

To read more, visit: www.federalregister.gov/articles/2016/08/04/2016-18062/truth-in-lending-regulation-z, and https://www.federalregister.gov/articles/2016/08/04/2016-18059/consumer-leasing-regulation-m.

Federal Agency Issues Guidance on Uniform Residential Loan Application and Collection of Information about Ethnicity and Race in 2017

On September 23, 2016, the Bureau of Consumer Financial Protection published notice concerning the new Uniform Residential Loan Application under Regulation B. Additionally, this guidance explains the collection of expanded Home Mortgage Disclosure Act information about ethnicity and race that will begin on January 1, 2017. A creditor is generally prohibited from inquiring about ethnicity and race in connection with a credit application, but there is an exception for monitoring purposes, requiring creditors to request information as required by this guidance.

To read more, visit: www.consumerfinance.gov/documents/1007/092016_ cfpb_HMDAEthinicityRace.pdf

CFPB Updates Military Lending Act Examination Procedures

On September 30, 2016, the CFPB updated its Military Lending Act examination procedures to guide examiners through reviewing for compliance with the calculation of the Military Annual Percentage Rate, identification of covered borrowers, and mandatory loan disclosures.

Specifically, any creditor lending to a service-members and their dependents must abide by the following requirements: (1) creditors cannot charge more than a 36 percent Military Annual Percentage Rate; (2) creditors cannot require a servicemember or covered dependents to submit to mandatory arbitration or to give up certain rights under state or federal law, such as the Servicemembers Civil Relief Act; and (3) creditors cannot require servicemembers or their covered dependents to create a voluntary military allotment in order to qualify for a loan.

To read the updated procedures, visit: www.consumerfinance.gov/documents/1031/092016_cfpb_MLAExamManualUpdate.pdf

CFPB's September Complaint Snapshot Focuses on Money Transfer Complaints

The CFPB recently released its September Complaint Snapshot, which highlighted consumer complaints regarding money transfers. Specifically, many complaints related to the inability to access funds due to an unexplained hold, problems resolving errors, and complaints of fraud.

To view this report, visit: http://files.consumerfinance.gov/f/documents/ 092016_cfpb_MonthlyComplaintReportVol15.pdf

CFPB Issues Final Rule Protecting Prepaid Accounts under the Electronic Fund Transfer Act and the Truth and Lending Act

On October 5, 2016, the CFPB issued a final rule to create comprehensive consumer protections for prepaid debit cards, which come in the form of physical cards that can be bought in stores or digital cards found online. This final rule adds to the Electronic Fund Transfer Act additional requirements, such as free and easy access to account information and protections if a prepaid card is lost, stolen, or wrongfully charged. So long as the consumer promptly notifies his or her bank, the consumer's responsibility for unauthorized charges will be limited to $50.

This rule also implements a new "Know Before You Owe" requirement. Consumers must be provided with standard, easy-to-understand, upfront information about prepaid accounts, as well as upfront disclosures about account fees. Prepaid card issuers must publicly post prepaid account agreements to permit consumers to compare competing prepaid cards.

Finally, this new rule provides consumers using prepaid cards with strong protections, similar to those given to consumers using credit cards. Prepaid account issuers must provide monthly credit billing statements, give consumers 21 days to repay debt before being charged with a late fee, and may not assess fees in excess of 25 percent of the credit limit.

To read the final rule, visit: www.consumerfinance.gov/documents/1063/20161005_cfpb_Final_Rule_Prepaid_Accounts.pdf

Project Catalyst Report: Promoting Consumer-Friendly Innovation

The CFPB has published its first-ever Project Catalyst Innovation Highlights Report. This report highlights market developments that have the potential to benefit consumers, from new products to beneficial services. Innovations include expanding access to credit, supporting safe consumer financial records access, modernizing mortgage servicing platforms, and increasing options for student loan refinancing.

To view this report, visit: www.consumerfinance.gov/documents/1331/102016_cfpb_Project_Catalyst_Report.pdf

2016 Annual Report of the CFPB Student Loan Ombudsman

On October 17, 2016, the CFPB Student Loan Ombudsman, established by the Dodd-Frank Act, published a report analyzing complaints from the previous year submitted by consumers with student loans. The report features student loan complaint data, an overview of issues faced by borrowers, and specific issues addressed by the ombudsman, including rehabilitation and consolidation.

To view this report, visit: www.consumerfinance.gov/documents/1229/ 102016_cfpb_Transmittal_DFA_1035_Student_Loan_Ombudsman_Report.pdf

CFPB's October Complaint Snapshot Focuses on Prepaid Accounts

The CFPB recently released its October Complaint Snapshot, which highlighted consumer complaints regarding prepaid accounts. According to the report, the three most common complaints involved managing, opening, or closing an account; unauthorized transactions; and fraud or scam.

To view the full report, visit: www.consumerfinance.gov/documents/1365/ 102016_cfpb_Monthly_Complaint_Report.pdf

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No representation is made that the quality of services to be performed is greater than the quality of legal services performed by other lawyers.

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