

# CFPB PRIMER

## *Compliance Overview*

Complimentary  
Preview

**COMPLIANCE**  
PROFESSIONALS FORUM  
an  initiative

Published by Compliance Professionals Forum  
an iA Initiative  
6010 Executive Blvd, Suite 802, Rockville, Maryland, 20850

editor@compliancePF.com | 240.499.3834 | www.compliancePF.com

Copyright © 2015  
All rights reserved  
Printed in the United States of America

*This publication is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, resold, hired out, or otherwise circulated without the publisher's prior consent in any form of binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.*

*The scanning, uploading, and distribution of this publication via the Internet or via any other means without the permission of the publisher is illegal and punishable by law. Please purchase only authorized editions.*

**Legal Disclaimer**

This information contained in this report is not intended to be legal advice and may not be used as legal advice. Legal advice must be tailored to the specific circumstances of each case. Every effort has been made to assure this information is up-to-date. It is not intended to be a full and exhaustive explanation of the law in any area, however, nor should it be used to replace the advice of your own legal counsel.

Complimentary  
Preview

## Table of Contents

Introduction .....	4
Whom Will They Supervise? .....	6
List of CFPB Documents .....	7
CFPB Examination Guide-Full Document .....	7
CFPB Examination Guide-Debt Collection.....	7
CFPB Bulletin on UDAAP (Bulletin 2013-07) .....	7
CFPB Bulletin on Discussion of Debt Payments/Credit Reports (Bulletin 2013-08) .....	7
What Does the CFPB Expect Me to Have in Place?.....	8
What oversight do they want to see from the Board and Management? .....	8
What steps should the Compliance Committee be taking? .....	9
What do they want to see from my Compliance Program? .....	9
Who is responsible for my CMS? .....	10
What do they want to see from my Policies and Procedures?.....	10
What do they expect from my Training Program? .....	10
What will they look for in my consumer complaint records?.....	11
How do I know if my Policies and Procedures are enough?.....	12
More Questions to check in your policies.....	12
What should I include in my Monitoring Program?.....	14
What do they want to see from my Audit and Review program? .....	14
Telling the Story.....	15
What Should I Have Ready for an Examination? .....	15
Where Do I Start?.....	15
How will I know if the CFPB is going to examine my organization? .....	17
Civil Investigative Demand.....	17
What Should I Do? .....	17
Response to the CID.....	18
Confidentiality of the CID.....	18
How will the examination flow and what are they going to review? .....	19
Now What? .....	19

## Introduction

The Consumer Financial Protection Bureau was formed in 2011 to oversee banks, credit unions, securities firms, payday lenders, mortgage-servicing operations, foreclosure relief services, and, most importantly for this industry, debt collectors.

As [covered on insideARM.com](#), “The CFPB is the first regulator to be given direct supervisory authority over collection agencies and debt buyers, including onsite examinations and business audits for larger companies.”

Currently, Large Market Participants – collection agencies with more than \$10 million in annual receipts – are under direct supervision of the CFPB.

“[Test to define larger participants](#). A nonbank covered person is a larger participant of the consumer debt collection market if the nonbank covered person's annual receipts resulting from consumer debt collection are more than \$10 million.”

### Definitions: Bureau of Consumer Financial Protection

§ 1090.105 Consumer debt collection market.

(a) *Market-Related definitions*. As used in this subpart:

*Annual receipts* means, for the consumer debt collection market, receipts calculated as follows:

(i) *Receipts* means “total income” (or in the case of a sole proprietorship, “gross income”) plus “cost of goods sold” as these terms are defined and reported on Internal Revenue Service (IRS) tax return forms (such as Form 1120 for corporations; Form 1120S and Schedule K for S corporations; Form 1120, Form 1065 or Form 1040 for LLCs; Form 1065 and Schedule K for partnerships; and Form 1040, Schedule C for sole proprietorships). Receipts do not include net capital gains or losses; taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers but excluding taxes levied on the entity or its employees; or amounts collected for another (but fees earned in connection with such collections are receipts). Items such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, and employee-based costs such as payroll taxes are included in receipts.