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## CFPB Issues Final Rule Extending Its Supervisory Authority over Larger Participants in the Auto Lending Market

The Consumer Financial Protection Bureau (CFPB) issued a **final rule** regarding its oversight of nonbank automobile finance companies. The rule defines larger participants of the automobile financing market, pursuant to the CFPB's authority under the Dodd-Frank Act to supervise such participants in consumer finance markets other than residential mortgage, private education lending, and payday lending markets. The rule is the fifth in a series of rules that the CFPB has issued defining "larger participants" in various markets (including **consumer reporting and debt collection**) and subjecting those participants to CFPB supervision.

[Continue reading to find out whom the rule covers, how it will affect them, and when it will apply.](#)

## CFPB Director's First Administrative Appeal Decision Sends Important Message to Mortgage Industry

On June 4, 2015, CFPB Director Richard Cordray **decided** the first appeal of a CFPB administrative enforcement action. The Director concluded that a mortgage lender, PHH Corp., referred consumers to mortgage insurers in exchange for kickbacks, violating the Real Estate Servicing Protection Act's (RESPA's) anti-kickback provisions.

The Director's decision upholds in part and reverses in part the Administrative Law Judge's (ALJ's) November 2014 Recommended Decision, which held that PHH violated RESPA through kickbacks consisting of mortgage reinsurance premiums that the mortgage insurers paid to a subsidiary of PHH, Atrium Insurance Corp. (which became Atrium Reinsurance Corp. in 2009). In exchange for PHH referring mortgage borrowers to them, the mortgage insurers would contract with and pay premiums to PHH's mortgage reinsurance subsidiary. In issuing his decision and final order, Director Cordray denied the appeal filed by the mortgage lender and other respondents. He granted in part, and denied in part, an appeal filed by the CFPB's enforcement counsel.

[Click here for five key takeaways from Director Cordray's decision.](#)

## The CFPB Renews Enforcement Emphasis on the Loan Originator Compensation Rule

In back-to-back enforcement actions, the CFPB announced proposed consent orders involving two mortgage companies and their respective CEOs, pertaining to alleged violations of the Loan Originator Compensation (LO Comp) rule under Regulation Z for payment of loan originators based on the terms of loans they originated.

[Click here for summaries of the enforcement actions.](#)

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