

# CFPB Examination Management

Best practices to consider when preparing for and managing the exam process

When financial services companies face the prospect of a Consumer Financial Protection Bureau (CFPB) examination, the amount of work, time and potential for substantial post-examination activities is daunting. The key elements of going through the examination process smoothly include thorough preparation and understanding what follows.

## Before Examination

- Appoint a cross-functional team to collect and review documents to be produced in response to information requests and First Day Letters.
- Self-identify potential regulatory issues and, when possible, correct before examination.
- Discuss with Examiner in Charge (EIC) a reasonable production schedule and responses to impracticable or inapplicable request items.
- Review draft responses for responsiveness to questions or potential legal issues.
- Secure space for examiners. Inform employees of the visit.

## During Examination

- Be strategic in communicating with the CFPB and triage requests during examination.
- Prepare to present overviews of business lines and compliance functions to examiners to assist their understanding and review of the business and products.
- Prepare employees to respond accurately and directly to questions asked by examiners.
- Give timely but thoughtful responses to any issues identified by examiners and make corrections as needed.
- Maintain a professional and courteous relationship with examiners at all times.
- Document the examination activities.

## After Examiners Leave

- Hold “soft close” meeting during final week of on-site portion of examination.
- Continue weekly touch base meetings after examiners leave, until after final findings are communicated by the EIC.
- Respond thoroughly to preliminary examination findings, offering the institution’s alternate legal position, mitigating circumstances, and proposed action plans.
- Notify EIC of action plan progress and request that such plans be included in Examination Report.
- Request a formal closing meeting when EIC completes draft of Examination Report.
- Prepare for quarterly monitoring by examiners (Status of MRAs / Action Plans; Recent Audit Findings; Press / Social Media).
- Request future examination schedule.

## Post-examination – What to Expect



### Findings

Examination Report or Supervisory Letter is typically sent 2-12 months after conclusion of exam.

Examination Report or Supervisory Letter may or may not contain a rating (1-5).

Matters Requiring Attention:

- Create an action plan to resolve issues identified.
- Follow all instructions from Examination Letter.
- Adhere to timelines.
- Periodically report progress to EIC.

Request opportunity to write response to Supervisory Letter.



### Ongoing Expectations

Examination Findings should be internalized. Action plans should be implemented, tested and monitored for sustainability. Prepare for quarterly monitoring requests. Monitor enforcement activity in your industry.



### Appeals

You may appeal:

- Examination Reports or Supervisory Letters resulting in a rating of 3, 4 or 5.
- Adverse findings resulting in Matters Requiring Attention.

## Is your company facing the prospect of a CFPB examination?

Connect with us to help you prepare before, during and after the examination.

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