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The Consumer Financial Protection Bureau ("CFPB") issued a report on August 21, 2013 detailing widespread mortgage servicing problems at both banks and nonbanks. **Read the Supervisory Highlights report**. The report also found that a number of nonbanks lack effective systems for ensuring compliance with federal law.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the CFPB supervises depository institutions (e.g. banks) and credit unions with total assets of more than $10 billion and their affiliates. CFPB also has authority to supervise nonbanks regardless of size in certain specific markets, including mortgage brokering and mortgage servicing.

Through its supervision program, CFPB analyzed performance of banks and nonbanks related to mortgage servicing and uncovered a number of problems. Mortgage servicing problems included sloppy account transfers following transfers of mortgages among banks, poor payment processing with inadequate notice to borrowers and excessive delays in processing payments, and loss mitigation mistakes in which servicers frequently provided inaccurate and inadequate information to qualified borrowers struggling with repayment issues. CFPB found that many nonbanks lack compliance management systems and that resulted in a lack of consistency in dealing with consumers.

Based upon its findings, CFPB directed servicers to undertake specific corrective actions appropriate to the circumstances, such as: reviewing loss mitigation decisions and related fees or charges to borrowers to determine whether any reimbursement was appropriate; conducting periodic testing to monitor areas of concerns; and providing reports to the CFPB on their progress in completing the corrective actions. CFPB directed the nonbanks to make improvements with respect to compliance management systems.
