



## HOW TO AVOID THE CFPB ARBITRATION RULE

The goal of consumer arbitration provisions is to resolve disputes quickly and at the lowest cost. With the CFPB banning pre-dispute arbitration clauses that contain class action waivers, it may appear that financial services providers can no longer achieve these goals. This is not the case. Well drafted dispute resolution provisions can require parties to individually engage in a process that accomplishes much the same thing as is accomplished by arbitration and at the same time restrict the ability of the parties to implement class action litigation. Such provisions can defer and may completely avoid class actions.

The CFPB's Arbitration Rule prohibiting pre-dispute arbitration clauses that waive participation in a class action is effective September 18, 2017 and applies to pre-dispute arbitration agreements for covered products or services entered into on or after March 19, 2018.

Financial services providers need to revise their consumer contracts to address dispute resolution in creative and cost effective ways so that the updated contracts are in place by March 19, 2018. We have created dispute resolution provisions that can be tailored to specific products and contracts that address resolving disputes quickly and avoiding costly litigation, including class actions.

All of these provisions are designed so that they do not trigger the restrictions or the reporting requirements in the CFPB Arbitration Rule.

Contact us to discuss how the CFPB Arbitration Rule impacts your business and what steps you can take to address dispute resolution in your consumer contracts and completely sidestep the Rule. □

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