

CFPB Director Cordray Testifies Before House Financial Services Committee

January 28, 2014

CFPB Director Richard Cordray testified before the House Financial Services Committee today, fielding questions and comments on an array of issues from the CFPB's data collection practices to the Qualified Mortgage Rule, which went into effect on January 10, 2014. The hearing was scheduled in response to the CFPB's release of its fourth Semi-Annual Report on November 5, 2013. In his testimony, Director Cordray pointed to the approximately \$3 billion collected by the CFPB for consumer restitution in recent enforcement actions as evidence of the CFPB's producing tangible benefits for consumers.

Responding to questions regarding whether the Qualified Mortgage Rule will have a deterrent effect on mortgage lenders, Director Cordray reprised his position that the rule would not because lenders could rely on exceptions to continue lending to borrowers who do not meet the 43 percent debt-to-income ratio referenced in the rule. For instance, Cordray noted that the rule also permits loans to be considered qualified if they are purchased or guaranteed by a government-sponsored enterprise such as Fannie Mae or Freddie Mac. Committee members, on the other hand, argued that lenders would be unlikely to make certain loans that were not considered qualified under the Rule because such loans would no longer receive the same sort of legal protections as qualified mortgages.

Committee members also questioned certain CFPB data collection practices, including its collection of aggregate data from credit card companies, complaint data generally, and plans to create the National Mortgage Database in conjunction with the Federal Housing Finance Agency (FHFA). Cordray responded that much of the data collected by the CFPB cannot be linked to any particular consumer because of the lack of personally identifiable information (PII) collected. He also noted that the CFPB complies with all laws governing privacy and data security.

Committee members questioned Cordray on a variety of other topics, including regulation of auto lenders and manufactured housing, and expected forthcoming regulations governing debt collection and general purpose reloadable cards. We will continue to monitor CFPB developments and post updates here.