December 2011

cfpb Consumer Financial Protection Bureau

Dear Senator Blumenthal,

Thank you for your support throughout the confirmation process, and for highlighting the important work of my colleagues Holly Petraeus and Ray Date during your floor speech last week. We have a tremendous and dedicated team here, and I am proud to be part of the work we are doing. We hope that we soon will be able to exercise our full authorities to protect consumers – a job you know very well.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Senator Brown,

Thank you, so much, for all your dogged and steadfast and thoughtful support during the confirmation process. You have indisputably established the historical uniqueness of the current situation, as well as the importance of the work ahead of us. I am proud to be part of that work already at the Bureau, and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard

consumerfinance.gov

December 2011

cfpb Consumer Financial Protection Bureau

Dear Senator Carper,

Thank you for your advice and support during the confirmation process. I also appreciated your floor statement last week, which effectively highlighted the importance of putting consumers first and the need that many honest businesses have for certainty. I am proud of ~~the~~ part of the work already being conducted by the CFPB and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

December 2011

cfpb Consumer Financial Protection Bureau

Dear Senator Durbin,

Thank you for your support and advice throughout the confirmation process. Your floor statement was excellent and it effectively highlighted the importance of strong oversight in the nonbank sector, including credit reporting agencies and payday lenders. Thank you also for recognizing the important work that Holly Petraeus is doing to bring attention to the needs of servicemembers. I am proud to be part of the work already being done by the Bureau and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

December 2011

cfpb Consumer Financial Protection Bureau

Dear Senator Franken,

Thank you for your support and advice throughout the confirmation process, and thank you for your excellent floor statement last week. I appreciated your highlighting the important work that Holly Petraeus is doing to bring attention to the needs of servicemembers. She is exemplary of the tremendous team of people here to fight for consumers seeking a fair shake when making financial decisions. I am proud to be part of the work already being done by the Bureau and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Senator Merkley,

Thank you for your support and advice throughout the confirmation process. I also appreciated your floor statement last week where you highlighted the effect on our economy when predatory lending practices are allowed to fester without appropriate Federal supervision. I am proud to be part of the work already being done by the Bureau, and I hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

December 2011

cfpb Consumer Financial Protection Bureau

Dear Chairman Johnson,

Thank you for your strong support and advice and, well, just everything you have done to help me along in the confirmation process. I am proud to be part of the work being done at the Bureau already, and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

December 2011

cfpb Consumer Financial Protection Bureau

Dear Senator Menendez,

Thank you for your support and advice throughout the confirmation process, and thank you for your floor statement last week. I appreciate your highlighting the work we are doing to simplify mortgage documents. Simplifying these documents is one way for us to improve people's lives and we are already doing the same thing in other areas like student loans and credit cards. I am proud to be part of the work already being done at the Bureau, and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Senator Merkley,

Thank you for your support and advice throughout the confirmation process. I also appreciated your floor statement last week where you highlighted the effect on our economy when predatory lending practices are allowed to fester without appropriate Federal supervision. I am proud to be part of the work already being done by the Bureau, and I hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Senator Murray,

Thank you for your floor statement last week and for supporting my nomination. I appreciate your effort to highlight the excellent work that Elizabeth Warren did to set up the Bureau. She put in place a team of dedicated public servants who are committed to fighting for consumers and make sure they get a fair shake in consumer finance markets. I am proud to be part of that work already, and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Senator Reid,

Thank you for your advice and support throughout this confirmation process and for your great floor statement last week. Your commitment to the CFPB & helping us put a Director in place is deeply appreciated by me and everyone here. I am proud of our work to date and hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Senator Udall,

Thank you for your floor statement last week about my nomination, and for highlighting the important role that the credit reporting industry plays in our daily lives. I am proud to be part of the CFPB's work, and hope that we soon can exercise our full range of authority to help consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Senator Whitehouse,

Thank you for meeting with me and sharing your advice about the confirmation process. Thank you also for your thoughtful floor statement last week. Your point about the difficulties of fine print for consumers was spot right. I am proud of the work we are already doing on this and other issues, and hope that we soon can exercise our full range of authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

December 2011

cfpb Consumer Financial Protection Bureau

Dear Senator Boxer,

Thank you for your floor statement last week and for supporting my nomination. I appreciate your highlighting the great work that Elizabeth Warren did to set up the Bureau. She put in place a strong team to fight for consumers and ensure all of us can get a fair shake. I am proud to be a part of the work already being done here, and I hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,

Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

December 2011

Dear Representative Frank,

Thank you — AGAIN and AGAIN — for all the ways you have been championing my cause and, much more to the point, that of the Bureau. I am proud to be part of the work already being done here, and I hope that we soon will be able to exercise our full authorities to protect consumers.

Sincerely,
Richard Cordray

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

1500 Pennsylvania Ave, NW [Attn: 1801 L St]
Washington, DC 20220

October 17, 2011

The Honorable Tim Johnson
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Johnson:

Enclosed please find a copy of the annual independent audit report commissioned by the Consumer Financial Protection Bureau (CFPB) in accordance with the Full-Year Continuing Appropriations Act, 2011 (Pub. L. 112-10) of April 15, 2011, Title V, Section 1016A (a) which amended the Dodd-Frank Wall Street Reform and Consumer Protection Act. Should you have any questions about this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Catherine West

Catherine West
Chief Operating Officer

United States Senate

WASHINGTON, DC 20510

November 3, 2011

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
1801 L Street, NW
Washington, DC 20036

Dear Mr. Date:

We write to urge the Consumer Financial Protection Bureau to move swiftly to require financial institutions to post on their websites a standardized, concise and consumer-friendly disclosure form that lists the fees and key terms associated with checking accounts.

In recent weeks, American consumers have made clear their desire for honest information about banking fees. Simply put, consumers have had enough of banks that try to sneak fees past them that are hidden in fine print or imposed with no notice at all. As consumers are now showing an increased willingness to vote with their feet and move their deposits to the bank or credit union that best meets their needs, it is imperative that consumers have access to accurate and understandable fee information. Ensuring this transparency is exactly the type of role the CFPB was created to fulfill.

We understand that on September 21, 2011, the Pew Charitable Trusts and numerous other consumer organizations sent a letter informing you about the model checking account fee disclosure form that Pew has developed and tested. This disclosure form lays out comprehensive information on fees and terms in a simple, easy-to-read format, and the form can easily be adopted by financial institutions nationwide. It is our understanding that some financial institutions already plan to implement this disclosure form on their websites because they recognize that such fee transparency is appreciated by their customers. If this disclosure form were adopted by CFPB to apply to financial institutions nationwide, it would make it easier for consumers to comparison-shop across financial institutions and find the deal that best suits them.

While we recognize that the CFPB is still in its formative stages and that it has many important tasks currently underway, we urge you to prioritize this matter and to use your regulatory authority to quickly ensure transparency for checking account fees. Please do not hesitate to contact us if you wish to discuss this matter further.

Sincerely,

Richard J. Durbin
United States Senator

Jack Reed
United States Senator

TIM JOHNSON, SOUTH DAKOTA, CHAIRMAN

JACK REED, RHODE ISLAND
CHARLES E. SCHUMER, NEW YORK
ROBERT MENENDEZ, NEW JERSEY
DANIEL K. AKAKA, HAWAII
SHERROD BROWN, OHIO
JON TESTER, MONTANA
HERB KOHL, WISCONSIN
MARK WARNER, VIRGINIA
JEFF MERKLEY, OREGON
MICHAEL BENNET, COLORADO
KAY HAGAN, NORTH CAROLINA

RICHARD C. SHELBY, ALABAMA
MICHAEL CRAPO, IDAHO
BOB CORKER, TENNESSEE
JIM DeMINT, SOUTH CAROLINA
DAVID VITTER, LOUISIANA
MIKE JOHANNS, NEBRASKA
PATRICK J. TOOMEY, PENNSYLVANIA
MARK KIRK, ILLINOIS
JERRY MORAN, KANSAS
ROGER F. WICKER, MISSISSIPPI

DWIGHT FETTIG, STAFF DIRECTOR
WILLIAM D. DUHNKE, REPUBLICAN STAFF DIRECTOR

United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

November 9, 2011

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NE
Washington, D.C. 20551

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
1801 L Street, NW
Washington, D.C. 20036

The Honorable Martin Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
Washington, D.C. 20551

The Honorable Debbie Matz
Chairman
National Credit Union Administration
1775 Duke St.
Alexandria, VA 22314

Mr. John Walsh
Acting Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

The Honorable Gary Gensler
Chairman
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

The Honorable Mary Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairmen, Directors, and Advisor:

As you know, the key to designing and maintaining effective financial rules is taking a smart regulatory approach that, over the long run, provides the greatest benefit at the lowest cost to society as a whole. This approach should promote public participation and consider a wide range of factors for each rule you write. It should also ensure that new and existing regulations work together in concert to provide clear direction to those entities you supervise, as well as provide robust safeguards for those whom the rules are designed to protect.

We must not forget that our economy suffered from inadequate regulations that contributed to the worst financial crisis since the Great Depression. American families and small businesses bore tremendous costs in lost jobs, homes, and savings. In response, Congress enacted the Wall Street

Reform and Consumer Protection Act to address regulatory gaps and enhance protections for consumers, investors, and taxpayers while ensuring our financial markets remain the envy of the world. The long-term success of these reforms depends upon your agencies crafting clear, effective and robust financial regulations that build a stronger foundation for sustainable economic growth.

Efforts to repeal or undermine these new Wall Street reforms threaten the stability of our financial system at a time when we can least afford it. These efforts to slow down Wall Street reform prevent responsible businesses, including community banks and credit unions, from having the certainty they deserve with finalized rules that fully honor Congressional intent behind the new law. To ensure the Wall Street Reform Act continues to be implemented thoughtfully and responsibly with full consideration of relevant issues, we respectfully ask that you send us a written response to the following requests:

1. Provide a detailed description of your agency's rulemaking process, including the variety of economic impact factors considered in your rulemaking. Please note to what degree you consider the benefits from your rulemaking, including providing certainty to the marketplace and preventing catastrophic costs from a financial crisis. Also describe any difficulties you may have in quantifying benefits and costs, as well as any challenges you may face in collecting the data necessary to conduct economic analysis of your rulemaking.

2. Provide your agency's current and future plans to regularly review and, when appropriate, modify regulations to improve their effectiveness while reducing compliance burdens. Please include a description of actions your agency has taken, or plans to take, to streamline regulations; for example, the Consumer Financial Protection Bureau's "Know Before You Owe" effort drastically simplifies mortgage and student loan disclosure requirements. Also note statutory impediments, if any, that prevent your agency from streamlining any duplicative or inefficient rules under your purview.

3. Provide details of how your agency encourages public participation in the rulemaking process, including through administrative procedures, public accessibility, and informal supervisory policies and procedures.

4. Provide details of how your agency addresses the unique challenges facing smaller institutions when dealing with regulatory compliance, including any related advisory committees your agency may have or other opportunities for small institutions to be heard by your agency. Please also detail how your agency responds to concerns raised by small institutions.

5. Describe how regulatory interagency coordination has improved since the creation of the Financial Stability Oversight Council established by the Wall Street Reform Act. Provide specifics of how coordination has helped, either formally or informally, in your rulemaking process.

Strong financial regulations will greatly benefit the American people for generations to come. Robust and efficient regulations will provide greater certainty to the marketplace, and will restore the business and consumer confidence necessary for economic growth. They will also provide greater clarity to American consumers and investors so that they are empowered to make sound financial decisions. Thank you for your consideration, and we look forward to working with you.

Sincerely,

TIM JOHNSON
Chairman

STEVAN PEARCE
2ND DISTRICT, NEW MEXICO

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEES:
CAPITAL MARKETS AND GOVERNMENT SPONSORED ENTERPRISES
FINANCIAL INSTITUTIONS AND CONSUMER CREDIT
OVERSIGHT AND INVESTIGATIONS

WESTERN CAUCUS
CHAIRMAN

SPORTSMEN'S CAUCUS

REPUBLICAN STUDY COMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515–3102

2432 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515

570 NORTH TELSHOR BOULEVARD
LAS CRUCES, NM 88011

1717 WEST 2ND STREET, SUITE 110
ROSWELL, NM 88202

200 EAST BROADWAY, SUITE 200
HOBBS, NM 88240

1101 NEW YORK AVENUE, ROOM 115
ALAMOGORDO, NM 88310

3445 LAMBROS LOOP NORTHEAST
LOS LUNAS, NM 87031

111 SCHOOL OF MINES ROAD
SOCORRO, NM 87801

OFFICE NUMBERS: 855–4–PEARCE
(473–2723)
(202) 225–2365

EMAIL/WEB: www.pearce.house.gov

November 15, 2011

Mr. Raj Date
Acting Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Date:

I have been contacted by several community banks in New Mexico seeking clarification of a rule, promulgated by the Federal Reserve (the Fed), enforced and interpreted by the Federal Deposit Insurance Corporation (FDIC) and transferred to the Consumer Financial Protection Bureau's (CFPB's) jurisdiction when the bureau stood up in July. The rule was promulgated under the Truth in Lending Act (TILA) and finalized in April. However, the rule will require additional rule making by the CFPB as the Dodd-Frank Wall Street Reform Act codified a similar rule in statute.

Because confusion has surfaced under the triad of agencies with a hand in the rule, I request formal guidance to help our community banks navigate compliance expectations. Specifically, the concerns are in regards to Mortgage Loan Originator (MLO) participation in bank-wide profit sharing or 401(k) match programs. At a local FDIC outreach event over the summer, the FDIC staff presenting at the meeting mentioned that MLOs cannot participate in 401(k) or other profit sharing plans if the plan is based on bank profits. When questions arose, the FDIC encouraged banks to get a legal opinion on the matter. In follow up questions to the Denver FDIC Office, banks were directed to the Fed as the rule had been promulgated via that board. My staff sent an inquiry to the Fed in October and we were encouraged to contact the CFPB as the rule, promulgated under TILA, is now firmly under your bureau's jurisdiction.

Certainly there are concerns that as the rule is carried out, it no longer allows MLOs to participate in profit-sharing retirement plans. However, when coupled with the Employee Retirement Income Security Act (ERISA), which requires equity in the treatment of employees and plans for retirement benefits, the rule is causing significant heartburn for our community banks. Further, my community banks have significant concerns that this rule and the subsequent rule by the CFPB will be disastrous for employees. They use profit-sharing to compete for long-term employees and recruit talent. To lose those plans means they will be less competitive in attracting that talent.

I ask that you clarify the rule and provide guidance to community banks so they may continue to recruit and retain top-notch employees. I look forward to your reply and ask that if you have any questions you contact Kate Schmucker in my Washington, D.C. Office at 202-225-2365.

Sincerely,

Steve Pearce
Member of Congress

SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

November 22, 2011

Mr. Raj Date
Special Advisor to the
Secretary of the Treasury
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Attn: 1801 L Street
Washington, DC 20220

Dear Mr. Date:

We are writing to request a detailed account of how the Consumer Financial Protection Board (CFPB) has spent the funds which have been transferred to it by the Federal Reserve, and CFPB's plans for those funds that have been transferred but not yet spent.

As you know, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Public Law 111-203) expressly prohibits the committees on appropriations in the House of Representatives and the Senate from reviewing how funds transferred from the Federal Reserve's operating budget to the CFPB are used. Most government agencies are subject to the oversight of both the appropriations committees, which engage in the regular review of agency budget planning and execution, and their respective authorizing committees since these oversight functions are complementary.

In order to fulfill our duty to account for money authorized to be spent by legislative action, we are seeking to learn what goods and services have been purchased by CFPB, to what purpose they will be put, and whether the American public will derive the greatest possible benefit from the resulting agency action. The answer to this inquiry is consequential not only because of CFPB's important mission to protect consumers, but also because every dollar transferred to the CFPB from the Federal Reserve is a dollar that cannot be put towards deficit reduction. Given your repeated pledge for transparency, we are confident that the CFPB will work expeditiously to respond to the following requests for information.

The Committee has received information from the Federal Reserve that the CFPB requested $28 million more from the Federal Reserve than was estimated for FY2011 in the FY2012 Presidential Budget. This increment is 21% more than the $142 million estimated in the budget. While the Dodd-Frank Act allows for such transfers up to certain limits set by the Act, we would like an account of this change from your original estimate.

- Please provide us with a written account of the purpose for which the additional $28 million in FY2011 was requested from the Federal Reserve.

In addition, please provide us with the following information for Fiscal Year 2011:

- A detailed accounting of transfers from the Federal Reserve by quarter.

- A detailed accounting of obligations by quarter by kind of service or thing for which obligations are incurred.

- Obligations by each department, office, or subdivision represented on CFPB's organizational chart.

- Number of positions (CFPB employees) filled by quarter and by pay band.

- A detailed construction and rehabilitation budget for your offices located at 1700 G Street NW, Washington, D.C.

Please provide us with the following information for Fiscal Year 2012:

- Quarterly reports on an ongoing basis on Federal Reserve transfers and obligations by object class. These reports shall be delivered no later than two weeks after the end of a quarter.

- A five year capital plan including: IT hardware, software, and services; vehicles; major equipment; facilities and leases (including the terms and rates on such leases); and research and performance measures.

- A detailed construction and rehabilitation budget for your offices located at 1700 G Street NW, Washington, D.C.

Please provide us with the following information related to salaries:

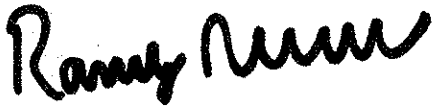
- A spreadsheet listing each position currently held by an employee or contractor at CFPB with a brief description of the position title (e.g., General Counsel, Senior Advisor, IT Specialist, etc.) and the corresponding 2011 annual salary for each position listed.

- The median 2011 annual salary for employees in each department, office, or subdivision of CFPB (e.g., External Affairs, Legislative Affairs, General Counsel's Office, etc.).

- A detailed organizational chart noting the number of positions for each department, office, or subdivision listed on the organizational chart.

The Committee looks forward to your response by December 16, 2011, on this important matter. We also look forward to your ongoing submission of the requested quarterly reports no later than two weeks after the end of each quarter.

Sincerely,



RANDY NEUGEBAUER
Chairman
Subcommittee on Oversight and Investigations

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable Spencer Bachus
Chairman
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Bachus:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

During this period, the Office of Inspector General and the Treasury Office of Inspector General jointly issued a report on the CFPB's implementation planning activities related to standing up the agency. We are pleased to report that this review found that the CFPB identified and documented implementation activities critical to standing up the agency's functions and that the CFPB developed and was implementing appropriate plans to support ongoing operations.

Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable John A. Boehner
Speaker of the House
United States House of Representatives
1011 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

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Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable Barney Frank
Ranking Member
U.S. House Committee on Financial Services
B301C Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Frank:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

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Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable Kay Bailey Hutchinson
Ranking Member
U.S. Senate Committee on Commerce, Science, and Transportation
560 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Hutchinson:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

During this period, the Office of Inspector General and the Treasury Office of Inspector General jointly issued a report on the CFPB's implementation planning activities related to standing up the agency. We are pleased to report that this review found that the CFPB identified and documented implementation activities critical to standing up the agency's functions and that the CFPB developed and was implementing appropriate plans to support ongoing operations.

Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable Tim Johnson
Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Johnson:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

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Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable John D. Rockefeller, IV
Chairman
U.S. Senate Committee on Commerce, Science, and Transportation
254 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Rockefeller:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

During this period, the Office of Inspector General and the Treasury Office of Inspector General jointly issued a report on the CFPB's implementation planning activities related to standing up the agency. We are pleased to report that this review found that the CFPB identified and documented implementation activities critical to standing up the agency's functions and that the CFPB developed and was implementing appropriate plans to support ongoing operations.

Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable Fred Upton
Chairman
U.S. House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Upton:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

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Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

November 28, 2011

The Honorable Henry A. Waxman
Ranking Member
U.S. House Committee on Energy and Commerce
2322A Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Waxman:

Enclosed is the Semiannual Report by the Federal Reserve Board Office of Inspector General regarding the Consumer Financial Protection Bureau (CFPB), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from April 1, 2011, through September 30, 2011.

During this period, the Office of Inspector General and the Treasury Office of Inspector General jointly issued a report on the CFPB's implementation planning activities related to standing up the agency. We are pleased to report that this review found that the CFPB identified and documented implementation activities critical to standing up the agency's functions and that the CFPB developed and was implementing appropriate plans to support ongoing operations.

Should you have any questions concerning this report, please contact Lisa Konwinski at (202) 435-7842 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau

cc: Federal Reserve Board Office of Inspector General

Wm. LACY CLAY
1ST DISTRICT, MISSOURI

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Washington, DC 20515–2501

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St. Louis, MO 63136
(314) 383–5240
(314) 383–8020 Fax

November 30, 2011

Mr. Richard Corday, Chief of Enforcement
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Chief Corday:

I want to take this opportunity to request your consideration of Anthony Alexis, for the position of Deputy Assistant Director for Enforcement Litigation at the Consumer Financial Protection Bureau (CFPB).

I have known Tony for many years and can personally attest to his exemplary character and integrity. He is an exceptional team player, whose skill and dedication will be a valuable asset to the Bureau. Tony is also a leader who is well organized and accustomed to handling complex litigation. He has supervised teams of lawyers and non-lawyers to achieve a positive, team result. Tony truly believes in the core objective of the CFPB, to secure a sound financial system in the US by smart, careful enforcement of financial consumer laws. He is a high achiever and committed to public service.

I give my highest recommendation of Anthony Alexis for the position of Deputy Assistant Director for Enforcement Litigation at the CFPB. It is my hope that you will give him your utmost consideration.

Sincerely,

Wm. Lacy Clay

Wm. Lacy Clay
Member of Congress

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cfpb Consumer Financial Protection Bureau

Nov. 30, 2011

Dear Chairman Capito,

Thank you, again, for the chance to testify before your subcommittee. I especially appreciated the fair and even-handed way you chaired the hearing. When I later heard your NPR interview, I was not surprised to learn about your founding the House Civility Caucus. Thanks again; call any time.

Raj Date

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

Nov. 30, 2011

Dear Congressman Frank,

In light of your announcement, I'd like to reiterate my deepest appreciation for your long service, and especially your consistent and passionate support for the CFPB. The Bureau is committed to the legacy of the legislation that bears your name. You can count on us.

Thank you again,

Raj Date

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

Nov. 30, 2011

Dear Congresswoman Maloney,

Thank you, again, for meeting with me to discuss the CFPB's progress to date, and for support you gave me and the Bureau at your recent subcommittee hearing. I look forward to our continued partnership on consumer financial protection. Best regards,

Raj Date

consumerfinance.gov

Congress of the United States
Washington, DC 20515

December 6, 2011

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
1801 L Street NW
Washington, DC 20036

Dear Mr. Date,

We write to follow up on the "ability to pay" provisions in the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 that were the subject of rules issued by the Federal Reserve earlier this year. As you know, the Federal Reserve finalized its rules regarding Regulation Z on March 18, 2011 and they were effective on October 1, 2011. We would respectfully request that the CFPB conduct an extensive review of the potential impact that these new rules are having on the ability of consumers to obtain credit and amend Regulation Z if it finds a negative impact.

The Federal Reserve's final rules create a uniform standard requiring all consumers to demonstrate "an independent ability to repay." We believe that these rules contradict the Congressional intent of the Credit CARD Act since the Act created two distinct standards, one for younger consumers and one for all others. We also are concerned that these rules will disadvantage stay-at-home spouses who may not have an independent source of income but whom may have ample "household income" to secure lines of credit.

As you know, Members wrote to the Federal Reserve on May 6, 2011 requesting that the Federal Reserve, in consultation with the CFPB, undertake a study to look at the effects of applying a uniform standard on all consumers in the first six months after the implementation with a report back to Congress. We further requested that if it is found that stay-at-home spouses have been negatively impacted, the Board or the CFPB should then amend the rule to correct any problems it has found. We believe that especially in light of the approaching holidays and the increase in credit card usage, this study should begin as soon as possible.

We understand from some issuers that there may have already been a negative impact on the ability of stay-at-home spouses to secure a line of credit. One issuer has seen a greater decline in the size of the average line of credit assigned to women as opposed to men across all approved applicants. In addition, approval rates have declined significantly for women in certain age groups, especially for

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those 62 and over, who may be particularly likely to rely on the income of other household members (for example, a spouse's retirement income).

In a June 15th response to our request, the Federal Reserve agreed that a study would be useful to assess unintended consequences of the rules. The Fed noted that the Bureau has the authority to design and conduct a study to inform potential future rulemaking. The Federal Reserve also said it was ready to consult with the Bureau in order to share their experience and expertise in this area.

The CFPB has a unique perspective and can look across the credit card issuing industry to determine any potential negative impact. Through your consumer complaint line you can also learn first-hand from those directly affected. We believe that a study is both timely and necessary and we would urge the Bureau to begin this process before the end of the year.

Sincerely,

CAROLYN B. MALONEY
Member of Congress

BARNEY FRANK
Member of Congress

SPENCER BACHUS
Member of Congress

LOUISE SLAUGHTER
Member of Congress

SHELLEY MOORE CAPITO
Member of Congress

WALTER B. JONES
Member of Congress

GWEN MOORE
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Member of Congress

MICHAEL E. CAPUANO
Member of Congress

KEITH ELLISON
Member of Congress

JOHN J. DUNCAN JR.
Member of Congress

CAROLYN B. MALONEY
14TH DISTRICT, NEW YORK

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WEBSITE: http://maloney.house.gov

December 8, 2011

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
1801 L Street NW
Washington, DC 20036

Dear Mr. Date,

As a Member of the House Financial Services Committee, I am writing to draw your attention to the current uneven federal regulation of the debt relief industry and to inquire about CFPB plans to eliminate the gaps in federal regulation that may leave consumers vulnerable to abuse and without uniform protection.

As you know, the Federal Trade Commission (FTC) promulgated a debt relief rule under the Telephone Sales Rule (TSR) that (1) bans all upfront fees from being paid by a consumer until the debt relief service is fully performed, (2) prohibits misrepresentations of their service and (3) requires disclosures to consumers regarding costs and other aspects of the service. Due to limits on the FTC's jurisdiction, however, the rule only applies to for-profit debt relief companies and not to non-profits providing the same services. Non-profit providers make up a large percentage of the debt relief industry – some have suggested up to 85%. Further, as many of the comment letters filed on the larger participant notice and request for comment this summer brought up, there are a number of other gaps in TSR coverage because it does not cover lawyers, Internet or face-to-face assistance provided to consumers.

The National Conference of Commissioners on Uniform State Laws recently updated their model debt services law to sync it with the FTC's TSR, <u>except</u> that the states' model law would cover both non-profit and for-profit providers. More importantly, however, the Bureau is not bound by the limitations of the FTC and now has jurisdiction over all debt relief service providers. The Bureau should level the playing field and address the <u>federal</u> regulatory gaps not only in the larger participant supervision of all debt relief service providers, but also in providing uniform federal regulation across the industry that adequately protects consumers.

With those concerns in mind, I would request that the CFPB provide its plans for ensuring that consumers will have a level playing field and uniform protections in the area of debt relief. In addition, please provide my office with information about the CFPB's proposed timing to adopt

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its own rule for debt relief service providers as well as any roadblocks that may inhibit the provision of uniform consumer protection in debt relief services.

I appreciate your attention to this matter and look forward to working with you.

Sincerely,

CAROLYN B. MALONEY
Member of Congress

SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

December 12, 2011

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

The Honorable Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

The Honorable Benjamin Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551

The Honorable Debbie Matz
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

The Honorable John G. Walsh
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
240 E Street, SW
Washington, DC 20219

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
CFPB Implementation - 1801 L
Washington, DC 20220

Dear Sirs and Madam:

We are writing you today with concerns about the transfer of staff from the prudential financial regulators to the recently created Consumer Financial Protection Bureau (CFPB).

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) (Dodd-Frank Act) created the CFPB as an independent Federal agency whose sole focus would be "consumer protection," regulating providers of credit, savings, payment and other consumer financial products and services. The Act confers upon the CFPB a broad mandate encompassing consumer protection rules previously administered by seven different Federal agencies.

As you know, Section 1064 of the Dodd-Frank Act directs the Federal Reserve, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Department of Housing and Urban Development to identify the employees necessary to perform or support the consumer protection functions of their agencies and transfer those employees to the CFPB. It is surely reasonable to expect that this process will result in significant reductions in the staffing levels at the agencies transferring authorities and personnel to the CFPB. And yet we have seen no evidence of such reductions to date.

We are particularly concerned that the CFPB transition process is resulting in duplication of staff among federal agencies at a time when those agencies need to be streamlining their workforces. Accordingly, we request answers to the following questions by January 15, 2012:

- How many employees from your department or agency have been transferred to the CFPB?

- Do you have employees on your agency's payroll who were previously tasked with supporting or performing consumer protection functions for institutions that now fall exclusively within the CFPB's regulatory, examination, and enforcement authority on consumer protection matters? If so, how many? Please provide detailed information about where any such employees have been re-assigned within your agency and what their new responsibilities are. If any positions have been eliminated because the relevant duties are now being handled by the CFPB, please explain which positions no longer exist.

The Secretary of the Treasury recently highlighted the CFPB's responsibility to identify outdated regulations and opportunities to streamline consumer protection regulation. Because we want to understand whether your agencies are meeting the Secretary's standard, we appreciate your prompt attention to this matter.

Sincerely,

SPENCER BACHUS
Chairman

SHELLEY MOORE CAPITO
Chairman
Subcommittee on Financial
Institutions and Consumer Credit

T. McCotter (MI-11)

Lynn A Westmoreland

Gerald A. Mangrullo

Steve Stivers

Gary S Miller

Stephen Fincher

Scott Garrett

Sharon Ferrer

Bill Huizenga

Daniel Schneider

Nancy Neugebauer

Hunt

Blaine Luetkemeyer

Job Hensarling

Patrick McHenry

Judy Biggert

Michele Bachmann

[illegible]

Cor Causeron

Na Haynorth (NY-19)

John Campbell

Bill Posey

Ron Paul

Michael G. Grimm

OH-16

CAPAC
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December 16, 2011

Mr. Raj Date
Consumer Financial Protection Bureau
1500 Pennsylvania Ave NW
Washington DC 20220

Dear Mr. Date:

On behalf of the Congressional Asian Pacific American Caucus (CAPAC), we are writing to inform you of the unique needs of the Asian American and Pacific Islander (AAPI) community throughout the United States regarding a number of financial regulatory issues under your office's purview.

In spite of the dangerous myth that AAPIs have been largely untouched by the recession, many from our community have been devastated by the foreclosure crisis and economic downturn. Over the past few years, AAPIs have experienced a 54 percent drop in median household wealth and the largest decline in homeownership of any racial group. Research by the Federal Reserve Bank of San Francisco on mortgage lending in the state of California alone has shown that AAPI families are more vulnerable to higher rates of default. Even more alarming is the fact that AAPI borrowers in California, Oregon and Washington, states that were largely affected by the housing crisis, were more likely to lose their homes to foreclosure after defaulting than white Americans. In addition, AAPI homebuyers experience consistent discriminatory treatment comparable to the levels faced by African American homebuyers.

As the Consumer Financial Protection Bureau (CFPB) begins to establish itself, CAPAC looks forward to working with you to ensure that the needs of the AAPI community are met. In particular, we would like to bring your attention to a set of recommendations that would provide a broad range of actions to benefit our community. Many of these recommendations were discussed with you during your meeting with representatives from the National Coalition for Asian Pacific American Community Development (National CAPACD) last month, and we write to reiterate the need to address critical challenges and inequalities that AAPI consumers continue to face. While the enclosed recommendations are not exhaustive, they do provide a broad range of actions that would benefit our community.

Culturally and Linguistically Appropriate Outreach and Services

The AAPI community represents a significant population and is among the fastest growing racial/ethnic communities in the United States, with a growth rate of nearly 45 percent in the last ten years. As our population continues to grow, it is imperative that agencies like CFPB acknowledge and address the particular challenges and unfair treatment often faced by the AAPI population. For example, language access is incredibly important to the AAPI

community which speaks over 40 different languages. According to the 2010 Census, an estimated four million Asian Americans have difficulty speaking English, with one in every three identifying as limited English proficient. For this reason, it is imperative that the CFPB is equipped with the materials and resources necessary to provide culturally and linguistically appropriate outreach and financial education and counseling services to the AAPI community.

Adequate language access, such as translated documentation and interpretive services, is clearly a major concern for Asian Americans and is an indispensible foundation to ensuring the fair financial treatment of our community. Although we commend the CFPB for the interpretation services it currently provides through its complaint hotline, we request that CFPB provide more culturally and linguistically appropriate services and assistance to better serve the AAPI community. This support includes in-language materials for important documents like loan disclosures, diverse staff who can provide interpretation services, and translating more materials into more AAPI languages. We also ask that CFPB promote standards of certification for interpretation on financial products similar to certifications for medical and legal interpreters. In addition, there should be significant outreach to and partnerships with AAPI groups and AAPI community stakeholders in order to ensure that AAPI individuals, particularly those who are limited English proficient, are equipped with adequate resources.

Disaggregated Data Collection and Reporting

The collection of specific racial and ethnic data is crucial to assessing and understanding the needs of our diverse community. Without broken down data collection on AAPI subgroups, glaring problems and disparities remain invisible. For instance, although Asian American borrowers were less likely than the general population to receive subprime loans for purchase or refinance, Native Hawaiians and Pacific Islanders were 50 percent more likely to receive subprime loans to purchase their homes and 30 percent more likely to receive subprime refinancing loans than white Americans. In order to identify the unique needs of the diverse AAPI population, we request that CFPB collect and report racial and ethnic data under the Home Mortgage Disclosure Act by Asian American and Pacific Islander subpopulations and languages spoken. In addition, we request that CFPB collect data on the use of financial products within the AAPI community. Detailed information on the number of AAPI individuals and businesses accessing various financial programs will assist us in determining where disparities exist among the diverse racial subgroups that comprise the AAPI community and enable both policymakers and community organizations to identify areas in which the AAPI community can be better served.

Mortgages, Foreclosures and Fair Lending

In order to promote transparency and fair lending practices, we request that the CFPB also take into consideration the following recommendations. First, we ask that you work closely with housing counseling agencies to develop fair, consistent, transparent mortgage servicing standards for homeowners facing foreclosure, particularly for those with limited English proficiency. Second, we request that you update credit scoring models to include non-traditional credit sources such as utility payments and rent. Third, we ask that you hold mortgage servicers accountable to federal, state, and local laws protecting tenants in foreclosed properties by including their performance in bank examinations. Finally, we ask that you work more closely with housing counseling organizations within the community. AAPIs often prefer to interact directly with trusted housing counseling agencies in their communities that can provide important cultural and linguistic services, rather than interact directly with large banks. For this reason, we request that you develop mortgage servicing standards that require the use of housing counseling organizations and that

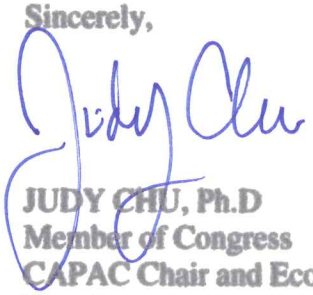
CFPB contract with non-profit organizations to ensure that culturally and linguistically appropriate financial outreach and services are provided to the AAPI community.

Ongoing Communications and Follow Up

The Executive Order that created the White House Initiative on Asian Americans and Pacific Islanders (WHIAAPI) also required all federal agencies to submit plans on how they would work to improve the lives of AAPIs. We ask that you develop an agency plan similar to those that other agencies were requested to submit to the WHIAAPI and request that you work in collaboration with non-profit organizations that have a history and track record of providing culturally and linguistically relevant services for AAPI communities to develop and implement the plan. Lastly, we request that you coordinate a working group of federal agencies that provide grant programs to support financial education and counseling – including the Department of Treasury, the Department of Housing and Urban Development, the Small Business Administration, the Minority Business Development Agency, the Department of Health and Human Services, and others – in order to better integrate and streamline the dissemination of consumer information.

Once again, CAPAC would like to be a partner with you on these efforts to ensure that the AAPI population is served fully and fairly as an integral part of America's economic recovery. Please direct your response to Gene Kim, CAPAC's Executive Director, at gene.kim@mail.house.gov and Gregg Orton in Representative Green's office at gregg.orton@mail.house.gov. Thank you for your consideration, and we look forward to a thorough dialogue and response on these issues

Sincerely,



JUDY CHU, Ph.D
Member of Congress
CAPAC Chair and Economic Development Taskforce Chair

AL GREEN
Member of Congress
CAPAC Housing Taskforce Chair

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

December 16, 2011

The Honorable Randy Neugebauer
Chairman, Subcommittee on Oversight & Investigations
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Neugebauer:

Thank you for your recent letter requesting budget and other information regarding the Consumer Financial Protection Bureau (CFPB or Bureau). The CFPB is committed to promoting a culture of transparency and accountability, and we appreciate the opportunity to provide information on these matters. In response to your request, we have attached several documents, including information regarding funding transfers, obligations, organizational structure, staffing, and salaries for FY 2011.

In your letter, you inquire about the CFPB's budget for FY 2011. The Bureau's initial FY 2011 budget estimate of $143 million in the President's FY 2012 Budget was prepared in late 2010 and was based on the best available information at that time. After the release of the President's Budget, the CFPB anticipated the need for additional funding to cover retirement-related expenses required by the Dodd-Frank Act for transferred employees, capital expenditures for IT systems, and other needs. Accordingly, the CFPB obtained funds in the amount of approximately $162 million from the Federal Reserve Board, which was well under the statutory funding transfer cap of approximately $498 million for FY 2011. The CFPB ultimately incurred $123 million in obligations, which was lower than the original FY 2011 budget. By statute, the Bureau will take into account funds made available to the Bureau from the preceding year when obtaining additional funding from the Federal Reserve Board.

The Government Accountability Office recently completed an audit of the CFPB's financial statements for FY 2011 and rendered an unqualified – or "clean" – audit opinion of the financial statements. The CFPB's financial statements, together with the results of this audit, may be found at http://www.gao.gov/products/GAO-12-186/ and on our website at www.consumerfinance.gov/reports/. The Dodd-Frank Act also requires an

additional independent audit of the Bureau's operations and budget, which audit was completed in October 2011. The audit report found that the Bureau has addressed all relevant budgeting requirements under the Dodd-Frank Act. A copy of the independent audit report was previously provided to the Chairmen and Ranking Members of the House Financial Services Committee and Senate Banking Committee and is enclosed here for your reference.

Please see the enclosed documents regarding your inquiry into obligations incurred by the CFPB during FY 2011. The documents outline the Bureau's obligations by quarter and by spending category. Further, all CFPB-awarded contractual obligations over the threshold of $3,000.00 are reported to the Federal Procurement Data System. This data is publicly available and can be accessed at www.fpds.gov or www.usaspending.gov . Additionally, quarterly updates regarding the Bureau's expenditures are available on our website at www.consumerfinance.gov/budget/.

Your letter also requests certain budget information regarding FY 2012, including budget information regarding the construction and rehabilitation of our offices located at 1700 G Street NW. The Bureau is currently in the design and development phase of this rehabilitation project. Once a design plan is finalized, the Bureau will seek competitive proposals from industry and will be able to share additional information at that time. In accordance with OMB Circular A-11, the Treasury Department is not permitted to release information that will be included in the President's Budget until that information has been submitted to the Congress. We will be happy to provide you with updated budget information for FY 2012 at the appropriate time.

Thank you for your letter. We take our commitment to transparency and accountability seriously and strive to live up to it daily. My staff and I will continue to keep you apprised of our work and look forward to providing you with additional information in the future.

Sincerely,

Raj Date
Special Advisor to the Secretary
of the Treasury for the CFPB

JEFF MERKLEY
OREGON

United States Senate

WASHINGTON, DC 20510

COMMITTEES:
ENVIRONMENT AND PUBLIC WORKS
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BUDGET

December 20, 2011

Mr. Raj Date
Special Advisor to the Secretary of the Treasury and Acting Director
Consumer Financial Protection Bureau (CFPB)
Washington, DC
Via email

Re: Foreign Remittance Transfer Provisions (Sec. 1073) of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Mr. Date:

I write regarding the rulemaking to implement Section 1073 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203, 124 Stat. 1376 (2010)). Authored by Senator Daniel Akaka, the purpose of Section 1073 is to provide certainty to consumers making foreign remittance transfers by requiring full disclosure of exchange rates and transaction fees prior to the transaction. The regulations also include an allowance period for consumers to claim errors in transaction and a requirement to provide consumers with access to relevant foreign language translations.

Implementation of section 1073 is an important step in protecting consumers, especially lower income Americans. Every year, Americans send billions of dollars to family overseas, but in doing so, face challenges in uncertain fees and exchange rates and protecting themselves and their families from errors. Improving transparency, accountability, and understanding will allow consumers of all backgrounds to make informed decisions regarding financial services. I encourage you to implement section 1073 with robust rules aimed at meeting these goals.

It has come to my attention that certain aspects of the proposed rules present challenges for community banks and credit unions. In particular, compliance with the in-advance disclosure requirements may be challenging for foreign remittance transfers involving "open networks," where transactions are conducted through a series of independent correspondent entities. Community banks and credit unions will need time to develop the systems needed to provide the full disclosure that section 1073 promises, and I support the five-year transition period provided for in the section and in the proposed rules.

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SUITE 1400
PORTLAND, OR 97204
(503) 326-3386
FAX (503) 326-2900

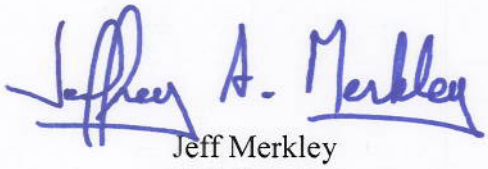
During the transition period, the proposed rules require the institution to provide the consumer with an estimate of all fees. To reduce the potential for customer confusion, such information should be clearly marked as an estimate. In addition, I encourage you to consider whether requiring the open network institution to provide the consumer with a clear, understandable summary or average of recent, comparable transactions to the same destination country would be helpful. This may assist the consumer in making an informed decision, as well as assist the marketplace in transitioning to the new system.

In addition, I am concerned that the draft rules presently set forth a permanent exemption for countries where exchange rates are not legally knowable. This appears to be a troubling loophole that, if needed at all, should be only used in the narrowest of circumstances with additional safeguards.

Finally, I believe that the rules should clarify the distinctions between consumer transactions, covered by these new rules, and business transactions, including those conducted in a "doing business as" status. The intent of Section 1073 of the Dodd Frank Act was to protect retail consumers from undisclosed fees and problems concerning error resolution. The statute was not designed or intended to cover business or commercial transactions. The final rule should exclude commercial transactions to avoid any confusion under the definition of "consumer" in the statute, including both incorporated and unincorporated businesses.

Consumers who regularly remit funds abroad are frequently among the most vulnerable populations. The rules implementing 1073 are important steps towards improved consumer protections and greater transparency in the financial sector, and I encourage you to implement them effectively.

Sincerely,



Jeff Merkley
U.S. Senator

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Barney Frank
Ranking Member
House Financial Services Committee
U. S. House of Representatives
Washington, DC 20515

Dear Representative Frank:

In accordance with Section 1078 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Tim Johnson
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Johnson:

In accordance with Section 1078 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Senator McConnell:

In accordance with Section 1078 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Nancy Pelosi
Democratic Leader
U. S. House of Representatives
Washington, DC 20515

Dear Leader Pelosi:

In accordance with Section 1078 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Dear Senator Reid:

In accordance with Section 1078 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Thad Cochran
Vice Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Senator Cochran:

This letter responds to the request made by the Government Accountability Office (GAO) that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") report on its actions in response to the findings and recommendations related to the Bureau's mortgage servicing responsibilities contained in the GAO report, "Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight," dated May 2011 (GAO-11-433).

The GAO report contains two recommendations directed to the CFPB. Specifically, GAO recommends that the CFPB and the prudential regulators:

- "develop and coordinate plans to provide ongoing oversight and establish clear goals, roles, and timelines for overseeing mortgage servicers under their respective jurisdiction;" and
- "if national servicing standards are created, include standards for foreclosure practices."

As explained in the letter from the CFPB that accompanies the GAO report, the Bureau agrees with the conclusions that the GAO reached. The GAO report noted that the CFPB had already begun implementing the recommendations made by the GAO, consistent with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under the Act, certain authorities will transfer to the CFPB on the "designated transfer date." The Secretary of the Treasury has determined that the designated transfer date shall be July 21, 2011. The CFPB is working to stand up the Bureau on that date and for the Bureau to assume the transferred authorities. We look forward to carrying out the recommendations made by the GAO more fully after that date. In the attached summary, the CFPB outlines the steps the Bureau is taking and is planning to take in response to the GAO's recommendations.

Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulations
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

A. Nicole Clowers
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Susan Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Collins:

This letter responds to the request made by the Government Accountability Office (GAO) that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") report on its actions in response to the findings and recommendations related to the Bureau's mortgage servicing responsibilities contained in the GAO report, "Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight," dated May 2011 (GAO-11-433).

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Raj Date
Associate Director for
Research, Markets & Regulations
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

A. Nicole Clowers
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Cummings:

This letter responds to the request made by the Government Accountability Office (GAO) that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") report on its actions in response to the findings and recommendations related to the Bureau's mortgage servicing responsibilities contained in the GAO report, "Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight," dated May 2011 (GAO-11-433).

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Raj Date
Associate Director for
Research, Markets & Regulations
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

A. Nicole Clowers
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Norman D. Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Dicks:

This letter responds to the request made by the Government Accountability Office (GAO) that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") report on its actions in response to the findings and recommendations related to the Bureau's mortgage servicing responsibilities contained in the GAO report, "Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight," dated May 2011 (GAO-11-433).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulations
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

A. Nicole Clowers
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Daniel K. Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter responds to the request made by the Government Accountability Office (GAO) that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") report on its actions in response to the findings and recommendations related to the Bureau's mortgage servicing responsibilities contained in the GAO report, "Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight," dated May 2011 (GAO-11-433).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulations
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

A. Nicole Clowers
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter responds to the request made by the Government Accountability Office (GAO) that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") report on its actions in response to the findings and recommendations related to the Bureau's mortgage servicing responsibilities contained in the GAO report, "Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight," dated May 2011 (GAO-11-433).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulations
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

A. Nicole Clowers
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Joseph Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter responds to the request made by the Government Accountability Office (GAO) that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") report on its actions in response to the findings and recommendations related to the Bureau's mortgage servicing responsibilities contained in the GAO report, "Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight," dated May 2011 (GAO-11-433).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulations
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

A. Nicole Clowers
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 20, 2011

The Honorable Spencer Bachus
Chairman
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Bachus:

In accordance with Section 1073(e) of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on two topics related to remittance transfers: (1) the transparency and disclosure of exchange rates used in remittance transfers and (2) the potential for using consumers' remittance transfer histories to enhance their credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 20, 2011

The Honorable John Boehner
Speaker
U. S. House of Representatives
Washington, DC 20515

Dear Speaker Boehner:

In accordance with Section 1073(e) of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on two topics related to remittance transfers: (1) the transparency and disclosure of exchange rates used in remittance transfers and (2) the potential for using consumers' remittance transfer histories to enhance their credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 20, 2011

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Senator McConnell:

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Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 20, 2011

The Honorable Nancy Pelosi
Democratic Leader
U. S. House of Representatives
Washington, DC 20515

Dear Leader Pelosi:

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Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

MAXINE WATERS
MEMBER OF CONGRESS
35TH DISTRICT, CALIFORNIA

CHIEF DEPUTY WHIP

COMMITTEES:
FINANCIAL SERVICES
SUBCOMMITTEE ON CAPITAL MARKETS AND GOVERNMENT SPONSORED ENTERPRISES
RANKING MEMBER

JUDICIARY
SUBCOMMITTEE ON INTELLECTUAL PROPERTY, COMPETITION, AND THE INTERNET
SUBCOMMITTEE ON IMMIGRATION POLICY AND ENFORCEMENT

Congress of the United States
House of Representatives
Washington, DC 20515–0535

PLEASE REPLY TO:
WASHINGTON, DC OFFICE
2344 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–0535
PHONE: (202) 225–2201
FAX: (202) 225–7854

DISTRICT OFFICE:
LOS ANGELES OFFICE
10124 SOUTH BROADWAY
SUITE 1
LOS ANGELES, CA 90003
PHONE: (323) 757–8900
FAX: (323) 757–9506

July 20, 2011

Dr. Elizabeth Warren
Special Advisor
U.S. Department of Treasury
1500 Pennsylvania Avenue
Washington DC 20220

Dear Dr. Warren:

As you are aware, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 342, 124 Stat. 1376, 1541-44 (2010) ("Dodd-Frank"), required that new Offices of Minority and Women Inclusion ("OMWIs") be established within agencies regulating financial institutions.

In order to facilitate consistent and effective implementation of the OMWIs, I will convene a series of Roundtables in the coming months. While I am aware that the Consumer Financial Protection Bureau is not required to establish an OMWI until January 21, 2012, your staff's attendance is requested at the first Roundtable. This Roundtable (which will not be open to the public or press) is scheduled to take place as follows:

Meeting:	**OMWI Roundtable**
Date:	**August 3, 2011**
Time:	**8:30am Check-in**
	9:00am Call to Order *(adjourns at 12:00pm)*
Location:	**Capitol Visitors Center**
	HVC-200
	Washington, DC

The Roundtable will bring Members of Congress together with the Directors of the newly created OMWIs to discuss their progress to date. Specifically, the Roundtable will allow Directors and Members to share their perspectives on satisfying the four central duties of the OMWIs:

(1) developing standards for equal employment opportunity and diversity of the workforce of the agency (Dodd-Frank, §§ 342(b)(2)(A), 342(f));
(2) developing standards for the increased participation of minority-owned and women-owned businesses in the programs and contracts of the agency (id, §§ 342(b)(2)(B), 342(c));
(3) developing standards for assessing the diversity policies and practices of the entities regulated by the agency (id. § 342(b)(2)(C)); and
(4) advising the agency administrator of the agency's impact on minority-owned and women-owned businesses (id. § 342(b)(3)).

Additionally, Dodd-Frank requires each OMWI to submit an annual report to Congress that describes the activities of the office and its achievements with respect to diversity and inclusion. *See* Dodd Frank, § 342(e). The Roundtable will include discussion of progress made on this report as well as other information pertaining to successful implementation.

Please RSVP by July 22nd to Charla Ouertatani of my staff at 202-225-2201 or charla.ouertatani@mail.house.gov. I look forward to working with you and discussing your efforts in promoting greater diversity and inclusion in the financial sector.

Sincerely,

Maxine Waters
Ranking Member
Subcommittee on Capital Markets and Government Sponsored Enterprises

SAM GRAVES, MISSOURI
CHAIRMAN

NYDIA M. VELAZQUEZ, NEW YORK
RANKING MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business

2361 Rayburn House Office Building
Washington, DC 20515-6315

July 21, 2011

VIA E-MAIL
Mr. Dan Sokolov
Deputy Associate Director for Research, Markets and Regulations
Consumer Financial Protection Bureau
Washington, DC

Dear Mr. Sokolov

The House Committee on Small Business Subcommittee on Investigations, Oversight and Regulations invites you to testify at a hearing entitled, *Open for Business: The Impact of the CFPB on Small Business.* The hearing will take place on Thursday, July 28, 2011 at 1:30 P.M. in room 2360 of the Rayburn House Office Building.

You should be prepared to orally summarize your written testimony in a five-minute oral presentation and answer questions posed by Members.

Instructions for witnesses appearing before the Committee are contained in the enclosed Witness Instruction Sheet. In particular, please note the instructions for submitting written testimony at least 48 hours prior to the start of the hearing.

The Committee looks forward to your participation. Should you have any questions regarding procedure, please contact Caroline Rabbitt with the Committee, at 202-225-5821.

Sincerely,

Mike Coffman

Mike Coffman
Chairman
Subcommittee on Investigations, Oversight and Regulations

Public Sector Witness Instruction Sheet

1. Witnesses should provide their statement via email to the Committee Clerk, Caroline.Rabbitt@mail.house.gov and to Mory.Garcia@mail.house.gov no later than 48 hours prior to the start of the hearing.

2. Witnesses should also provide a short biographical summary or CV and submit it electronically to Caroline.Rabbitt@mail.house.gov no later than 48 hours prior to the start of the hearing.

3. Prior to the start of the hearing, witnesses should provide 75 copies of their written testimony to Caroline Rabbitt, 2361 Rayburn House Office Building. One additional copy should be delivered to Mory Garcia in the Minority office, B-343 Rayburn House Office Building.

4. Please do not send copies by U.S. Mail, UPS, Federal Express, or any other shippers. Such packages are processed through an offsite security facility and will arrive late. If you do not have a Washington, D.C. area office or contact to deliver the testimony, please contact Caroline Rabbitt at Caroline.Rabbitt@mail.house.gov or (202) 225-5821.

5. At the hearing, each witness will be asked to orally summarize his or her testimony in 5 minutes. Written testimony may extend to any reasonable length and will be entered into the hearing record.

6. Written testimony will be available to the public and will be posted on the Committee website.

According to Committee Rules, failure to submit testimony and other materials by the deadlines may be grounds for excluding both the oral and written testimony of the witness unless waived by the Chairman.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 21, 2011

The Honorable Spencer Bachus
Chairman
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Bachus:

In accordance with Section 1067 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this annual report to Congress with the plans of the Consumer Financial Protection Bureau (CFPB) on recruitment and retention, training and workforce development, and workforce flexibilities.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 21, 2011

The Honorable John Boehner
Speaker
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Washington, DC 20515

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Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 21, 2011

The Honorable Barney Frank
Ranking Member
House Financial Services Committee
U. S. House of Representatives
Washington, DC 20515

Dear Representative Frank:

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Elizabeth Warren
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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 21, 2011

The Honorable Tim Johnson
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Johnson:

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DEPARTMENT OF THE TREASURY
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July 21, 2011

The Honorable Mitch McConnell
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United States Senate
Washington, DC 20510

Dear Senator McConnell:

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 21, 2011

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Washington, DC 20515

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 21, 2011

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United States Senate
Washington, DC 20510

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Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

CAROLYN B. MALONEY
14TH DISTRICT, NEW YORK

2332 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3214
(202) 225–7944

COMMITTEES:
FINANCIAL SERVICES

OVERSIGHT AND
GOVERNMENT REFORM

JOINT ECONOMIC COMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515–3214

DISTRICT OFFICES:

☐ 1651 THIRD AVENUE
SUITE 311
NEW YORK, NY 10128
(212) 860–0606

☐ 21–77 31ST STREET
ASTORIA, NY 11105
(718) 932–1804

WEBSITE: http://maloney.house.gov

August 3, 2011

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
for the Consumer Financial Protection Bureau
1801 L Street, Room 513-H
Washington, DC 20036

Re: Docket No. CFPB–HQ–2011–2

Dear Mr. Date:

I am writing with regard to the Consumer Financial Protection Bureau's ("CFPB") request for comment on the development of the agency's rule concerning supervision of "larger participants" in non-depository consumer financial markets.

American consumers deserve safe and transparent financial markets, and it is the important role of the newly-formed CFPB to ensure this happens. In recent years, we have witnessed the drastic consequences that can occur as the result of unclear and deceptive financial products and when bad actors in our banking and mortgage lending markets operate without sufficient supervision. We have also seen how the unlicensed and unregulated non-bank lending institutions can contribute to consumers' economic troubles as well. Today, it is imperative that the CFPB take advantage of its authority by appropriately regulating, along with the traditional banks, the larger non-bank providers to ensure that consumers are not exposed to harmful and deceptive products.

Section 1024 of Dodd–Frank requires the CFPB to implement a program to supervise certain enumerated non-depository covered persons, as well as "larger participants" in other markets for consumer financial products. Some of the markets named for possible "larger participants" inclusion are debt collection, consumer reporting, consumer credit, and money transmitting. As the CFPB works to define these "larger participants," I would urge you to carefully consider all of these markets, as well as any others, to ensure that all appropriate institutions are placed under the supervisory authority of your agency.

I believe that the most effective way to prevent certain harmful practices is to regulate the financial services industry with a wide scope and to level the playing field between banks and non-bank financial institutions. Simply put, the more market participants that fall under CFPB supervision, the more transparent and clear the markets will become as a whole. It is only when we have clearer and more transparent financial markets that consumers will have a safer environment from which to consider and select financial products.

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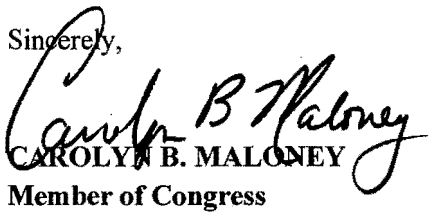
In addition, the best way to protect consumers over time is to define non-bank participants in a way that is flexible and not overly prescriptive. The definition should be flexible enough so that it covers non-banks that have both regional and national impact. Thus, regardless of the criteria the CFPB ultimately determines is appropriate for these "larger participants," I would advise that the thresholds for these criteria allow for the most expansive inclusion of participants from all non-depository financial markets.

I hope that the CFPB will consider the value of regulating with a wide scope when developing its definition of "larger participants" in non-depository consumer financial markets.

Sincerely,



CAROLYN B. MALONEY
Member of Congress

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JACKIE SPEIER, CALIFORNIA

June 1, 2011

Professor Elizabeth Warren
Special Adviser to the Secretary of Treasury
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Professor Warren:

Thank you for appearing at the Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs (Subcommittee) hearing on May 24, 2011, titled "Who's Watching the Watchmen? Oversight of the Consumer Financial Protection Bureau."

In light of the inability of all Members of the Subcommittee to have an opportunity to ask you questions, and your unwillingness to provide direct and responsive answers to a number of important questions, the Committee would like to further discuss your plans for the Consumer Financial Protection Bureau (CFPB), the design and funding of the agency, and the limited checks and balances that apply to it. Thus, the Committee hereby requests your testimony at a Full Committee hearing in the near future.

According to your publicly available calendar, your schedule looks completely free during the month of June.[1] I stand ready and willing to work with you to accommodate your schedule and find a mutually agreeable date for you to testify. However, I expect you to remain before the Committee until all Members of the Committee have had all of their questions answered and thus ask that you clear your schedule for the full day of the hearing.

The American people have a right to know how you intend to organize and operate the CFPB. According to one expert's testimony, "If not subject to effective congressional oversight, the massive, vaguely defined powers and expansive reach of the new consumer credit 'super regulator' could prove an economy killer, producing still-higher credit costs for consumers, and accelerating regulatory pressures that drive consumers out of the mainstream financial system

[1] It also appears blank during the months of April and May. *See* "Professor Warren's Calendar," The Consumer Financial Protection Bureau. Available at http://www.consumerfinance.gov/professor-warrens-calendar/ (accessed May 26, 2011).

and into the alternative, high-cost financial sector."[2] This Committee will fulfill its Constitutional duty to provide this necessary oversight.

Instructions for witnesses appearing before the Committee are contained in the enclosed Witness Information Sheet. In particular, please note the procedures for submitting written testimony at least two business days prior to the hearing. We ask that you please contact the Committee by Friday, June 3, 2011, to confirm your attendance. If you have any questions, please contact Christopher Hixon of the Committee staff at (202) 225-5074.

Sincerely,

Darrell Issa
Chairman

Enclosure

cc: The Honorable Elijah E. Cummings, Ranking Minority Member

[2] *See* Testimony of Todd Zywicki, George Mason University Foundation Professor of Law, Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs, May 24, 2011. Available at http://oversight.house.gov/images/stories/Testimony/5-24-11_Zywicki_TARP_testimony.pdf.

Witness Instruction Sheet
Governmental Witnesses

1. Witnesses should provide 100 copies of their written testimony to Sharon Casey, Senior Assistant Clerk, 2157 Rayburn House Office Building, no later than 10:00 a.m. two business days prior to the hearing. Witnesses should also provide their statement by this date in electronic format, either as a CD or via e-mail to Sharon.Casey@mail.house.gov.

2. Please do not send copies by U.S. Mail, UPS, Federal Express, or other shippers. Such packages are processed through an offsite security facility and will arrive 7-10 days late.

3. Witnesses should also provide a short biographical summary and include it with their written statement. The biographical summary should be attached to all 100 copies of the testimony and included with the electronic copy of the testimony provided to the Clerk.

4. At the hearing, each witness will be asked to summarize his or her written testimony in five minutes or less in order to maximize the time available for discussion and questions. Written testimony will be entered into the hearing record and may extend to any reasonable length.

5. Written testimony will be made publicly available and will be posted on the Committee's website.

6. The Committee does not provide financial reimbursement for witness travel or accommodations. Witnesses with extenuating circumstances, however, may submit a written request for such reimbursements to Robin Butler, Financial Administrator, 2157 Rayburn House Office Building, at least one week prior to the hearing. Reimbursements will not be made without prior approval.

7. Witnesses with disabilities should contact Committee staff to arrange any necessary accommodations.

8. Committee Rules governing this hearing are online at www.oversight.house.gov.

For inquiries regarding these rules and procedures, please contact the Committee on Oversight and Government Reform at (202) 225-5074.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 2, 2011

The Honorable Ben Chandler
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Holden
U.S. House of Representatives
Washington, D.C. 20515

Dear Representatives Chandler and Holden:

Thank you for your letter of May 10, 2011 on reducing regulatory burden on businesses and citizens. At the Consumer Financial Protection Bureau, we take this concern seriously. I was very glad that we had the opportunity to talk about this subject on April 7th, and I now have further news to report.

Last month, we introduced a major initiative called **Know Before You Owe** that is designed to reduce unnecessary regulatory compliance burdens for mortgage originators, including community banks and credit unions. As you noted in your letter, the Dodd-Frank Act requires the Bureau to consolidate mortgage disclosures mandated under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) into a single, integrated disclosure. Current federal law generally requires that mortgage loan applicants receive two documents, the TILA disclosure form and the RESPA Good Faith Estimate, within three days of application. The current forms are typically two pages and three pages long, respectively. We are working to design a disclosure that is clearer and shorter—easier for customers to understand and less burdensome for lenders to fill out.

We have been in close contact with community bankers, credit unions and other lenders as we have focused in on our mortgage work. Two weeks ago, we showed them two alternative forms, each of which is two pages long. In addition, we have shared the forms with different consumer groups, and we are testing the forms with consumers, lenders, and brokers. We are also eliciting feedback from industry and consumer representatives through the Bureau's website as we revise the draft forms in response to each previous round of testing.

To the best of our knowledge, this is the first time any federal financial services regulator has sought broad public input so early in the development of draft disclosure forms. Our website prominently features a request that visitors review these forms. This feature has received wide attention, and by 5 p.m. on Friday, May 27th, our **Know Before You Owe** feedback website had received over 118,000 views. As of that date, over 14,500 people, including industry professionals and consumers, provided feedback on the prototypes using our online tool.

By engaging with industry at such an early stage in the design process, we hope to identify and ultimately resolve the types of implementation problems that your letter described. After this initial testing phase, we plan to initiate a rulemaking process and solicit public comment on proposed disclosure requirements and model forms to provide further opportunity for industry and consumer response.

We appreciate your early help in this process, and we look forward to working with you moving forward to craft rules that protect American families without imposing needless burden on financial services providers.

Sincerely,

Elizabeth Warren
Special Advisor to the Secretary

Wm. LACY CLAY
1ST DISTRICT, MISSOURI

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(314) 367–1341 Fax

8021 West Florissant, Suite F
St. Louis, MO 63136
(314) 383–5240
(314) 383–8020 Fax

June 24, 2011

Dr. Elizabeth Warren
Consumer Financial Protection Bureau
1500 Pennsylvania Ave., NW
CFPB Implementation – 1801 L
Washington, DC 20220

Dear Dr. Warren:

I am writing to request a meeting with you along with Dennis Gonier and Michael Granger of TARP Citizen Tracs, to present their recommendation for an evaluation system that would serve the assessment of bank services, as mandated in H.R. 4713. These gentlemen have developed a survey tool that evaluates bank services and accessibility, as determined by customers.

The evaluation will utilize systematic polling to determine the perception individual customers and small businesses have of their banking experience – fairness, lending, accessibility, and experience. Additionally, the survey will address the "un-banked and under banked": individuals who are not currently with a bank. The data collection through this extensive survey will be valuable in informing further policy and regulation.

Mr. Gonier and Mr. Granger both have many years of experience with the Federal agencies; their expertise will lend itself to a successful collaboration with the Bureau. Please contact my scheduler, Karyn Long, at 202-225-2406 or Karyn.long@mail.house.gov , to schedule an appointment. Thank you for your time and attention. I look forward to hearing from you soon.

Sincerely,

Wm. Lacy Clay

Wm. Lacy Clay
Member of Congress

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SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

June 29, 2011

Ms. Elizabeth Warren
Special Advisor to the Secretary
of the Treasury for the
Consumer Financial Protection Bureau
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Ms. Warren:

On Wednesday, July 13, 2011 at 2:00 p.m. in Room 2128 Rayburn House Office Building, the Subcommittee on Insurance, Housing and Community Opportunity will hold a hearing entitled "Mortgage Origination." I am writing to confirm your invitation to participate at this hearing.

The Subcommittee is interested in examining how provisions in last year's Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) and other recent regulatory initiatives have affected the mortgage origination process for both consumers and service providers. Given that the Consumer Financial Protection Bureau (CFPB) will undertake regulatory initiatives that affect the Real Estate Settlement Procedures Act (RESPA) and Truth in Lending Act (TILA), the Subcommittee is interested in your testimony that describes recent proposals and plans to simplify mortgage disclosures. Finally, please outline any other mortgage origination-related activities that CFPB is undertaking, including activities with other Federal agencies or state entities.

Please read the following material carefully. It is intended as a guide to your rights and obligations as a witness under the rules of the Committee on Financial Services.

The Form of your Testimony. Under the Rules of the Committee on Financial Services, each witness who is to testify before the Committee or its subcommittees must file with the Clerk of the Committee a written statement of proposed testimony of any reasonable length. Please also include with the testimony a current resume summarizing education, experience and affiliations pertinent to the subject matter of the hearing. This must be filed at least two business days before your appearance. Please note that changes to the written statement will not be permitted after the hearing begins. Failure to comply with this requirement may result in the exclusion of your written testimony from the record. Your oral testimony should not exceed five minutes and should summarize your written remarks. The Chair reserves the right to exclude from the printed record any supplemental materials submitted with a written statement due to space limitations or printing expense.

Submission of your Testimony. Please submit at least 100 copies of your proposed written statement to the Clerk of the Committee not less than two business days in advance of your appearance. These copies should be delivered to: The Committee on Financial Services, Attn: Committee Clerk, 2129 Rayburn House Office Building, Washington, D.C. 20515.

Due to heightened security restrictions, many common forms of delivery experience significant delays in delivery to the Committee. This includes packages sent via the U.S. Postal Service, Federal Express, UPS, and other similar carries, which typically arrive 3 to 5 days later than normal. The United States Capitol Police have specifically requested that the Committee refuse deliveries by courier. The best method of delivery of your testimony is to have an employee from your organization deliver your testimony in an unsealed package to the address above. If you are unable to comply with this procedure, please contact the Committee to discuss alternative methods for delivery of your testimony.

The rules of the Committee require, to the extent practicable, that you also submit your written testimony in electronic form. The preferred method of submission of testimony in electronic form is to send it via electronic mail to fsctestimony@mail.house.gov. The electronic copy of your testimony may be in any major file format, including WordPerfect, Microsoft Word, or ASCII text for either Windows or Macintosh. Your electronic mail message should specify in the subject line the date and the Committee or subcommittee before which you are scheduled to testify. You may also submit testimony in electronic form on a disk or CD-ROM at the time of delivery of the copies of your written testimony. Submission of testimony in electronic form facilitates the production of the printed hearing record and posting of your testimony on the Committee's Internet site.

Your Rights as a Witness. Under the Rules of the House, witnesses may be accompanied by their own counsel to advise them concerning their constitutional rights. I reserve the right to place any witness under oath. Finally, a witness may obtain a transcript copy of his/her testimony given in open, public session, or in a closed session only when authorized by the Committee or subcommittee. However, by appearing before the Committee or its subcommittees, you authorize the Committee to make technical, grammatical, and typographical corrections to the transcript in accordance with the rules of the Committee and the House.

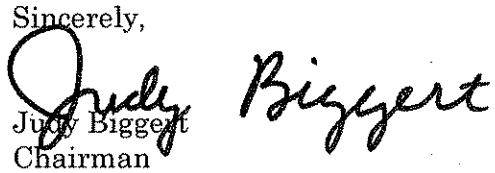
The Rules of the Committee on Financial Services, and the applicable rules of the House, are available on the Committee's website at http://financialservices.house.gov. Copies can also be sent to you upon request.

The Committee on Financial Services endeavors to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, or have any questions regarding special accommodations generally, please contact the Committee in advance of the scheduled event (4 business days notice is requested) at (202) 225-7502; TTY: 202-226-1591; or write to the Committee at the address above.

Please note that space in the Committee's hearing room is extremely limited. Therefore, the Committee will only reserve one seat for staff accompanying you during your appearance (a total of two seats). In order to maintain our obligation under the Rules of the House to ensure that Committee hearings are open to the public, we cannot deviate from this policy.

Should you or your staff have any questions or need additional information, please contact Nicole Austin or Clinton Jones at (202) 225-7502.

Sincerely,



Judy Biggert
Chairman
Subcommittee on Insurance, Housing
and Community Opportunity

JB/ccj
cc: The Honorable Louis Gutierrez, Ranking Member

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JACKIE SPEIER, CALIFORNIA

July 11, 2011

Mrs. Holly Petraeus
Lead, Office of Service Member Affairs
Consumer Financial Protection Bureau
1615 H Street, NW
Washington, DC 20062

Dear Mrs. Petraeus:

This letter serves as your official invitation to participate in a bi-partisan congressional forum relating to U.S. military service members, mortgage servicing companies, and the Servicemembers Civil Relief Act. The forum will be co-hosted by myself and Senator John D. (Jay) Rockefeller IV, the Chairman of the Senate Committee on Commerce, Science and Transportation. The forum will be held on July 12, 2011, at 2:30 pm in Room 253 of the Russell Senate Office Building.

Thank you very much for agreeing to share with us your experiences, and we look forward to welcoming you to this important event. If you have any questions, please feel free to contact Davida Walsh of my staff at 202-225-4741.

Sincerely,

Elijah E. Cummings
Ranking Member

cc: The Honorable Darrell E. Issa, Chairman
Committee on Oversight and Government Reform

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable Spencer Bachus
Chairman
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Bachus:

In accordance with Section 1078 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 19, 2011

The Honorable John Boehner
Speaker
U. S. House of Representatives
Washington, DC 20515

Dear Speaker Boehner:

In accordance with Section 1078 of The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), I herewith transmit this report by the Consumer Financial Protection Bureau (CFPB) on credit scores.

Sincerely,

Elizabeth Warren
Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau

Senator Dianne Feinstein
cordially invites you
to
a Reception to discuss
the Financial Crisis Inquiry Report
Friday, May 6, 2011
5:30 PM - 7:30 PM

Please respond by May 2 to
Shaeda Ahmadi, (202) 224-7055
Shaeda_Ahmadi@feinstein.senate.gov

Willow Oaks
3300 Nebraska Avenue, NW
Washington, D.C. 20016

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

April 19, 2011

The Honorable Sherrod Brown
United States Senate
713 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Brown:

Thank you for your letter dated April 5, 2011, regarding Ben Konop.

As you know, we are very busy setting up the Consumer Financial Protection Bureau, preparing for the "designated transfer date" of July 21, 2011. On that date, consumer financial protection functions of seven Federal agencies will transfer to the CFPB, and the CFPB will then have many of the authorities it will need to protect families from harmful consumer financial practices.

I appreciate Commissioner Konop's interest in the CFPB and it will be given all appropriate attention.

Thank you for passing along your thoughts about him. Thank you for your support of the CFPB.

Sincerely,

Richard Cordray
Chief Enforcement Officer
Consumer Financial Protection Bureau

Congress of the United States
Washington, DC 20510

May 5, 2011

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable John E. Bowman
Acting Director
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552

The Honorable John G. Walsh
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
250 E Street SW
Washington, DC 20219

Professor Elizabeth Warren
Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau
1500 Pennsylvania Avenue NW
Washington, DC 20500

The Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Chairman Bernanke, Acting Comptroller Walsh, Chairman Bair, Acting Director Bowman, and Professor Warren,

We write today to urge you to develop a coordinated plan to ensure comprehensive oversight of federally regulated mortgage servicers and to reiterate our calls for national servicing standards that specifically address the foreclosure process. The attached Government Accountability Office (GAO) report, which was requested by our offices and released today, specifically recommends that federal banking regulators take precisely these actions.[1]

The report also confirms recent allegations that mortgage servicers under your jurisdiction improperly signed and notarized tens of thousands of affidavits that wrongly allowed the completion of foreclosures, a problem known as robo-signing. It is imperative to American families that this and other documentation problems do not occur in the future.

According to GAO, officials at your agencies reported that you have the necessary authority to oversee the banks within your jurisdiction, including monitoring compliance with state laws that govern the foreclosure process. Yet GAO also reports that oversight has been "fragmented" and that reviews of foreclosure activities has been "limited."[2] Given the recent

[1] Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight, GAO Report 11-433, May 3, 2011
[2] Ibid.

historically high level of foreclosures and the ongoing risks of financial losses, this oversight that GAO recommends is prudent and necessary to avoid further instances of wrongdoing by servicers.

The creation of national standards for mortgage servicers should specifically address standards for the foreclosure process. Accountability will improve when servicers have clear standards for foreclosure proceedings. For example, in a recent interagency review of the fourteen largest servicers, you have noted that developing "company standards that emphasize accuracy and quality in the processing and validation of foreclosure" could enhance future oversight.[3]

We have seen countless examples of servicers giving borrowers the run-around and continuing the foreclosure process when a loan modification has already been obtained. Perhaps the most egregious cases of servicer wrongdoing have been violations of the Servicemembers Civil Relief Act by wrongly foreclosing on active-duty servicemembers. Correcting these problems and ensuring they do not reoccur should be a priority for all of your agencies.

We appreciate your initial enforcement actions that followed the recent interagency review. Particularly, we are pleased that many servicers will be required to assign a single point of contact to borrowers and align staffing levels with foreclosure activity levels. However, you also have the responsibility to follow up this review with coordinated, ongoing oversight and implementation of national standards for mortgage servicers that address the foreclosure process.

Thank you for your attention to this matter. We look forward to your response and to continuing to work together to protect American families from mistreatment by mortgage servicers.

Sincerely,

Al Franken
United States Senator

Robert Menendez
United States Senator

John Conyers
Member of Congress

Luis Gutierrez
Member of Congress

Michael Capuano
Member of Congress

[3] Interagency Review of Foreclosure Policies and Practices, April 2011

DARRELL E. ISSA, CALIFORNIA
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DISTRICT OF COLUMBIA
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GERALD E. CONNOLLY, VIRGINIA
MIKE QUIGLEY, ILLINOIS
DANNY K. DAVIS, ILLINOIS
BRUCE L. BRALEY, IOWA
PETER WELCH, VERMONT
JOHN A. YARMUTH, KENTUCKY
CHRISTOPHER S. MURPHY, CONNECTICUT
JACKIE SPEIER, CALIFORNIA

May 17, 2011

Professor Elizabeth Warren
Special Adviser to the Secretary of Treasury
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Professor Warren:

The Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs ("The Subcommittee") hereby requests your testimony at a hearing on Tuesday, May 24, 2011, at 2:00 p.m. in 2154 Rayburn House Office Building. The hearing is entitled, "Who's Watching the Watchmen? Oversight of the Consumer Financial Protection Bureau."

In this hearing, the Subcommittee will look into the Consumer Financial Protection Bureau's (CFPB) plans to create regulation, explore the extent to which the Financial Stability Oversight Council (FSOC) can influence the development of regulation, and consider other checks and balances that may assist in these processes. The Subcommittee will also discuss the sizeable budget of the CFPB and the need for internal controls or other means to ensure the efficient and proper use of funds.

Instructions for witnesses appearing before the Subcommittee are contained in the enclosed Witness Information Sheet. In particular, please note the procedures for submitting written testimony at least two business days prior to the hearing. We ask that you please contact the Subcommittee by Thursday, May 19, 2011, to confirm your attendance. If you have any questions, please contact Peter Haller of the Committee staff at (202) 225-5074.

Sincerely,

Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs

Enclosure

cc: The Honorable Mike Quigley, Ranking Minority Member
Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 19, 2011

The Honorable Thad Cochran
Vice Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Senator Cochran:

This letter summarizes the contemplated actions of the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") on the recommendations in the Government Accountability Office's ("GAO") report, "*Credit Cards: Consumer Costs for Debt Protection Products Can Be Substantial Relative to Benefits But Are Not a Focus of Regulatory Oversight,*" dated March 25, 2011 (GAO 11-311).

The GAO report contains two recommendations, both of which are directed to the CFPB. Specifically, GAO recommends that the CFPB:

- "Factor into its oversight and regulation of credit card debt protection products, including its rulemaking and examination processes, a consideration of the financial benefits and costs to consumers;" and

- "Incorporate in its consumer financial education efforts ways to improve consumers' understanding of credit card debt protection products and their ability to assess whether or not the products represent a good choice for them."

The CFPB was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Under the Act, certain authorities will transfer to the CFPB on the "designated transfer date." The Secretary of the Treasury has determined that the date shall be July 21, 2011. The CFPB Implementation Team is working to stand up the Bureau on that date and for the Bureau to assume the transferred authorities.

Because the Bureau does not yet enjoy the transferred authorities, the Bureau has not yet been able to implement the GAO's recommendation. However, as I expressed in my letter to the GAO that accompanies the GAO report, the Bureau agrees with the conclusions reached by the GAO and intends to explore how best to implement the recommendations. The attached report outlines steps the CFPB is planning to take in response to the GAO's recommendations.

Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulation
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

Alicia Puente Cackley
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 19, 2011

The Honorable Susan Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Collins:

This letter summarizes the contemplated actions of the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") on the recommendations in the Government Accountability Office's ("GAO") report, "*Credit Cards: Consumer Costs for Debt Protection Products Can Be Substantial Relative to Benefits But Are Not a Focus of Regulatory Oversight,*" dated March 25, 2011 (GAO 11-311).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulation
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

Alicia Puente Cackley
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 19, 2011

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Cummings:

This letter summarizes the contemplated actions of the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") on the recommendations in the Government Accountability Office's ("GAO") report, "*Credit Cards: Consumer Costs for Debt Protection Products Can Be Substantial Relative to Benefits But Are Not a Focus of Regulatory Oversight,*" dated March 25, 2011 (GAO 11-311).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulation
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

Alicia Puente Cackley
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 19, 2011

The Honorable Norman D. Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Dicks:

This letter summarizes the contemplated actions of the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") on the recommendations in the Government Accountability Office's ("GAO") report, "*Credit Cards: Consumer Costs for Debt Protection Products Can Be Substantial Relative to Benefits But Are Not a Focus of Regulatory Oversight,*" dated March 25, 2011 (GAO 11-311).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulation
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

Alicia Puente Cackley
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 19, 2011

The Honorable Daniel K. Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter summarizes the contemplated actions of the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") on the recommendations in the Government Accountability Office's ("GAO") report, "*Credit Cards: Consumer Costs for Debt Protection Products Can Be Substantial Relative to Benefits But Are Not a Focus of Regulatory Oversight,*" dated March 25, 2011 (GAO 11-311).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulation
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

Alicia Puente Cackley
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 19, 2011

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter summarizes the contemplated actions of the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") on the recommendations in the Government Accountability Office's ("GAO") report, "*Credit Cards: Consumer Costs for Debt Protection Products Can Be Substantial Relative to Benefits But Are Not a Focus of Regulatory Oversight,*" dated March 25, 2011 (GAO 11-311).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulation
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

Alicia Puente Cackley
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 19, 2011

The Honorable Joseph Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter summarizes the contemplated actions of the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") on the recommendations in the Government Accountability Office's ("GAO") report, "*Credit Cards: Consumer Costs for Debt Protection Products Can Be Substantial Relative to Benefits But Are Not a Focus of Regulatory Oversight,*" dated March 25, 2011 (GAO 11-311).

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Sincerely yours,

Raj Date
Associate Director for
Research, Markets & Regulation
Consumer Financial Protection Bureau

Enclosure

cc: Dana James
Office of Management and Budget

Alicia Puente Cackley
Government Accountability Office

Brian Lee
Office of the Deputy Chief Financial Office

Wm. LACY CLAY
1ST DISTRICT, MISSOURI

COMMITTEES:
FINANCIAL SERVICES
Ranking Member,
SUBCOMMITTEE ON
DOMESTIC MONETARY POLICY
AND TECHNOLOGY
OVERSIGHT AND
GOVERNMENT REFORM
Member,
SUBCOMMITTEE ON
HEALTH CARE, DISTRICT OF COLUMBIA,
CENSUS AND THE NATIONAL ARCHIVES

Web Site: www.lacyclay.house.gov/

Congress of the United States
House of Representatives
Washington, DC 20515–2501

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(202) 225–2406
(202) 226–3717 Fax

625 North Euclid, Suite 326
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(314) 367–1970
(314) 367–1341 Fax

8021 West Florissant, Suite F
St. Louis, MO 63136
(314) 383–5240
(314) 383–8020 Fax

May 23, 2011

Dr. Elizabeth Warren
Consumer Financial Protection Bureau
1500 Pennsylvania Ave., NW
CFPB Implementation – 1801 L
Washington, DC 20220

Dear Dr. Warren:

I am writing to request a meeting with you along with Dennis Gonier and Michael Granger of TARP Citizen Tracs, to present their recommendation for an evaluation system that would serve the assessment of bank services, as mandated in H.R. 4713. These gentlemen have developed a survey tool that evaluates bank services and accessibility, as determined by customers.

The evaluation will utilize systematic polling to determine the perception individual customers and small businesses have of their banking experience – fairness, lending, accessibility, and experience. Additionally, the survey will address the "un-banked and under-bank"; individuals who are not currently with a bank. The data collection through this extensive survey will be valuable in informing further policy and regulation.

Mr. Gonier and Mr. Granger both have many years of experience with Federal agencies; their expertise will lend itself to a successful collaboration with the Bureau. Please contact Karyn Long, of my staff at Karyn.Long@mail.house.gov for additional information. Thank you for your time and consideration. I look forward to your response.

Sincerely

Wm. Lacy Clay

Wm. Lacy Clay
Member of Congress

PRINTED ON RECYCLED PAPER

Congress of the United States
Committee on Oversight and Government Reform
House of Representatives

5-24-2011

Prof. Warren,

You did a great job. My staff and the Casey Foundation have been trying to get you to come to Baltimore. We have met with no success. Please look into this.

You are the best!

Elijah Cummings

(b) (6)

Chairman Bachus,

Thank you for the opportunity to discuss the start up of the CFPB. I always learn from our conversations.

Elizabeth Warren

Congressman Cansecco,

Thank you for the opportunity to discuss the CFPB start up work. Please call on me if I can be helpful in the future.

Elizabeth Warren

Congressman Dold,

Thank you for the opportunity to discuss the start up work for the CFPB. Please call on me if I can help in the future.

Elizabeth Warren

Congressman Duffy,

Thank you for the opportunity to discuss the start up of the CFPB. Please let me know if I can offer more help.

Elizabeth Warren

Congressman Garrett,

Thank you for the opportunity to discuss the start up of the new CFPB. Please call if I can help more. Elizabeth Warren

Congressman Huizenga.
Thank you for the opportunity to discuss the start up of the CFPB.
If I can be helpful, please call on me again.

Elizabeth Warren

Congressman Luetkemeyer,

Thank you for the opportunity to discuss the start up of the CFPB. If I can be helpful in any way, please call on me.

Elizabeth Warren

Congressman Manzullo,

Thank you for the opportunity to discuss the start up of the CFPB. If I can be helpful, please call.

Elizabeth Warren

Dear Congressman McCotter,

Thank you for the opportunity to talk with you at the recent hearing about the start up of the CFPB.

Elizabeth Warren

Dear Congressman McHenry,

Thank you for allowing me to share with the Committee the work being done to stand up the new CFPB.

Elizabeth Warren

Congressman Pearce,

Thank you for the chance to share with you the work being done to stand up the CFPB. Please call if I can do more.

Elizabeth Warren

Congressman Renacci,

Thank you for the chance to discuss the start up of the CFPB. Please let me know if I can be helpful in the future.

Elizabeth Warren

Congressman Royce,

Thank you for permitting me to share with the Committee the work done in standing up the CFPB.

Elizabeth Warren

Congressman Westmoreland,

Thank you for the opportunity to share the work of the CFPB with you and with the Committee. Please call if I can help more.

Elizabeth Warren

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 31, 2011

The Honorable Bob Filner
U.S. House of Representatives
Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, DC 20515

Dear Representative Filner:

Thank you for your letter dated February 15, 2011, and your questions for the record in connection with the February 9, 2011, testimony of Holly Petraeus, Director of the Office of Servicemembers Affairs at the Consumer Financial Protection Bureau, before you committee. Enclosed please find the responses to those questions.

Sincerely,

Elizabeth Warren
Special Advisor to the Secretary of the Treasury

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

April 4, 2011

The Honorable Spencer Bachus
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Shelley Moore Capito
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Bachus and Capito:

Thank you for your March 30, 2011, letter. The Department of Justice has been coordinating with other federal agencies and 50 state Attorneys General to review deficiencies in mortgage servicing and possibly reach a comprehensive settlement with certain servicers. As I stated at the recent hearing before the Subcommittee on Financial Institutions and Consumer Credit, the Consumer Financial Protection Bureau does not yet have any enforcement authority. When the agency receives its full authorities, however, it will be authorized to set standards for mortgage servicing, and it has already assembled staff with expertise in this area. As a result, Secretary Geithner, the Justice Department, and other officials have asked the consumer agency to provide advice on this matter.

We have provided advice to federal and state officials regarding a potential servicing settlement. In doing so, we have been an active participant in inter-agency discussions, sharing our analysis and recommendations in support of a resolution that would hold accountable any servicers that violated the law. As I explained during the recent hearing, because this is an ongoing law enforcement matter, it would be inappropriate for me to disclose the contents of these inter-agency discussions. While we have provided advice to government officials, it bears emphasizing that the consumer agency is not conducting settlement negotiations with mortgage servicers. It is the Department of Justice, other federal agencies, and state Attorneys General – not the consumer agency – that are conducting these negotiations and have authority to decide the appropriate settlement terms to offer or accept.

As our nation's chief banking regulator stated recently, serious deficiencies at some of the nation's mortgage servicing firms have resulted in violations of state and local foreclosure laws and damaged mortgage markets and the U.S. economy at large. Let me make it clear that every step we have taken has been mindful of the impact of these deficiencies on countless American families, their neighbors, their communities, and the economy as a whole. To the extent that we can be helpful in holding to account servicers that have violated the law and in repairing the damage they caused, we are proud to do so. The consumer agency was designed to be a voice for American families, and we are willing to speak up on their behalf.

Sincerely,

Elizabeth Warren
Special Advisor to the Secretary

April 5, 2011

Richard Cordray
Chief Enforcement Officer
Consumer Financial Protection Bureau
c/o Department of Treasury
1500 Pennsylvania Ave. NW
Washington D.C. 20220

Dear Mr. Cordray:

Former Lucas County Commissioner Ben Konop has expressed his willingness to serve the public in a meaningful way in our nation's capital. With that in mind, my staff has spoken to the White House to assist him in his search for an appropriate position.

As a former public official in Ohio, Mr. Konop may have the qualifications and experience to assist you in your mission at the Consumer Financial Protection Bureau. He is known to be a hard-working and dedicated public servant with a special interest in consumer issues.

A graduate of Emory University in Atlanta, Mr. Konop also studied at Oxford University in England. After receiving his law degree from the University of Michigan Law School in 2000, he moved to Washington, D.C. to work for Fulbright & Jaworski, LLP. As a commissioner he was a strong advocate for his constituents.

Please give serious consideration to Mr. Konop's desire to assist you in your efforts to protect American consumers.

Sincerely,

Sherrod Brown

Sherrod Brown
United States Senator

SB:et

U.S. HOUSE OF REPRESENTATIVES

JOHN F. TIERNEY
6TH DISTRICT, MASSACHUSETTS

Professor,

Your presence and comments at our financial/community finance gathering recently were greatly appreciated by all participants — and particularly by me. Thank you for making it work into your schedule, and for the fine work you and your staff are doing at CFPB!

I understand from your congressional affairs office that mail is slow in coming here, so we may e-mail this to you as well. Please know that your efforts are appreciated and supported, and feel free to contact me or the office if we can be helpful.

Again, thank you — all the best,

JT

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 1, 2012

The Honorable Robert E. Andrews
2255 Rayburn House Office Building
Washington, DC 20515

Dear Representative Andrews,

Thank you for your letter regarding the recent rating of the Borough of Collingswood's general obligation bonds. I understand the significant impact bond ratings can have on the residents of the associated municipality.

Inquiries related to ratings of nationally recognized statistical ratings organizations, like Moody's, are under the jurisdiction of the Securities and Exchange Commission (SEC). For your convenience, I have forwarded a copy of your letter to the SEC.

Please don't hesitate to contact me at 202-435-7960 or Lisa.Konwinski@cfpb.gov if I can be of future assistance.

Sincerely,

Lisa M Konwinski

Lisa M. Konwinski
Assistant Director
Office of Legislative Affairs

DARRELL E. ISSA, CALIFORNIA
CHAIRMAN

DAN BURTON, INDIANA
JOHN L. MICA, FLORIDA
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MIKE KELLY, PENNSYLVANIA

LAWRENCE J. BRADY
STAFF DIRECTOR

ONE HUNDRED TWELFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515–6143

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MINORITY (202) 225–5051

http://oversight.house.gov

ELIJAH E. CUMMINGS, MARYLAND
RANKING MINORITY MEMBER

EDOLPHUS TOWNS, NEW YORK
CAROLYN B. MALONEY, NEW YORK
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
DENNIS J. KUCINICH, OHIO
JOHN F. TIERNEY, MASSACHUSETTS
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JOHN A. YARMUTH, KENTUCKY
CHRISTOPHER S. MURPHY, CONNECTICUT
JACKIE SPEIER, CALIFORNIA

February 1, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Cordray:

Thank you for appearing before the Committee on Oversight and Government Reform, Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs on Tuesday, January 24, 2012, at the hearing entitled, "How Will the CFPB Function Under Richard Cordray?" We appreciate the time and effort you gave as a witness before the Committee.

Pursuant to the direction of the Chairman, the hearing record remains open to permit Members to submit additional questions to the witnesses. Attached are questions related to the hearing. In preparing your answers to these questions, please include the text of the question along with your response.

Please provide your responses to these questions by February 15, 2012. Your response should be addressed to the Committee office at 2157 Rayburn House Office Building, Washington, DC 20515. Please also have your staff send an electronic version of your response by e-mail to Sharon Casey, Senior Assistant Clerk, at Sharon.Casey@mail.house.gov in a single Word formatted document.

Thank you for your prompt attention to this request. If you need additional information or have other questions, please contact David Brewer, Ryan Hambleton, or Katelyn Christ of the Committee staff at (202) 225-5074.

Sincerely,

Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services, and
Bailouts of Public and Private Programs

cc: The Honorable Mike Quigley, Ranking Minority Member
Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

Questions for The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau

Representative Patrick Meehan
Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs
Committee on Oversight and Government Reform

Hearing on "How Will the CFPB Function Under Richard Cordray?"

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1. Speaking at the American Banker's Regulatory Symposium last fall, Raj Date, Deputy Director of the Consumer Financial Protection Bureau (CFPB) stated that the CFPB plans to finalize the Ability to Repay rule early this year. When finalized, this rule would require lenders to determine that the borrower has a reasonable ability to repay the mortgage loan they are being lent. To satisfy the ability to repay criteria, a lender may also originate a Qualified Mortgage (QM).

   The rule, as drafted by the Federal Reserve, proposes two alternative means to establishing a QM. Under both alternatives, a QM must meet several standardized lending and underwriting criteria. Under one alternative, a borrower cannot dispute a lender's compliance with the ability to repay standard which would essentially establish a "safe harbor" for the lender. The other alternative would simply establish what has been called a "rebuttable presumption" that the lender has met the ability to repay standards. What is your opinion on the safe harbor and rebuttable presumption alternatives and their potential impacts on the housing market and access to credit?

2. Under the Dodd-Frank Wall Street Reform Act, one of the supervisory roles of the Consumer Financial Protection Bureau (CFPB) is to oversee nonbank entities in certain markets. For some markets, this role is limited to "larger participants," a term that is still in the process of being defined. Do you plan to establish substantive rule-makings pertaining to nonbank businesses prior to the completion of the rule-making which defines the term "larger participant"? If so, please outline how you plan to establish fair and predictable rules for products and consumers before you have determined what types of financial products and participants are covered by the CFPB?

Consumer Financial
Protection Bureau

1801 L Street NW, Washington, DC 20036

February 1, 2012

The Honorable Spencer Bachus
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Shelley Moore Capito
2443 Rayburn House Office Building
Washington, DC 20515

Dear Chairmen Bachus and Capito,

Thank you for your letter regarding concerns that supervised institutions could waive applicable privileges with respect to third parties by providing privileged information to the Consumer Financial Protection Bureau ("CFPB" or "Bureau").

The Bureau's supervisory program depends upon the free flow of information between our examiners and our supervised institutions, and the Bureau's review of supervised institutions' privileged information is often necessary to ensure the institutions' compliance with Federal consumer financial law and detect risks to consumers. As noted in your letter, earlier this month we released a bulletin by our General Counsel, Len Kennedy, which stated that "the provision of information to the Bureau pursuant to a supervisory request would not waive any privilege that may attach to such information." The bulletin further notes that the Office of the Comptroller of the Currency took that position since at least 1991, well before Congress codified it in 2006.

As I acknowledged in my testimony, Congress may want to address this issue legislatively. We would welcome legislation codifying our position that the submission of privileged information to the Bureau does not result in a waiver. In the meantime, the CFPB will proceed in the manner articulated in our bulletin.

I hope this is helpful. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 1, 2012

The Honorable Patrick McHenry
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman McHenry:

I am writing to thank you again for the opportunity to appear last week before the Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs, and to follow up specifically on my testimony regarding the Consumer Financial Protection Bureau's regulatory agenda.

The CFPB's semiannual regulatory agenda and annual regulatory plan were previously made public through the federal government's Unified Agenda process with the Regulatory Information Service Center (RISC) and the Office of Management and Budget (OMB). However, in response to your comments at last week's hearing, we have now added direct links to those materials on our website at www.consumerfinance.gov/regulations to make them more accessible. Going forward, we expect to post each semiannual update to our website when it is first submitted to RISC and OMB. The next update is expected within a few months.

We agree that regulatory agendas can serve as a useful means of communicating the Bureau's focus and priorities, and believe that providing better access to the semiannual updates will increase transparency regarding our planning process. Thank you again for your constructive suggestion. I look forward to working with you and your colleagues.

Sincerely,

Richard

Richard Cordray
Director
Consumer Financial Protection Bureau

P.S. When I come before you for oversight, I view my role as not only providing you with information, but also listening to your concerns and suggestions. Thank you for this idea, which we implemented immediately.
Rich

cc: The Honorable Darrell Issa
The Honorable Elijah Cummings

The Honorable Mike Quigley
The Honorable Frank Guinta
The Honorable Carolyn Maloney
The Honorable Jim Cooper
The Honorable Justin Amash
The Honorable Anna Marie Buerkle
The Honorable Peter Welch
The Honorable John Yarmuth
The Honorable Pat Meehan
The Honorable Joe Walsh
The Honorable Jackie Speier
The Honorable Trey Gowdy
The Honorable Dennis Ross

cfpb Consumer Financial Protection Bureau

January 2012

Senator,

I got your letter about mortgage servicing issues, including the pending settlement talks. Please understand that I recognize the concerns you are raising, and we will use our best judgment to achieve the objectives we mutually share.

Thanks for all your help at my hearing, putting a strong arm around me.

Yours,
Richard

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

February 2012

Congressman:

Thank you for our conversation on Friday, which was very helpful, and feel free to call me anytime. I will do the same.

Yours,
Richard

consumerfinance.gov

SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

February 8, 2012

The Honorable Richard Cordray
The Consumer Financial Protection
Bureau
1801 L Street
Washington, DC 20036

Dear Mr. Cordray:

The Subcommittee on Oversight and Investigations will hold a hearing titled "Budget Hearing—Consumer Financial Protection Bureau," at 10:00 a.m. on Wednesday, February 15, 2012, in Room 2128 of the Rayburn House Office Building. I am writing to confirm your invitation to participate at this hearing.

Your testimony should address past, currently planned, and anticipated obligations and expenditures of the Consumer Financial Protection Bureau for the fiscal years 2011, 2012, and 2013. In addition, your testimony should address the Consumer Financial Protection Bureau's policies and procedures for providing information about the agency's budget and spending information to Congress.

Please read the following material carefully. It is intended as a guide to your rights and obligations as a witness under the rules of the Committee on Financial Services.

The Form of your Testimony. Under the Rules of the Committee on Financial Services, each witness who is to testify before the Committee or its subcommittees must file with the Clerk of the Committee a written statement of proposed testimony of any reasonable length. Please also include with the testimony a current resume summarizing education, experience and affiliations pertinent to the subject matter of the hearing. This must be filed at least two business days before your appearance. Please note that changes to the written statement will not be permitted after the hearing begins. Failure to comply with this requirement may result in the exclusion of your written testimony from the record. Your oral testimony should not exceed five minutes and should summarize your written remarks. The Chair reserves the right to exclude from the printed record any supplemental materials submitted with a written statement due to space limitations or printing expense.

Submission of your Testimony. Please submit at least 100 copies of your proposed written statement to the Clerk of the Committee not less than two business days in advance of your appearance. These copies should be delivered to: The Committee on

Financial Services, Attn: Committee Clerk, 2129 Rayburn House Office Building, Washington, D.C. 20515.

Due to heightened security restrictions, many common forms of delivery experience significant delays in delivery to the Committee. This includes packages sent via the U.S. Postal Service, Federal Express, UPS, and other similar carries, which typically arrive 3 to 5 days later than normal. The United States Capitol Police have specifically requested that the Committee refuse deliveries by courier. The best method of delivery of your testimony is to have an employee from your organization deliver your testimony in an unsealed package to the address above. If you are unable to comply with this procedure, please contact the Committee to discuss alternative methods for delivery of your testimony.

The rules of the Committee require, to the extent practicable, that you also submit your written testimony in electronic form. The preferred method of submission of testimony in electronic form is to send it via electronic mail to fsctestimony@mail.house.gov. The electronic copy of your testimony may be in any major file format, including WordPerfect, Microsoft Word, or ASCII text for either Windows or Macintosh. Your electronic mail message should specify in the subject line the date and the Committee or subcommittee before which you are scheduled to testify. You may also submit testimony in electronic form on a disk or CD-ROM at the time of delivery of the copies of your written testimony. Submission of testimony in electronic form facilitates the production of the printed hearing record and posting of your testimony on the Committee's Internet site.

Your Rights as a Witness. Under the Rules of the House, witnesses may be accompanied by their own counsel to advise them concerning their constitutional rights. I reserve the right to place any witness under oath. Finally, a witness may obtain a transcript copy of his/her testimony given in open, public session, or in a closed session only when authorized by the Committee or subcommittee. However, by appearing before the Committee or its subcommittees, you authorize the Committee to make technical, grammatical, and typographical corrections to the transcript in accordance with the rules of the Committee and the House.

The Rules of the Committee on Financial Services, and the applicable rules of the House, are available on the Committee's website at http://financialservices.house.gov. Copies can also be sent to you upon request.

The Committee on Financial Services endeavors to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, or have any questions regarding special accommodations generally, please contact the Committee in advance of the scheduled event (4 business days notice is requested) at (202) 225-7502; TTY: 202-226-1591; or write to the Committee at the address above.

Please note that space in the Committee's hearing room is extremely limited. Therefore, the Committee will only reserve one seat for staff accompanying you during your appearance (a total of two seats). In order to maintain our obligation under the Rules of the

House to ensure that Committee hearings are open to the public, we cannot deviate from this policy.

Should you or your staff have any questions or need additional information, please contact Mark Epley at 202-225-7502.

Sincerely,

Randy Neugebauer
Chairman,
Oversight and Investigations
Subcommittee

RN/gr

cc: The Honorable Michael Capuano, Ranking Member

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 10, 2011

The Honorable Spencer Bachus
Chairman
Committee on Financial Services

The Honorable Randy Neugebauer
Chairman
Committee on Financial Services, Subcommittee
on Oversight and Investigations

2129 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Bachus and Chairman Neugebauer:

This letter responds to your correspondence dated January 28, 2011, regarding budget and personnel projections for the Consumer Financial Protection Bureau (the CFPB).

As you know, the CFPB was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act), which the President signed into law last summer. Under that Act, Congress established the CFPB to consolidate core consumer financial protection authorities that are currently administered by several different government agencies. As such, all costs associated with the stand-up of the CFPB are pursuant to the Act. In accordance with the funding provisions of the Act, such costs are provided by the Federal Reserve Board, not from appropriations.

The President's Budget of the United States Government, Fiscal Year 2012 and supporting material, is scheduled for release this month. The President's Budget will include CFPB budget and personnel projections for FY 2011 and FY 2012. Until the Budget has been submitted to the Congress, the Department of Treasury is not permitted to release any budget information pursuant to OMB Circular A-11. Once I am permitted to do so, I would be happy to provide your office with additional information.

I have attached to this correspondence a letter I wrote to Chairman Neugebauer last week that I believe is responsive to many of your questions about organizational design and staffing updates.

I welcome the opportunity to keep you updated on our efforts to stand up the CFPB, and I hope you will call on me if I can be useful.

Sincerely,

Elizabeth Warren

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 11, 2011

The Honorable Charles A. Gonzalez
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Gonzalez:

Thank you for your letter of January 31st. It was a pleasure to meet you in San Antonio during our recent visit there with servicemembers and consumer advocates. We really appreciated your participation in our meeting at Lackland Air Force Base. Having you there reinforced our message that the Federal government cares about the financial well-being of our troops and their families.

We completely agree that education is a key component in improving the financial situation of our military families, and education will be a big part of our mission at the Consumer Financial Protection Bureau. We definitely intend to take into consideration some of the very good feedback that we heard at the roundtable at Lackland. Interestingly, we heard some of the same feedback yesterday from a Marine Corps Captain: that it's hard to focus on financial education during basic training and that financial classes need to be taught on a continuing basis throughout a career.

We also agree that JAG and, specifically, the legal assistance lawyers, need to be involved in any successful education effort, and we plan to work with the Department of Defense to make sure that happens. Legal assistance lawyers see the fallout from geographical separation, deployment and, sadly, divorce, and we plan to have a two-way conversation with them—both to hear about the problems they are witnessing and to design the most effective education possible to address those problems. Your article from the *San Antonio News Express* about the suicide of SFC Gregory Giger was a tragic illustration of the real-world consequences of financial and personal stress on a servicemember and a reminder of the importance of our job.

Thank you also for your concern about recent alleged violations of the Servicemembers Civil Relief Act (SCRA). This past Wednesday, Holly testified on that very topic in front of your colleagues before the House Committee on Veterans Affairs. Although the consumer bureau will not enforce that particular statute (that authority will remain with the Department of Justice and the prudential regulators), we can still talk about it and educate about it. Improvements need to be made by loan servicers, and Holly sent a letter to that effect to the CEOs of the 25 largest banks on February 1st asking that they review their practices to ensure that they do not deny any of their military customers their SCRA rights. And we plan to work with the Department of

Justice and the Department of Defense to ensure that military personnel know exactly what their rights are.

We look forward to working with you on these and other topics impacting the finances of our military personnel and their families, who give so much to our country. Thank you for your support.

Sincerely,

Elizabeth Warren
Special Assistant to the President and
Special Advisor to the Secretary of the Treasury

Holly Petraeus
Team Lead
Office of Servicemember Affairs
Consumer Financial Protection Bureau Implementation Team

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 13, 2012

The Honorable Dick Durbin
711 Hart Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
728 Hart Senate Office Building
Washington, DC 20510

Dear Senator Durbin and Senator Reed,

Thank you for your letter on the issue of checking account fee disclosures. We agree on the need for more transparency in the marketplace so that costs are clearer to consumers and they can make more informed choices about these accounts. Giving customers straightforward, up-front information to inform decisions about the financial products they use is good for honest businesses, for consumers, and for the overall economy.

We have met with the Pew Charitable Trusts to discuss their model checking disclosure form, and are reaching out to industry and consumers to gather additional input on various ways that fee disclosures can be improved. As a data-driven agency, that is an important first step for the Bureau. Rest assured that this is a high priority for us.

We appreciate your input on this issue and will keep it in mind as we move forward. Please do not hesitate to contact me if the Bureau can be of additional assistance to you or your constituents.

Sincerely,

Richard

Richard Cordray
Director
Consumer Financial Protection Bureau

All of our KnowBeforeYouOwe projects are making good headway, and we will keep you closely apprised of our progress.
Rich

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ONE HUNDRED TWELFTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

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JACKIE SPEIER, CALIFORNIA

February 14, 2012

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Cordray:

As you begin to exercise the enormous powers of the Consumer Financial Protection Bureau (CFPB), we are sure that you are aware of the precedential impact of your actions. For this reason, and in light of your personal commitment to full cooperation with congressional oversight, we ask that you immediately direct your staff to fully comply with a longstanding document request of this Committee.

During a hearing of the Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs on January 24, 2012, you committed the CFPB to robust congressional oversight.[1] In particular, in response to a question about accountability and transparency at the CFPB, you responded: "I think [accountability and transparency] are critical to the credibility of the agency and I think you have every right to demand that from us, and I hope that you will find that we provide it."[2] Later, in discussing the CFPB's role as an independent agency, you stated: "[I]t is my understanding that Congress has established independent agencies to keep them closer to the Congress, to keep them accountable for enforcing the law, and I expect that that is why we will be here frequently for oversight and for you to know exactly what we are doing."[3]

On June 20, 2011, we wrote to Treasury Secretary Timothy Geithner requesting:

> All documents and communications between Elizabeth Warren or the CFPB and any State Attorney General, representative of any State Attorney General, and any

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[1] *"How Will the CFPB Function Under Richard Cordray?": Hearing before the Subcomm. on TARP, Financial Services, and Bailouts of Public and Private Programs of the H. Comm. on Oversight and Gov't Reform*, 112th Cong. (2012).
[2] *Id.* (question and answer with Rep. Guinta).
[3] *Id.*

> federal agency or mortgage servicer, or any other potentially interested party, including plaintiffs' attorneys preparing class action lawsuits, referring or reacting to mortgage servicing, foreclosures, or a possible settlement involving State Attorneys General from September 2010 to present, relating in whole or in part to mortgage servicing or foreclosures or a possible settlement involving State Attorneys General from September 2010 to present.[4]

Although the CFPB has produced some documents responsive to this request, the CFPB has withheld over 200 additional responsive documents. The CFPB has not articulated a recognized privilege in support of withholding these documents. Instead, the CFPB withheld the fact that it even possessed additional responsive documents until almost five months after the request was made.[5] When the CFPB told the Committee that it had withheld responsive documents, the CFPB informed the Committee that only 12 documents were withheld.[6] The Committee did not learn of the full amount of withheld responsive documents until January 31, 2012 – over seven months after the initial request.[7]

In conversations with Committee staff, your staff has cited "law enforcement" as the reason for refusing to produce the documents.[8] However, the CFPB's role in the mortgage settlement discussions – this so-called "law enforcement" action – is precisely the reason we requested the documents. You will recall that Elizabeth Warren, the then-Special Advisor to the Secretary of the Treasury for the CFPB, gave testimony to Congress about the CFPB's role in these discussions that contradicted information in documents subsequently uncovered by Judicial Watch.[9] Due to the contradictory accounts of the CFPB's role, the documents that you are withholding from us are essential for the Committee to fully understand the precise nature of the CFPB's role in the mortgage settlement discussions.

Your staff has maintained that the CFPB is withholding these responsive documents at the behest of the Department of Justice (DOJ). In addition to raising obvious questions about the CFPB's independence, this excuse for your noncompliance misses the mark. We did not request these documents from the DOJ; we requested these documents from you. Your staff has informed Committee staff that the CFPB is in possession of these documents and could readily produce them.[10] Even so, the CFPB has thus far refused the Committee's reasonable offers of accommodation. The CFPB has refused to provide the Committee with a privilege log of the documents and has not allowed the Committee to review the documents *in camera*. Without the ability to understand and examine the documents you are withholding, we cannot fully assess the nature of the CFPB's involvement in the settlement discussions.

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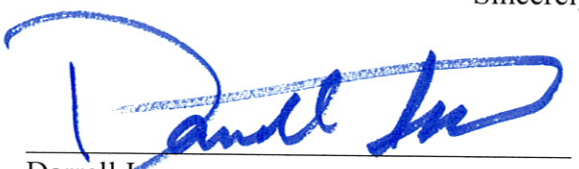
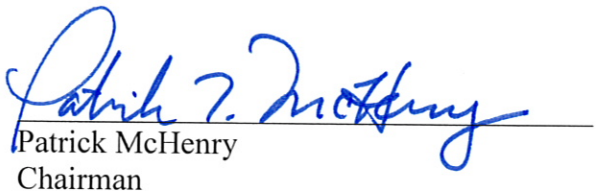
[4] Letter from Spencer Bachus, Comm. on Financial Services, and Darrell Issa, Comm. on Oversight and Gov't Reform, et al. to Timothy Geitner, Dep't of the Treasury (June 20, 2011).
[5] *See* Consumer Financial Protection Bureau, Responses to Questions for the Record, *"Consumer Financial Protection Efforts: Answers Needed"* (transmitted Nov. 4, 2011) (response to Question 10).
[6] *Id.*
[7] Phone call with Consumer Financial Protection Bureau Staff (Jan. 31, 2012).
[8] *Id.*
[9] *See* Letter from Spencer Bachus, Comm. on Financial Services, and Darrell Issa, Comm. on Oversight and Gov't Reform, et al. to Timothy Geitner, Dep't of the Treasury (June 20, 2011).
[10] Phone call with Consumer Financial Protection Bureau Staff (Jan. 31, 2012).

It is unfortunate that we must raise this matter so soon after your controversial appointment in contravention of constitutional requirements for a recess appointment. However, the CFPB's obstinate refusal to produce these documents contravenes your commitment to transparency and accountability at the CFPB and your pledge that the Committee will "know exactly what [the CFPB is] doing."[11] As such, if the CFPB does not produce the withheld documents by February 24, 2012, the Committee will be compelled to consider the use of the compulsory process. Thank you for your attention to this matter.

Sincerely,



Darrell Issa
Chairman



Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

cc: The Honorable Elijah E. Cummings, Ranking Minority Member
Committee on Oversight and Government Reform

The Honorable Mike Quigley, Ranking Minority Member, Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

[11] *"How Will the CFPB Function Under Richard Cordray?": Hearing before the Subcomm. on TARP, Financial Services, and Bailouts of Public and Private Programs of the H. Comm. on Oversight and Gov't Reform*, 112th Cong. (2012) (question and answer with Rep. Guinta).

REPUBLICANS
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DEMOCRATS
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U.S. House of Representatives

COMMITTEE ON VETERANS' AFFAIRS

ONE HUNDRED TWELFTH CONGRESS
335 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
http://veterans.house.gov

February 15, 2011

Elizabeth Warren
Asst. to the Pres. and Special Advisor
to the Secretary of the Treasury
The Consumer Financial Protection Bureau
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Elizabeth:

In reference to our Full Committee hearing entitled "Allegations Regarding the Servicemembers Civil Relief Act," that took place on February 9, 2011, I would appreciate it if you could answer the enclosed hearing questions by the close of business on April 1, 2011.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for materials for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively and single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Debbie Smith at debbie.smith@mail.house.gov, and fax your responses to Debbie at 202-225-2034. If you have any questions, please call 202-225-9756.

Sincerely,

BOB FILNER
Ranking Democratic Member

JL:ds

Committee on Veterans' Affairs
U.S. House of Representatives
Post-Hearing Questions for Holly Petraeus
From the Honorable Bob Filner

Allegations Regarding the Servicemembers Civil Relief Act
February 9, 2011

1. What actions will the Consumer Financial Protection Bureau take when a servicemember makes a complaint about possible SCRA violations?

2. What are some of the initiatives the Consumer Financial Protection Bureau has in place to provide financial education to servicemembers?

3. When do you expect your agency to be fully functioning?

4. What relationship do you expect to have with the Justice Department regarding SCRA?

5. What role should the Department of Defense play in SCRA violations?

6. Do you believe that the SCRA violations should be strengthened?
    a. If yes, how?

7. Do you believe that J.P. Morgan Chase is the only bank with SCRA violations?

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 18, 2011

The Honorable Sherrod Brown
United States Senate
Washington, D.C. 20510

Dear Senator Brown:

Thank you for your letter of February 8th, expressing your concern about recent allegations of Servicemembers Civil Relief Act (SCRA) violations. I agree that ensuring the financial well-being of our military personnel and their families is of paramount importance, especially at a time when we are asking our military to undergo the stress of repeated combat deployments. And I appreciate your desire to take active steps to improve the situation by enhancing both lenders' compliance with SCRA requirements and military families' knowledge of the law – and even to amend the statute, if necessary.

On February 9th, I testified at a SCRA-related hearing in front of your colleagues on the House Committee on Veterans Affairs. Although the Consumer Financial Protection Bureau (CFPB) has not been given enforcement authority for the SCRA (that authority will remain with the Department of Justice and the prudential regulators), we can certainly still raise awareness about it, and draw attention to problems that we hear about. Improvements obviously need to be made by some loan servicers in educating their staffs about the SCRA and ensuring that they administer its protections properly. As I believe you are aware, on February 1st I sent a letter to that effect to the CEOs of the nation's 25 largest banks that service mortgage loans, asking that they review their practices to be sure that they are not denying their military customers their SCRA rights. As you observed, if they do deny those rights, then they are breaking the law and should be held to account.

I completely agree that education is a key component in improving the financial situation of our military families. If servicemembers are unaware of the laws that protect their finances, then they cannot take advantage of those protections. And, more generally, education can empower servicemembers and their families to make better-informed financial decisions. For this reason, education will be a central part of our mission here at the Office of Servicemember Affairs. As we continue the work to stand up the CFPB, we will conduct a series of events at various locations around the country where we can talk to the military community (including National Guard and Reserve) and hear their concerns. The financial education curriculum we work to develop needs to be relevant for them, and we need to identify the teachable moments when they might best receive the information. In the month since I began my job here, Professor Warren and I have already been to Joint Base San Antonio, where we heard from military service

providers (financial counselors, legal assistance lawyers, chaplains, and mental health professionals) and also from military personnel and their spouses. They gave us some very good feedback, telling us, among other things, that they thought financial training should definitely extend beyond basic training -- where it is not well absorbed given the exhaustion and preoccupation of the trainees -- and should be more of a continuing education experience throughout a career. They also felt the training should be mandatory, just as Equal Opportunity training is now.

We plan to work with the Department of Justice and the Department of Defense (DoD) to ensure that the DoD's curriculum conveys the scope and intent of the laws that affect the financial situation of military personnel and their families. We will also work closely with the Judge Advocate Generals (JAGs) and financial counselors, since they see the full range of military financial problems that can be exacerbated by geographical separation, deployment, and lenders' ignorance of the law. The real-world consequences of those financial problems can be tragic. Our military personnel deployed in harm's way need to be able to focus on their military mission, and not have to worry about a bad family situation or a lost security clearance because of financial problems at home.

Again, I appreciate your letting me know of your concern for our military families and your determination to see that they receive the legal protections they merit. For our part here at the Office of Servicemember Affairs, we will do our best to develop the most efficient and effective ways of delivering a quality financial education to them. We will also continue to raise public awareness about the unique concerns of the military community. I look forward to a continuing dialogue with you and would be glad to meet with you on the subject.

Sincerely,

Holly Petraeus

Holly Petraeus
Office of Servicemember Affairs
Consumer Financial Protection Bureau

SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

February 22, 2012

Mr. Richard Cordray
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Cordray:

Thank you for appearing before the Oversight and Investigations Subcommittee on February 15, 2012. We are writing to follow up on several requests that the Committee made during the hearing.

First, we are requesting that the Consumer Financial Protection Bureau ("CFPB") agree to provide Congress with information regarding the CFPB's budgetary plans for the balance of the 2012 fiscal year and for future fiscal years. In particular, we are asking that the CFPB commit to provide Congress, at Congress's request, copies of any financial operating plans and forecasts that the CFPB has prepared including, without limitation, documents in the nature of expenditure plans, operating plans, spending plans, and revised spending plans. As you stated in your testimony, now that the CFPB is an independent agency and no longer subject to the same rules that govern the Treasury Department's funding disclosures, the CFPB can release budgetary information to the Congress without the pre-approval of the Office of Management and Budget.

Second, while we commend the CFPB's efforts to draft better and more detailed budget justifications, we believe that the budget justification that was released with the President's Fiscal Year 2013 budget request is not as good as it could be. For example, the CFPB used just 500 words to justify adding more than 400 new employees to its workforce. *See* §2A ("Budget Increases and Decreases Description"). The CFPB also said that it would spend nearly $125,000,000—the second largest item in its $447,688,000 FY 2013 budget—on "Other Services," without explaining what it meant by "Other Services." *See* §2.2 ("Operating Levels Table"). We would like the CFPB to commit to providing a more detailed budget justification for the 2013 fiscal year within the next 60 days.

Third, the CFPB's budget justification lacks a meaningful performance plan. In particular, while the CFPB explained that it "is now in the process of developing a robust set of performance measures to track the Bureau's progress toward achieving its strategic goals in FY 2012 and beyond," its budget justification does not set any performance targets for the 2012 fiscal year. Instead, the CFPB said that it will use operations in the current fiscal year to measure its performance in future years. We ask that the CFPB commit to releasing its performance measures on or before July 21, 2012, which is the second anniversary of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), and the one-year anniversary of the date on which the CFPB began operating as an independent bureau within the Federal Reserve System.

Fourth, the Committee would like the CFPB to make its transfer requests available to Congress, 48 hours before the CFPB officially requests a transfer of funds from the Federal Reserve Board of Governors. This will help assure the public that the CFPB is fulfilling its statutory mandate to protect consumers while avoiding unnecessary and wasteful expenditures.

Fifth, we would like a detailed construction and rehabilitation budget for your offices located at 1700 G Street NW, in Washington, DC. An estimated $55 million has been set aside for the CFPB's "land and structures," and we feel obliged to the American people to ensure that the CFPB's funds are spent in the most efficient manner possible.

Finally, we would like additional information on how the CFPB determines the need to hire new employees. We understand that, as of the date of the February 15, 2012 hearing, the CFPB had 778 employees, which represents the addition of 546 employees over and above the 232 employees that transferred to the CFPB from the Federal Deposit Insurance Corporation, the Federal Reserve, the Department of Housing and Urban Development, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. You testified that there is a "detailed process" that the CFPB uses to determine its employment needs, which requires the CFPB's departments to scrutinize their needs and to consult with the CFPB's chief financial officer. We are requesting that you provide us with copies of any analysis that supported the CFPB's staffing projections for the 2011 and 2012 fiscal years. We would also like to know how many employees the CFPB believes it will ultimately need to have on staff.

In your testimony, you stated that you would work with CFPB and Committee staff to accommodate these requests and bring additional clarity and transparency to the CFPB's operations. We thank you for that commitment and look forward to your response.

Sincerely,

RANDY NEUGEBAUER
Chairman
Subcommittee on Oversight
and Investigations

MICHAEL FITZPATRICK
Vice-Chairman
Subcommittee on Oversight
and Investigations

JAMES RENACCI
Member of Congress

Cc:

Hon. Spencer Bachus
Hon. Barney Frank
Hon. Michael Capuano

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 24, 2012

The Honorable Darrell Issa
2157 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
224 Cannon House Office Building
Washington, DC 20515

Dear Chairmen Issa and McHenry:

I am writing in response to your recent letter to Director Richard Cordray seeking certain documents and records related to the Consumer Financial Protection Bureau (the "Bureau") and its participation in the government's inter-agency efforts to address deficiencies in mortgage servicing practices.

The Bureau remains committed to providing Congress with the information it needs to conduct meaningful oversight, without jeopardizing law enforcement interests. Accordingly, in response to the Committee's request, the Bureau has provided to the Committee over 900 pages of responsive communications between the Bureau and state attorneys general, mortgage servicers, and other federal agencies.

As the Bureau advised the Committee at the time of these productions, we consulted with the Department of Justice (the "Department"), which has been coordinating the inter-agency effort, as well as other relevant agencies regarding documents that involve their equities. Pursuant to established third-agency practice, the Bureau withheld certain sensitive documents that the Department advised us, if disclosed, might adversely affect ongoing law enforcement actions with respect to mortgage servicing practices.

Following the February 9, 2012, announcement that the federal government and 49 state attorneys have reached a settlement agreement with the nation's five largest mortgage servicers, and our receipt of your letter dated February 14, 2012, the Bureau conferred with the Department and other agencies regarding the Committee's continuing interest in the withheld documents. In order to address the Committee's stated oversight interest in assessing the Bureau's role in this matter, the Bureau has identified over 180 documents that we are prepared to provide for *in camera* review by Committee staff. These documents consist of inter-agency communications that reflect the Bureau's role in the inter-agency effort to address problematic mortgage servicing practices.

The Department of Justice and other agencies continue to conduct law enforcement activity regarding mortgage servicing deficiencies, and therefore significant ongoing law enforcement interests would be implicated by the disclosure of certain information within these materials. As a result, after consultation with the Department, limited redactions have been applied to the

documents to be reviewed *in camera* to exclude the law enforcement deliberations and negotiation positions of agencies other than the Bureau. Additionally, the *in camera* review will not include draft settlement term sheets or summaries or excerpts of such term sheets. These draft term sheets originated with the Department of Justice or other agencies – not the Bureau – and as such include the negotiation positions of other agencies and do not convey anything specific about the Bureau's participation in the negotiations. In sum, the withheld documents are comprised primarily of approximately 50 draft term sheets, outlines of potential remedies, and summaries, excerpts or comparisons of draft term sheets. The remaining withheld documents consist of emails or email attachments which concern other agencies' deliberations, including their analyses of legal issues and recommendations concerning potential remedies and settlement terms, and discussions of negotiation positions, tactics and strategies.

The foregoing redactions and withheld documents do not relate to the Bureau's role in this matter; rather, they concern the sensitive deliberations of other agencies, many of whom are continuing their law enforcement activities relating to deficient mortgage servicing practices. The Department has advised the Bureau that disclosure of these records would adversely affect the government's ability to effectively conduct ongoing and contemplated enforcement and litigation activities, including discussions with mortgage servicers other than those involved in the recent settlement announcement. These documents were prepared in anticipation of litigation to provide Department attorneys and other agencies' attorneys with advice and recommendations regarding issues pertinent to ongoing law enforcement activity. The Department has informed us that disclosure of these core deliberative and attorney work-product materials would compromise ongoing law enforcement actions.

Although we are not providing at this time the materials described above relating to other agencies' law enforcement deliberations, the Bureau is prepared to provide for *in camera* review by Committee staff the communications authored by the Bureau described above, which will enable the Committee to assess the Bureau's role in the mortgage servicing settlement discussions. Please contact me at (202) 435-7960 to make the arrangements for *in camera* review or if you have questions.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

cc: The Honorable Elijah E. Cummings
The Honorable Mike Quigley

Consumer Financial
Protection Bureau

1801 L Street NW, Washington, DC 20036

February 24, 2012

The Honorable Dennis Kucinich
2445 Rayburn House Office Building
Washington, DC 20515

Dear Representative Kucinich:

Thank you for your letter in support of the Consumer Financial Protection Bureau's (CFPB or Bureau) recent proposal for comment on the disclosure of the Bureau's credit card complaint data. We appreciate your support of this initiative and will bear your comments in mind as we continue to work on the database. The CFPB plans to publicly address the feedback received from the proposal in the near future.

Again, thank you for your comments and please don't hesitate to contact me at 202-435-7960 or Lisa.Konwinski@cfpb.gov if I can be of assistance to you or your constituents.

Sincerely,

Lisa M Konwinski

Lisa M. Konwinski
Assistant Director
Office of Legislative Affairs

SHERROD BROWN
OHIO

COMMITTEES:
AGRICULTURE, NUTRITION, AND FORESTRY
BANKING, HOUSING, AND URBAN AFFAIRS
HEALTH, EDUCATION, LABOR, AND PENSIONS
VETERANS' AFFAIRS
SELECT COMMITTEE ON ETHICS

United States Senate

WASHINGTON, DC 20510

February 8, 2011

Holly Petraeus
Director
Office of Servicemember Affairs
Consumer Financial Protection Bureau
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Director Petraeus,

In the last two years, the rate of foreclosure filings near military bases rose 32 percent. More than 20,000 veterans, active-duty troops and reservists lost their homes last year — the highest number since 2003. And there have been recent violations of the Servicemembers Civil Relief Act (SCRA) by large financial institutions, resulting in military personnel and their families paying significantly more interest than allowed by the SCRA, and in some cases losing their homes to unlawful foreclosures. These violations require your immediate attention. I ask that the newly established Office of Service member Affairs within the Consumer Financial Protection Bureau focus on ensuring our nation's military families are well informed of their protections under the SCRA, and that financial institutions share in this responsibility – and be held accountable if they fail to do so.

I commend the steps you have already taken to encourage banks to adhere to the SCRA, but these cases demonstrate the need for additional reforms. During tough economic times, we need to work together to close any loopholes that could cause a member of our military or their family to be evicted from their home.

This is not the first time that significant violations of the SCRA by large financial institutions have made national news. The sad reality is that violations highlighted by national newspapers years ago are being repeated again and again. It appears that the banks cannot be trusted to police themselves on this issue, even though the details of the SCRA are significantly less complicated and convoluted than those found in a typical credit card disclosure statement. For banks to claim that the law is too difficult to understand or heed simply does not hold water.

As you know, the SCRA aims to strengthen our national defense by protecting servicemembers and their families in a number of ways. It allows for the temporary suspension of judicial and administrative proceedings during military service. Other key provisions include limiting the interest rate on debts incurred prior to a person's entry onto active duty, and protecting military personnel and their families from eviction without a court order. It also allows for early

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termination of residential and vehicle leases when servicemembers receive certain military orders requiring them to move or deploy overseas.

Unfortunately, the onus of SCRA compliance and enforcement often rests initially with those who are most heavily burdened with the defense of our nation – servicemembers and their families. This is a serious problem because many have no knowledge of the SCRA, or do not fully understand the protections it affords them. For those with questions, competent legal counsel well-versed in the SCRA is often not readily available. Those stationed close to large installations can seek assistance from local military attorneys – Judge Advocate Generals (JAGs) - but the families of many reserve and National Guard personnel who need SCRA protection live far from a military post or base.

This points to the need for financial institutions to share more responsibility for compliance with the SCRA, and for alerting military consumers to SCRA protections by means of notices contained in billing statements or foreclosure documentation. These institutions are in a position to incorporate safeguards into their loan programs that would preclude the assessment of interest rates in excess of the SCRA ceiling and foreclosures and evictions in violation of the SCRA. They are certainly in a better position to ensure compliance than military personnel serving in a combat zone, or their families.

With responsibility should come accountability. Failure by financial institutions to comply with the SCRA should result in penalties or fines that can be imposed without forcing servicemembers to resort to the courts – an often nightmarish option that consumes more money and time than they can afford. Recent cases of banks illegally foreclosing on the homes of deployed servicemembers and over-charging interest on their debts highlights the need for a serious reassessment of how best to ensure that military consumers are clearly aware of their SCRA protections, and how best to ensure that the law is fairly and promptly enforced.

I welcome your thoughts on steps that can be taken by Congress and Executive Agencies to improve upon the protections provided by the SCRA and to enhance compliance with and enforcement of its provisions. I look forward to your response and congratulate you on your appointment to the Consumer Financial Protection Bureau.

Sincerely,

Sherrod Brown
United States Senator

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 1, 2011

The Honorable Shelley Moore Capito
U.S. House of Representatives
Washington, DC 20515

The Honorable Carolyn B. Maloney
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Capito and Ranking Member Maloney:

Tomorrow, the House Subcommittee on Financial Institutions and Consumer Credit will hold a hearing on "The Effect of Dodd-Frank on Small Financial Institutions and Small Businesses." I thought it might be helpful to provide you with an update on our work standing up the Consumer Financial Protection Bureau (CFPB) established under the Dodd-Frank Act and how we have proceeded with small businesses foremost in mind.

In particular, I would like to highlight three points. First, the CFPB has made engagement with small businesses one of its top priorities. Second, the CFPB will promote transparency in the credit markets, which will help level the playing field between large and small financial institutions – an outcome that will also benefit consumers. Third, the CFPB will continue to assess how our actions will affect small businesses moving forward.

I have reached out to small businesses since my very first day with the CFPB implementation team, when I met with community bankers from my home state of Oklahoma. Since then, I have met or spoken with community bankers from nearly 40 states. We have also actively reached out to credit unions, and just this morning I spoke to the Credit Union National Association.

We have worked hard to build outreach to small providers into this new agency's DNA. Whether in Washington or outside the Beltway, we aim to maintain an ongoing conversation with these companies to ensure that they are included from the beginning in all initiatives. One of our early senior hiring announcements was for an Assistant Director for Community Banks and Credit Unions, and we've taken every opportunity to let small companies know that this office is open to them.

Our interactions with small financial services providers have had real impact on the work we are doing. We've heard about duplicative and complicated paperwork and how often these small companies need to take employees away from serving customers in order to fill out more forms. We've heard about the high cost of regulatory compliance. We've heard about how hard it can be to determine what is required by unclear or duplicative regulations. We've heard a lot of frustration and deep concern over the future of small financial services providers.

Small businesses tend to build their businesses on long-term customer relationships. They worry about dissatisfied customers and reputational damage. But the small service providers with whom I have spoken must compete with lenders who have sometimes been less reluctant to use unscrupulous practices. When small businesses that make the true cost of their loans clear up front have to compete with lenders that use pricing tricks, the small businesses' offerings seem more expensive, and customers gravitate toward the less transparent credit products. This makes it almost impossible for good competitors to beat out bad ones, which is a serious problem in any market. Competition should revolve around who makes the best products at the best price, rather than who can conceal costs from consumers most effectively.

The CFPB is seeking to repair the market by introducing transparency across the board, which will enable consumers to comparison-shop and will permit small businesses to win customers through their better products. We believe in markets, but we know that markets work only when people can see the prices and risks up front and make apples-to-apples comparisons among products. We want consumers to have the information they need – upfront, not buried in the fine print – to make the choices that are best for them about mortgages, credit cards, and other financial products and services. This is a market that will allow small businesses to compete.

Small financial institutions are vitally important to this country's economy. They are a critical growth engine for our larger economy and an essential source of financial services for many consumers. This country needs a robust, diversified consumer financial services industry.

We are also in the process of making certain that small business concerns are factored into our processes moving forward. In particular, as required by the Dodd-Frank Act, we are laying the groundwork to ensure that Small Business Regulatory Enforcement Fairness Act (SBREFA) panels are an important component of the CFPB's broader ongoing efforts to assess the effectiveness and impact of its regulatory proposals.

In January, I traveled to Maine at the invitation of Senator Olympia Snowe to meet with groups of community bankers and small businesses and also to discuss our implementation of SBREFA panels. As you know, Senator Snowe co-authored the amendment to the Dodd-Frank Act that provides for these panels, and I have benefitted greatly from her past and continued guidance in this process.

I look forward to speaking with you in the weeks and months ahead so that I can learn from your experiences and incorporate your advice in the work of the CFPB.

Sincerely,

Elizabeth Warren

Congress of the United States
Washington, DC 20515

March 4, 2011

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W., Room 2046
Washington, DC 20551

Dr. Elizabeth Warren
Special Advisor
Consumer Financial Protection Bureau
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W., Room 3330
Washington, DC 20220

Dear Chairman Bernanke and Dr. Warren:

We are writing to request your assistance in easing government regulations that burden America's financial services industry without providing any real consumer protection. As the chairs the of the Congressional Blue Dog Coalition's Taskforce on Oversight and Regulatory Review, we are concerned that existing regulations hinder the industry's ability to meet the needs of America's consumers.

The Real Estate Settlement Practices Act (RESPA) and Truth In Lending Act (TILA) continue to expand and overlap, leaving banks with the near impossible job of determining how to remain in compliance. This process makes closing loans more difficult and less understandable for the consumer, not more transparent or safe. For example, two years ago, banks had to begin using new disclosure forms which required vertical lines to delineate columns where lines had not been before. Bank IT departments and vendors could not create the lines fast enough, and, instead, they used vertical lines of asterisks to clarify column breaks. Regulators charged banks with being in violation. This seemingly simple matter continues to cause problems for banks, yet does not improve consumer protections.

In addition to the various complications resulting from RESPA and TILA, the Home Mortgage Disclosure Act (HMDA) imposes tedious reporting requirements. Since the banks in my home district are small and serve rural populations, many of them still input that data manually. The spreadsheet used for reporting HMDA data is such that a single character input error, such as an

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extra space, can misalign all of the information for the rest of the report, leaving banks vulnerable for penalties for non-compliance.

The Community Reinvestment Act (CRA) was designed to ensure that banks serve low- and moderate-income communities, but in my district, the determination of satisfactory CRA activities is very subjective. Banks can receive "credit" in the areas of lending, investment, and community development; but they cannot rely more heavily on one area over another. In addition to the activities a bank undertakes, examiners may also evaluate a bank on activities that are not in the service community. For example, in Kentucky, the arbitrary CRA lines of one bank included small sections of low-income communities separated from the bank by a mountain. Although the CRA lines put this community in the bank's service area, the mountain made the bank geographically inconvenient for potential customers. The penalties for failure to provide satisfactory CRA efforts can handcuff a bank from mergers, expansion, and properly meeting the needs of consumers.

As federal regulators begin to enact the multitude of regulations included in the Wall Street Reform and Consumer Protection Act, giving proper consideration to existing rules is crucial to a healthy financial services industry; and re-examining burdensome regulations is an essential part of ensuring true consumer protections. Therefore, we request a meeting with both of you to discuss the possibility of streamlining RESPA, TILA, and HMDA regulations to better meet the needs of both America's consumers and the financial services industry.

Thank you for your consideration of our request. We look forward to meeting with you in the near future.

Sincerely,

Ben Chandler
Member of Congress

Tim Holden
Member of Congress

Congress of the United States
Washington, DC 20515

March 4, 2011

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W., Room 2046
Washington, DC 20551

Dr. Elizabeth Warren
Special Advisor
Consumer Financial Protection Bureau
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W., Room 3330
Washington, DC 20220

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Thank you for your consideration of our request. We look forward to meeting with you in the near future.

Sincerely,

Ben Chandler
Member of Congress

Tim Holden
Member of Congress

DANIEL K. INOUYE, HAWAII, CHAIRMAN
THAD COCHRAN, MISSISSIPPI, VICE CHAIRMAN

PATRICK J. LEAHY, VERMONT
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RON JOHNSON, WISCONSIN

CHARLES J. HOUY, STAFF DIRECTOR
BRUCE EVANS, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510–6025
http://appropriations.senate.gov

March 14, 2011

Professor Elizabeth Warren
Special Advisor to the Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Dear Professor Warren:

I am writing to invite you to testify before the Senate Appropriations Subcommittee on Financial Services and General Government on progress made in establishing the Bureau of Consumer Financial Protection. This hearing will be conducted in two panels with testimony from Treasury Secretary Timothy Geithner featured on the first panel followed by your testimony on the second panel.

The hearing is scheduled for Tuesday, April 5, 2011, at 10:00 a.m. in Room SD-138 of the Dirksen Senate Office Building. Please submit your testimony electronically, no later than 12:00 noon, on Friday, April 1, 2011, to melissa_petersen@appro.senate.gov. All statements and accompanying materials that you wish to have printed in the hearing record should be typed single-spaced on one side of the paper and in Word format. Please bring 25 copies of your testimony to the hearing.

The Subcommittee would like to devote as much time as possible to discuss your views. We ask that your oral testimony be limited to no more than five minutes to allow ample time for dialogue. Your written testimony may contain additional details and will be included in the hearing record in its entirety.

If you have any questions regarding the hearing, please contact Melissa Petersen at (202) 224-9722. We look forward to your participation in this hearing.

Sincerely,

Dick Durbin

Richard J. Durbin
Chairman
Subcommittee on Financial Services and
General Government

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 18, 2011

The Honorable Patty Murray
United States Senate
Washington, D.C. 20510

Dear Senator Murray:

Thank you for your letter of February 8th, expressing your concern about recent allegations of Servicemembers Civil Relief Act (SCRA) violations. I agree that ensuring the financial well-being of our military personnel and their families is of paramount importance, especially at a time when we are asking our military to undergo the stress of repeated combat deployments. And I appreciate your desire to take active steps to improve the situation.

On February 9th, I testified at a SCRA-related hearing in front of your colleagues on the House Committee on Veterans Affairs. Although the Consumer Financial Protection Bureau (CFPB) has not been given enforcement authority for the SCRA (that authority will remain with the Department of Justice and the prudential regulators), we can certainly still raise awareness about it, and draw attention to any problems that we hear about. Improvements obviously need to be made by loan servicers in educating their staffs about the SCRA and ensuring that they administer its protections properly. As you noted, I sent a letter to that effect to the CEOs of the nation's 25 largest banks on February 1st, asking that they review their practices to be sure that they are not denying their military customers their SCRA rights. Servicemembers should not have to struggle to obtain the protections that they are entitled to under the law – and those who deny them those protections should be called to account.

I hope you will also agree that education is a key component in helping to improve the financial situation of our military families. If servicemembers are unaware of the laws that protect their finances, then they cannot take advantage of those protections. And, more generally, education can empower servicemembers and their families to make better informed financial decisions. For this reason, education will be a central part of our mission here at the Office of Servicemember Affairs. As we continue the work to stand up the CFPB, we will conduct a series of events at various locations around the country where we can talk to the military community (including National Guard and Reserve) and hear their concerns. The financial education curriculum we work to develop needs to be relevant for them, and we need to identify the teachable moments when they might best receive the information. In the month since I began my job here, Professor Warren and I have already been to Joint Base San Antonio, where we heard from military service providers (financial counselors, legal assistance lawyers, chaplains,

and mental health professionals) and also from military personnel and their spouses. They gave us some very good feedback, telling us, among other things, that they thought financial training should extend beyond basic training --where it is not well absorbed given the exhaustion and preoccupation of the trainees -- and should be more of a continuing education experience throughout a career. They also felt the training should be mandatory, just as Equal Opportunity training is now.

We plan to encourage the Department of Justice to issue clear guidelines to lenders on SCRA requirements, and work with the Department of Defense (DoD) to ensure that the DoD's curriculum conveys the scope and intent of the laws that affect the financial situation of military personnel and their families. We will also work closely with the Judge Advocate Generals (JAGs) and financial counselors, since they see the full range of military financial problems that can be exacerbated by geographical separation, deployment, and lenders' ignorance of the law. The real-world consequences of those financial problems can be tragic. Our military personnel deployed in harm's way need to be able to focus on their military mission, and not have to worry about a bad family situation or a lost security clearance because of financial problems at home.

Again, I appreciate your letting me know of your concern for our military families and your determination to see that they receive the legal protections they merit. Although the CFPB is not authorized to supervise financial institutions' compliance with the SCRA, we will do our best to see that they are reminded of their obligations and that servicemembers and their families are educated about their rights. We will also continue to raise public awareness about the unique concerns of the military community. I look forward to a continuing dialogue with you on the subject.

Sincerely,

Holly Petraeus

Holly Petraeus
Office of Servicemember Affairs
Consumer Financial Protection Bureau

Thanks for yesterday's meeting. Your support and insights are appreciated!

cfpb Consumer Financial Protection Bureau

Dec. 2011

Dear Sen. Brown,

Many, many thanks for your warm (virtual!) welcome to Cleveland, and for helping to make our event such a success. And, more broadly, thank you for your bold leadership on behalf of American consumers. I am lucky, and the Bureau is lucky, to have supporters like you.

Happy New Year,

Raj Date

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 3, 2012

Dear Chairman Johnson,

Thank you for your recent letter concerning the importance of taking a smart approach to financial services regulation. The Consumer Financial Protection Bureau wholeheartedly agrees that financial services regulation should take careful account of benefits and costs, involve consideration of a wide range of factors for each rule, and promote public participation. These ingredients help to ensure the overall goal of developing federal regulations that provide robust safeguards for consumers and clear guidance for financial services providers without imposing undue burdens.

The Dodd-Frank Act specifically embeds these objectives into the mission of the Bureau, and we are committed to their execution. As an evidence-based agency, the Bureau will develop and issue regulations where there is a strong justification for doing so, work with stakeholders—including industry—to implement them, and monitor them to ensure their effectiveness over time.

The Dodd-Frank Act and several other statutes give the Bureau specific guidance on these processes. For instance, statutory requirements direct us to analyze certain benefits, costs, and impacts in the course of our rulemakings, take comments from the public, consult with small businesses on certain rules and with appropriate federal agencies at certain stages of the rulemaking process, and conduct a thorough assessment of the effectiveness of significant regulations within five years of their issuance.

The Bureau is working diligently to conduct careful evidence-based analysis and solicit widespread public participation in our rulemaking processes. We are incorporating those disciplines into our current rulemaking initiatives—which focus both on reforming the mortgage markets and implementing other statutory requirements mandated by the Dodd-Frank Act. We will also refine these rulemaking procedures over time.

Notably, we are also working to streamline and simplify regulations that we have inherited from other federal agencies. We believe our efforts will enhance consumer protections and facilitate compliance and fair competition among financial services providers.

As you requested, we have provided details on our processes and current and planned initiatives in the attachment. Please let us know if additional information would be helpful.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
on the Consumer Financial Protection Bureau

1. **Provide a detailed description of your agency's rulemaking process, including the variety of economic impact factors considered in your rulemaking. Please note to what degree you consider the benefits from your rulemaking, including providing certainty to the marketplace and preventing catastrophic costs from a financial crisis. Also describe any difficulties you may have in quantifying benefits and costs, as well as any challenges you may face in collecting the data necessary to conduct economic analysis of your rulemaking.**

Like most Federal agencies, the CFPB is subject to the rulemaking requirements of the Administrative Procedure Act[1] ("APA"). Under the APA, the CFPB is required, subject to certain exceptions, to publish proposed and final rules in the Federal Register and give interested persons the opportunity to participate in the rulemaking process by submitting written comments. The APA also requires the CFPB respond to any significant issues raised during the public comment process.

In addition, Section 1022(b) of the Dodd-Frank Act requires the CFPB, when prescribing certain rules under the Federal consumer financial laws, to consider: (1) the potential benefits and costs to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services resulting from such rule; (2) the impact of proposed rules on insured depository institutions or credit unions with total assets of $10 billion or less, as described in section 1026; (3) the impact on consumers in rural areas. The Regulatory Flexibility Act also separately requires the Bureau to consider potential economic impacts on small entities, including small financial services providers.

Under Section 1022 and the Regulatory Flexibility Act, the CFPB strives to identify the significant sources of benefits, costs and impacts of a potential regulation to consumers and regulated entities. The types of benefits, costs, and impacts that are significant will depend on the type of regulation. We will gather the best, most reliable information available about these factors consistent with statutory deadlines, practical constraints, the Paperwork Reduction Act, and due consideration of the benefits and costs of potential new data collections. We assess benefits, costs, and impacts quantitatively where we can gather quantitative information consistent with these constraints. In other cases we provide careful qualitative assessments and explain why quantitative data are unavailable.

2. **Provide your agency's current and future plans to regularly review and, when appropriate, modify regulations to improve their effectiveness while reducing compliance burdens. Please include a description of actions your agency has taken, or plans to take to streamline regulations; for example, the Consumer Financial Protection Bureau's "Know Before You Owe" efforts drastically simplifies mortgage and student loan disclosure requirements. Also note statutory impediments, if any, that prevent your agency from streamlining any duplicative or inefficient rules under your purview.**

We are building the CFPB to be smart, effective, and balanced. We have hired PhD economists, financial analysts, industry experts, regulatory lawyers, and examiners to help develop our expertise in consumer financial markets. We are constantly reaching out to industry and consumers to learn more. Our actions will be deliberate and evidence-based, and where possible, we will work to improve the effectiveness of our regulations while reducing unwarranted compliance burdens.

In addition, Section 1022 of the Dodd-Frank Act specifically requires the Bureau to assess the effectiveness of significant regulations within five years of their issuance. The Bureau must publish a report on the

[1] 5 U.S.C. §§ 551-559.

assessment, which must address, among other relevant factors, the effectiveness of the rule in meeting the purposes and objectives of the Act and the specific goals stated by the Bureau. In addition, the Regulatory Flexibility Act requires the Bureau to review regulations that have a significant economic impact on a substantial number of small entities every ten years.

We have taken our first step toward retrospective review through a number of targeted initiatives to streamline and improve the effectiveness of existing regulations. We just inherited over a dozen regulations from other federal agencies, many of which have been on the books for years. Changes in technology, market practices, and the legal landscape may have caused some of these rules to become obsolete, unnecessary, redundant, or counterproductive. Earlier this month, the Bureau initiated a targeted review of these rules in search of ways to update and streamline them.[2] The Bureau has invited public input to propose specific rules as priority candidates for streamlining. We are also inviting suggestions to make it easier for providers to comply with existing rules.

As you mentioned in your letter, another effort is our *Know Before You Owe* (*KBYO*) initiative to integrate federal mortgage loan disclosures that are required under the Truth in Lending Act and Real Estate Settlement Procedures Act. This project, which was mandated by the Dodd-Frank Act, provides an opportunity to both improve the usefulness of information provided to consumers and reduce the paperwork burden on industry from having to complete multiple overlapping forms. As discussed further below, we have also used this project as an opportunity to experiment with new forms of public outreach to ensure broad-based public participation and input.

We have recently launched other *Know Before You Owe* initiatives on student loans (in partnership with the Department of Education) and credit card agreements to evaluate ways of providing to consumers and industry critical information on prices, risks, and credit terms in formats that are easy to understand and use. We plan to pilot a prototype credit card agreement with one or more issuers, including Pentagon Federal Credit Union, one of the largest credit unions in the country, to get on-the-ground feedback.

3. **Provide details of how your agency encourages public participation in the rulemaking process, including through administrative procedures, public accessibility, and informal supervisory policies and procedures.**

The CFPB uses the same APA rulemaking processes that apply to most other federal agencies to ensure that the public has an opportunity to comment on all proposed rules. We have also gone beyond the APA's requirements to solicit public input in anticipation of potential rulemakings such as a rule to define "larger participants."

Moreover, the CFPB is one of only three agencies subject to the small business advocacy panel requirements of the Small Business Regulatory Enforcement Fairness Act of 1996 ("SBREFA"). Under SBREFA, the CFPB is required to convene a panel—consisting of personnel of the Bureau, the Office of Management and Budget, and the Chief Counsel for Advocacy of the Small Business Administration—prior to issuing certain proposed rules. The panel then gathers input from small entity representatives selected in consultation with the SBA on the potential impacts and alternatives to the anticipated regulation. The CFPB then drafts a report on behalf of the panel summarizing the comments of the small entity representatives and the panel's findings.

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[2] 76 Fed. Reg. 7582 (Dec. 5, 2011).

In addition, the Bureau uses its website to facilitate public participation. For example, as part of the *Know Before You Owe* mortgage initiative the Bureau posted prototype forms on its website when it began testing the forms with consumers and industry members, rather than waiting until issuance of a formal rulemaking proposal. Over the last six months, we have received approximately 25,000 comments through several revisions of the prototypes.

We are constantly looking for ways to improve input. For example, at the end of the 90-day comment period on our streamlining initiative, commenters will have an additional 30 days to respond to other commenters.

Finally, we are engaging in extensive outreach to stakeholders through roundtables, speeches, and other direct contact. For example, we have met with community bankers in all 50 states and with credit unions across the country. As described in more detail above, the Bureau is also preparing to consult specifically with small businesses on certain rulemakings as required by the Small Business Regulatory Enforcement Fairness Act.

4. **Provide details of how your agency addresses the unique challenges facing smaller institutions when dealing with regulatory compliance, including any related advisory committees your agency may have or other opportunities for small institutions to be heard by your agency. Please also detail how your agency responds to concerns raised by small institutions.**

Small financial institutions may be burdened disproportionately by compliance requirements, as compared to larger institutions. We are working to reduce existing regulatory burdens where feasible and to avoid imposing unwarranted new regulatory burdens. For example, we have met extensively with small community banks and credit unions, and have established an office of Small Business, Community Banks, and Credit Unions at the Bureau. Small financial institutions have also had to compete on a playing field that has tilted too often toward less closely regulated nonbank competitors. Having a director in place is critical to the Bureau's efforts to level that playing field.

First, we have a large variety of tools besides regulations to fulfill our mandates—including supervision, guidance, enforcement, consumer education, research, and reporting. We believe that there will likely be cases where one or more of these tools would better address a problem, with fewer burdens, than would a new regulation.

Second, section 1022 of the Dodd-Frank Act requires the Bureau to consider the potential benefits and costs of proposed rules to consumers and covered persons, including small lenders. The statute specifically requires the Bureau to consider impacts on banks and credit unions with assets of $10 billion or less, as described in section 1026, in addition to impacts on rural consumers and on access to consumer financial products and services.

Third, under the Regulatory Flexibility Act (RFA), we must assess the potential economic impacts of proposed rules on small businesses, non-profits, and local governments. Unless the Bureau can certify that it does not expect a proposed rule to have a significant economic impact on a substantial number of these small entities, the Bureau must convene a panel to consult with affected businesses. The Bureau is preparing to convene a panel to consult with small financial services providers regarding the *Know Before You Owe* mortgage project this spring.

The Bureau must also provide an impact analysis when proposing the rule. A second impact analysis is then required when finalizing the rule. The analyses must consider the effectiveness and compliance burdens of a proposal versus other alternatives and any potential impacts on the cost of credit for small businesses.

Finally, through the Bureau's streamlining initiative, the Bureau is seeking comment on potentially expanding exemptions for disclosure and reporting rules for entities that make very small numbers of loans.

5. **Describe how regulatory interagency coordination has improved since the creation of the Financial Stability Oversight Council established by the Wall Street Reform Act. Provide specifics of how coordination has helped, either formally or informally, in your rulemaking process.**

Title I of the Dodd-Frank Act created the Financial Stability Oversight Council (FSOC) to, among other things, identify potential threats to the financial stability of the United States and to make recommendations to primary functionary regulatory agencies to apply certain supervisory standards. Title I imposes a broad responsibility on the FSOC to facilitate interagency coordination by facilitating information sharing and coordination among its member agencies and other federal and state agencies on the development of financial services policy, rulemaking, examinations, reporting requirements, and enforcement actions. The Director of the Bureau will have a seat on the FSOC.

The Bureau began consulting with appropriate agencies in connection with various rules that it issued in July 2011, and has continued to consult with regard to other rulemaking projects. Section 1022 of the Dodd-Frank Act requires the Bureau to consult with federal banking regulators and other appropriate agencies regarding the consistency of proposed rules with the prudential, market, or systematic objectives administered by such agencies. We have found these consultations helpful as we consider the impacts of potential rules on different types of financial services providers.

MARK S. CRITZ
12TH DISTRICT, PENNSYLVANIA

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January 4, 2012

Mr. Richard Corday
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Ave NW
ATTN: 1801 L St
Washington, DC 20220-0001

Dear Mr. Corday:

I wrote to Raj Date in October on behalf of Christopher M. Glenn, Esq. who applied for the position of General Advisor (General) with the CFPB under Job Number 11-CFPB-494PA. His address is (b) (6) [redacted].

I am writing once again to reiterate my support of this 2009 graduate of the Temple University Beasley School of Law. As I mentioned in my letter to Mr. Date, Christopher is currently an Intellectual Property Attorney with the Linguistic Data Consortium at the University of Pennsylvania where he advises senior management and staff in intellectual property matters and privacy issues; conducts trademark and copyright counseling; and, drafts, negotiates and document license agreements with corporate and private parties.

I am certain that if you personally review Christopher's resume, you will agree that he will be a great asset to the CFPB. I urge you to give the application your every consideration.

Sincerely,

MARK S. CRITZ
MEMBER OF CONGRESS

MSC:jm
Enclosure

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January 4, 2012

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Cordray:

The Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs has been conducting its oversight responsibility of the Consumer Financial Protection Bureau (CFPB).[1] President Obama's appointment of you as director of the agency[2] – in apparent contravention of constitutional requirements for a recess appointment – now gives you the enormous authority to invalidate any consumer financial product in the United States.[3] In addition, your unprecedented recess appointment provides the CFPB with new powers to broadly regulate consumer financial products and services with minimal oversight.[4] As you begin your tenure as the director of the CFPB, the Subcommittee is deeply interested in how you will implement and enforce the unparalleled powers of your new office.

The Subcommittee will examine these issues at a hearing on Tuesday, January 24, 2012, at 1:30 p.m. in 2154 Rayburn House Office Building. The Subcommittee hereby respectfully requests your testimony at this hearing.

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[1] *See "Who's Watching the Watchmen? Oversight of the Consumer Financial Protection Bureau": Hearing before the Subcomm. of TARP, Financial Services, and Bailouts of Public and Private Programs of the H. Comm. on Oversight and Gov't Reform*, 112th Cong. (2011); *"Consumer Financial Protection Efforts: Answers Needed": Hearing before the H. Comm. on Oversight and Gov't Reform*, 112th Cong. (2011).

[2] Joseph Williams, *Richard Corday Appointed to Lead Consumer Financial Protection Bureau*, Politico, Jan. 4, 2012.

[3] Pub. L. 111-203, § 1031, 124 Stat. 1376, 2005 (2010).

[4] *Id.* at § 1011, 124 Stat. at 1964.

Instructions for witnesses appearing before the Subcommittee are contained in the enclosed Witness Information Sheet. In particular, please note the procedures for submitting written testimony at least two business days prior to the hearing. We ask that you please contact the Subcommittee by Friday, January 6, 2012, to confirm your attendance. If you have any questions, please contact David Brewer of the Committee staff at (202) 225-5074.

Sincerely,

Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs

Enclosure

cc: The Honorable Mike Quigley, Ranking Minority Member
Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

Witness Instruction Sheet
Governmental Witnesses

1. Witnesses should provide 50 copies of their written testimony to Sharon Casey, Senior Assistant Clerk, 2157 Rayburn House Office Building, no later than 10:00 a.m. two business days prior to the hearing. Witnesses should also provide their statement by this date via e-mail to Sharon.Casey@mail.house.gov.

2. Please do not send copies by U.S. Mail, UPS, Federal Express, or other shippers. Such packages are processed through an offsite security facility and will arrive 7-10 days late.

3. Witnesses should also provide a short biographical summary and include it with their written statement. The biographical summary should be attached to all 50 copies of the testimony and included with the electronic copy of the testimony provided to the Clerk.

4. At the hearing, each witness will be asked to summarize his or her written testimony in five minutes or less in order to maximize the time available for discussion and questions. Written testimony will be entered into the hearing record and may extend to any reasonable length.

5. Written testimony will be made publicly available and will be posted on the Committee's website.

6. The Committee does not provide financial reimbursement for witness travel or accommodations. Witnesses with extenuating circumstances, however, may submit a written request for such reimbursements to Robin Butler, Financial Administrator, 2157 Rayburn House Office Building, at least one week prior to the hearing. Reimbursements will not be made without prior approval.

7. Witnesses with disabilities should contact Committee staff to arrange any necessary accommodations.

8. Committee Rules governing this hearing are online at www.oversight.house.gov.

For inquiries regarding these rules and procedures, please contact the Committee on Oversight and Government Reform at (202) 225-5074.

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 10, 2012

The Honorable Jim Gerlach
2442 Rayburn House Office Building
Washington, DC 20515

Dear Representative Gerlach,

The Department of Housing and Urban Development (HUD) recently forwarded to the Consumer Financial Protection Bureau (CFPB) your June 6, 2011 letter regarding concerns with the HUD-1 Settlement Statement on behalf of a constituent. While the current HUD-1 Settlement Statement was finalized by HUD in 2008, HUD's authority under the Real Estate Settlement Procedures Act recently transferred to the CFPB, on July 21, 2011, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The CFPB is working to simplify disclosures to reduce the burden on consumers and industry and combine disclosures required under the Truth in Lending Act and the Real Estate Settlement Procedures Act, like the HUD-1 Settlement Statement, consistent with a mandate under the Dodd-Frank Act. In May, the CFPB began releasing draft designs of the initial mortgage disclosure that combines the Truth in Lending form and the Good Faith Estimate on our website, consumerfinance.gov/knowbeforeyouowe. In November, we released the first draft designs of the closing disclosure that combines the Truth in Lending form and the HUD-1 Settlement Statement. New draft designs of the closing disclosure were released on our website on December 13, 2011.

So far, we have received more than 32,000 comments through our website on the design of the forms, what information to include, and the clarity of the information provided. We plan to propose the draft form for public comment as part of a notice of proposed rulemaking by July 21 of this year. We welcome your feedback and invite your constituent, Mr. Pullen, to contact us through our website or by email at CFPB_KnowBeforeYouOwe@cfpb.gov.

I hope you find this information helpful. Please don't hesitate to contact me at 202-435-7960 if I can be of assistance on this or any other matter.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director
Office of Legislative Affairs

cc: Mr. Jim Pullen

Congress of the United States
Washington, DC 20515

January 11, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1801 L St. NW,
Washington DC 20036

Dear Director Cordray:

We write to congratulate you on becoming the first Director of the Consumer Financial Protection Bureau (CFPB). With President Obama's bold step, we are that much closer to giving Americans the full range of consumer protections they need and deserve. Your laudable career in public service as Ohio's Attorney General and Director of the CFPB's Division of Supervision and Enforcement exceptionally qualifies you for the position. This has been recognized even by our Republican colleagues, most of whom opposed the creation of a strong watchdog agency designed to protect consumers, veterans, investors and the stability of our financial system.

We write to express our support of you and your efforts in the coming year. We share your goal of making markets for consumer financial products and services work for all Americans and we look forward to working with you.

Sincerely,

CAROLYN B. MALONEY
Member of Congress

BARNEY FRANK
Member of Congress

RUBEN HINOJOSA
Member of Congress

JOE BACA
Member of Congress

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January 17, 2012

The Honorable Richard Cordray
Director
United States Consumer Financial Protection Bureau
1500 Pennsylvania Ave NW (Attn: 1801 L Street NW)
Washington, DC 20220

Dear Director Cordray,

Congratulations on your recent appointment. It has come to my attention that on Thursday, January 19, 2012, you will be holding a field hearing in Birmingham, Alabama on payday lending and short-term insured depository loan products. As you examine this industry, I wish to respectfully urge you and your staff to ensure an appropriate balance between fostering a regulatory environment that gives consumers of bank and non-bank payday loans, overdraft protection, and bounced check products meaningful safeguards and maintaining broad access to these much needed financial services.

In my home state of Florida, we have a payday loan statute that is among the most progressive and effective in the nation. It has become a national standard for balancing strong consumer protections with increased access to credit. It is important that the Consumer Financial Protection Bureau (CFPB) recognize and acknowledge the proactive best practices and radical reforms many lenders that offer payday loans have undertaken, unlike many other sectors in the financial services industry. These reforms, such as the extended repayment plan, encourage the responsible use of short-term loans. I would encourage you to embrace these reforms, and not take actions that would restrict them.

Short-term loans are both unique and necessary. Lenders in this space often offer more convenient and less expensive products and services than the banks where these consumers have relationships. In fact, my first loan to start my law practice was with a shotgun loan company. Banks in my community were granting lawyers signature lines of credit, but would not lend to me as an African American lawyer. In some respects, not much has changed.

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American consumers are currently suffering in an environment of skyrocketing costs of credit and severely limited credit options. As demands for short-term and small dollar loans continue to increase as a result of the current economic environment, so called non-traditional and non-bank lenders have filled a void. Now is not the time to further restrict options or eliminate products from the market. We should work to ensure that consumers who want and need payday loans or other similar short-term credit products will continue to have access to them.

I would also strongly urge the CFPB to treat similar products uniformly in its approach to regulation regardless of whether they are offered by banks or non-banks, as well as work to aggressively weed out lenders operating offshore and outside the arms of the law. This is an area that is especially troubling to me, and I strongly urge the CFPB to examine this sector of the short-term credit market that is preying on American consumers.

Finally, it is important to note that during the congressional debate on Dodd-Frank, I was assured by then House Financial Services Committee Chairman Barney Frank that in creating the CFPB, it was not our intent to limit access to credit or deny consumers the choice of a payday loan, but rather to ensure the ability of consumers to make informed choices and encourage lending practices that are fair and transparent. It is my sincere hope that you be mindful of that.

The result of any new regulations your bureau promulgates should not push borrowers out of products that they have affirmatively chosen into more expensive products, thereby increasing consumer debt. We should be looking for effective ways to educate and assist consumers. It is not in consumers' interest for the federal government to outright eliminate access to products and services. Rather, government should ensure that products remain accessible within a transparent and evenly regulated environment.

As you embark on this new role, I commend your continued efforts to protect consumer interests and look forward to working together on this matter and other efforts to ensure the financial well-being of the American people. Thank you for your time and consideration.

Sincerely,

Alcee L. Hastings
Member of Congress

RANDY NEUGEBAUER
19TH DISTRICT, TEXAS

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January 18, 2011

Elizabeth Warren
Assistant to the President
1500 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Professor Warren:

It was a pleasure meeting with you on January 4th to discuss your efforts to establish the Consumer Financial Protection Bureau (CFPB or Bureau). I am quite pleased with the professionalism and enthusiasm with which you have approached your job. I do, however, firmly believe that you are tasked with executing a fatally flawed plan and I have many questions about the operations of the CFPB. Accordingly, please provide me with answers to the following questions as well as the related reports and requests. I assume much of this information is readily available.

Organizational Structure, Authority, and Size:
Shortly after our meeting your staff sent me the most recent draft of the CFPB Organization Chart. However, I have not seen any details on the CFPB's organizational structure. Please provide a narrative description to accompany the CFPB organizational chart. The narrative should give a detailed description of each department and position laid out in your organization chart. This should include the specific responsibilities and regulatory jurisdiction of each department, the necessary qualifications of key personnel, the projections for the size of staff, and the proposed budget of each department. Given the enormous impact the CFPB will have on the economy, the public needs to know exactly who is doing what within the CFPB and that there is no duplication or overlap with regard to its day-to-day operations and regulatory actions.

With regard to current staff, please provide an update of the CFPB's hiring process. How many people are currently employed by or on behalf of the CFPB and how large do you expect the Bureau to grow? Recent reports indicate that the CFPB may hire more than 1,000 employees.[1] Is this accurate? What are the qualifications of key personnel already hired by the Bureau? Are these employees on the General Schedule (GS) pay table? If so, what grade ranges are they? If they are not on the GS table please provide the salary range for these employees. Also, given recent reports of potential conflicts of interests of senior CFPB staff, including Mr. Rajeev V.

[1] Lorraine Woellert and Alison Vekshin, *U.S. Consumer Bureau Candidate Warren Courts Bankers,* Bloomberg, July 29, 2010.

Date's involvement "as a director of a company that helps to arrange low-documentation loans for consumers with often-spotty credit histories"[2], what is the current policy for disclosing conflicts of interest?

Furthermore, Congress has not received an update on the status of a permanent Director for the CFPB since September 22, 2010. At that time, Secretary Geithner testified before the House Committee on Financial Services that "it is substantially in [the Administration's] interest, and I think the interest of Congress, for us to have a confirmed [CFPB] Director in place as soon as we can."[3] Given the importance of this position, please provide a timetable for naming a permanent Director of the CFPB.

Finally, with regard to your appointment, I am unclear as to what specific responsibilities and supervisory authority you have as Assistant to the President and Special Adviser to the Secretary of the Treasury. The Committee on Financial Services is still awaiting a response to a letter sent from Chairman Spencer Bachus to White House Counsel Robert Bauer on September 17, 2010[4] inquiring about this very topic as well as your availability to testify before Congress. I am sure you would agree that it should not take four months to get an answer to such a simple and straightforward request that is of utmost public concern. Please work with Counsel Bauer to provide this information along with the other requests detailed in this letter.

Organizational Funding:
The Dodd-Frank Act (DFA) authorizes appropriations of up to $200 million per year for FY 2010 – 2014 for the CFPB. This is an optional authorization and it is in addition to the approximately $400 million[5] of annual funding provided by the Federal Reserve System. Please provide your current budget projections. And given those projections, do you anticipate the Bureau submitting a request to use this optional authority in FY 2011 or FY 2012?

We discussed in our meeting that I am uncomfortable that the Bureau is principally funded outside the traditional appropriations process. I strongly believe that this arrangement, at a minimum, diminishes the likelihood of effective Congressional oversight. What do you believe Congress can do to provide effective oversight in the absence of budget authority? Moreover, I would like to work with you and your staff to develop legislative language to ensure that the Bureau's operating budget is subject to the Congressional appropriations process. Please provide suggestions on how best to bring more accountability and oversight to the CFPB.

Transparency and Agency Interaction:
The recent release of your schedule by the Department of Treasury shows that you have "met or spoken with a long list of the nation's top financial industry executives;"[6] however the exact

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[2] Edward Wyatt, *Adviser to Consumer Agency Had Role in Lending,* New York Times, October 26, 2010
[3] Timothy F. Geithner, Testimony before the Committee on Financial Services, *"The State of the International Financial System, Including International Regulatory Issues Relevant to the Implementation of the Dodd-Frank Act."*
[4] Letter to The Honorable Robert Bauer, Counsel to the President, from Rep. Spencer Bachus and Rep. Darrell Issa, September 17, 2010.
[5] Consumer Federation of America Briefing Paper entitled, *"The New Consumer Financial Protection Bureau", http://s96153.gridserver.com/pdfs/Fact-Sheet-CFPB-OverviewOct-2010.pdf*
[6] Maya Jackson Randall, *Warren's Meetings Revealed, as Consumer Watchdog Takes Shape,* Wall Street Journal, November 24, 2010.

topics of conversation are unclear. Please provide a brief description of each of these meetings so the public understands what advice you are receiving from outside interest groups.

More importantly, please disclose your meetings and the CFPB's interaction with other agencies - including the SEC, CFTC, FDIC, the Federal Reserve, FTC, OCC, and FHFA - on Dodd-Frank Act rulemaking. For example, how is the Bureau collaborating with the Office of Financial Research (OFR)? What is the Bureau's interaction with the Federal Reserve's Consumer and Community Affairs division? Has the CFPB consulted with other agencies during the rulemaking process for determining the definition of "qualified residential mortgage"?

Once a Director is appointed and full authority has been transferred to the Bureau, the CFPB will have the authority to re-examine rule-makings from other agencies and the Federal Reserve. What policies are in place to avoid potential duplicative, conflicting or overlapping rulemakings that are currently underway, but will ultimately be under the regulatory authority of the CFPB? What policies are in place to avoid duplicative data requests from businesses and consumer groups? Please provide a list of all DFA rulemakings at other agencies – both scheduled and completed - that you believe impact financial products and industries that the Bureau will ultimately have jurisdiction over. Will the Bureau revise any of these rulemakings at a later date? Along those lines, please provide suggestions for DFA implementation delays on rulemakings that have the potential to be revised at a later date by the CFPB.

Unintended Consequences:

Recent reports have indicated that regulatory compliance costs associated with the Dodd-Frank Act have compelled certain banks to develop plans to pass along those costs to consumers and/or reduce consumer credit products. The CEO of one large U.S. bank recently stated that, "In the future, we no longer will be offering credit cards to approximately 15% of the customers to whom we currently offer them. This is mostly because we deem them too risky in light of new regulations restricting our ability to make adjustments over time as the client's risk profile changes."[7] Other banks "are experimenting with new monthly maintenance fees and considering additional charges on credit cards and checking accounts as they search for replacement revenue."[8] One bank in particular "will soon begin testing fees of roughly $6 per month on its most basic account."[9] Moreover, many large U.S. lenders are requiring "borrowers to take a financial hit for costs resulting from the Dodd-Frank law "regardless of the date" when the cost-triggering change occurs."[10]

These types of reports are particularly concerning since they demonstrate that many of the unintended consequences related to the Dodd-Frank Act may disproportionately affect lower-income Americans. If traditional financial products become prohibitively expensive or unavailable, low income Americans will likely be forced to drop out of the conventional banking system, subjecting them to the higher fees and interest charges associated with non-traditional financial products. By what criteria does the CFPB plan to evaluate and re-evaluate the effects of their ongoing regulatory efforts – and efforts of other agencies - so that they avoid the kind of

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[7] Todd Zywicki, *Dodd-Frank and the Return of the Loan Shark,* Wall Street Journal, January 4, 2011.
[8] Dan Fitzpatrick, *BofA to Test New Account Structure, Fees,* Wall Street Journal, January 5, 2011.
[9] Dan Fitzpatrick, *BofA to Test New Account Structure, Fees,* Wall Street Journal, January 5, 2011.
[10] Aaron, Lucchetti, *Lenders Look to Shift Costs to Borrowers,* Wall Street Journal, January 4, 2011.

over-regulation that might stifle financial innovation and leave some market participants worse off?

I look forward to your response by January 31, 2011. Thank you for your attention to this important matter. Please contact my Legislative Director, Cliff Roberti, at (202) 225-4005 or the Financial Services Committee staff at (202) 225-7502 if you have any questions.

Sincerely,

Rep. Randy Neugebauer
Subcommittee Chairman
Oversight and Investigations

Cc: The Honorable Spencer Bachus, Chairman
Committee on Financial Services

The Honorable Shelley Moore-Capito, Chairwoman
Subcommittee on Financial Institutions

The Honorable Timothy F. Giethner, Secretary of the Treasury

The Honorable Robert Bauer, Counsel to the President

Mr. Eric M. Thorson
Inspector General – Department of Treasury

Ms. Elizabeth A. Coleman
Inspector General – Board of Governors of the Federal Reserve System

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United States Senate

WASHINGTON, DC 20510

COMMITTEES:
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COMMERCE, SCIENCE AND TRANSPORTATION

HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

SPECIAL COMMITTEE ON AGING

AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT
CHAIRMAN

January 18, 2012

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
1801 L St. NW
Washington DC 20220

Docket No. R-1417, RIN No. AD 7100 AD 75

Dear Mr. Date:

I am writing in regard to the proposed regulations designed to ensure that mortgage lenders consider borrowers' ability-to-pay before extending mortgage credit. While the proposal was crafted and published by the Federal Reserve, the Consumer Financial Protection Bureau (CFPB) has been charged with finalizing it.

In particular, many of my constituents have expressed concern that anything less than the creation of a safe harbor from the new ability-to-pay rules for certain traditional mortgages would severely restrict credit and could further damage the housing industry.

As you know, in the years leading up to the subprime mortgage crisis, many in the mortgage industry were making poorly underwritten loans based on speculative assumptions about the value of the property. In response, Congress included a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 prohibiting lenders from making mortgage loans unless they first evaluate the capacity of the borrower to repay the principal, interest, fees, and points associated with the loan. Lenders who fail to consider ability-to-pay will incur substantial legal liability.

However, Congress also recognized that many traditional, well-underwritten loans are not speculative or abusive and should not be subject to the same liability as loans with features like negative amortization and huge swings in interest. As such, Section 1412 of the Dodd-Frank Act created a "safe harbor and rebuttable presumption of compliance" with the ability-to-pay standard for well under-written "qualified mortgages."

Many interested parties have written comments regarding the way the Federal Reserve defined the term "qualified mortgage" (QM). However, whatever the definition of QM, lenders have expressed an overarching concern that failure to create a clear safe harbor for qualified mortgages could potentially open all mortgage lending to litigation. Ultimately, they fear, this would lead them to withhold credit from all but the most pristine borrowers.

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324 PARK CENTRAL WEST
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SPRINGFIELD, MO 65806
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The CFPB should take reasonable steps to ensure that the American mortgage market does not return to the excesses of the subprime bubble. However, new regulations should not be so stringent that they prevent the growth of a healthy mortgage market based on sound underwriting and traditional mortgage products. I encourage you to take these concerns into consideration as you work to finalize the new rule.

Sincerely,

Claire McCaskill
United States Senator

SHERROD BROWN
OHIO

COMMITTEES:
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APPROPRIATIONS
BANKING, HOUSING, AND URBAN AFFAIRS
VETERANS' AFFAIRS
SELECT COMMITTEE ON ETHICS

United States Senate

WASHINGTON, DC 20510

January 19, 2012

The Honorable Thomas Perrelli
Associate Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue N.W.
Washington, D.C. 20530

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue N.W.
(Attn: 1801 L St.)
Washington, D.C. 20220

The Honorable Tom Miller
Iowa Attorney General
1305 E. Walnut Street
Des Moines, IA 50319

Dear Associate Attorney General Perrelli, Secretary Donovan, Director Cordray, and Attorney General Miller:

As the senior Senator from Ohio and a member of the Senate Committee on Banking, Housing, and Urban Affairs, I am all too familiar with the struggles faced by distressed homeowners, resulting from a pattern of abuse by the largest bank servicers. My home state experienced 14 consecutive years of increasing foreclosures until 2010, when some of the nation's largest mortgage servicers instituted a foreclosure moratorium amid reports of widespread legal document forgery. This issue is at the heart of your 50-state mortgage and foreclosure fraud investigation. Accordingly, I write today to express my concern based upon recent reports outlining some of the proposed settlement terms.

It is reported that the proposed settlement will include a number of components to address the wrongdoings of Wall Street banks and their affiliated servicers, including a system of mortgage principal reduction based on a credit system. With more than one in five Ohioans owing more on their mortgage than their house is worth, and Ohioans nearly $16 billion underwater on their mortgages, there is no question that principal reduction can and should be an element of any plan to aid homeowners.[1] Many of these people are underwater through no fault of their own. As New York Federal Reserve President Bill Dudley said recently, "[t]his isn't a moral hazard issue, this is just the bad luck associated with the timing of the purchase and an exceptionally weak jobs market."[2] A settlement must provide *meaningful*, widespread relief to Ohio homeowners. Unfortunately, the numbers reported in various media accounts fail to meet this test. The

[1] *See* Ohio Organizing Collaborative & New Bottom Line, *Ohio Underwater: How President Obama Administration Can Fix the Housing Crisis and Create Jobs* 4 (2011).
[2] William C. Dudley, President and Chief Executive Officer of the Federal Reserve Bank of New York, Remarks at the New Jersey Bankers Association Economic Forum, Iselin, New Jersey, Jan. 6, 2012.

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settlement must also redress the injuries suffered by families that have already lost their homes. Any settlement that fails to achieve these two goals would be insufficient.

A settlement must also impose adequate penalties on servicers who broke the law. There are reports that the settlement could permit servicers to receive credit for writing down the value of mortgage-backed securities (MBS) owned by investors, without requiring servicers to reduce principal on the mortgages and second liens that they own.[3] Ohio's public employee pension funds have significant investments in MBS, and therefore have significant interest in the terms of the settlement.[4] The reported settlement terms would allow banks to write down the investments of many of my constituents, without sacrificing anything. And, depending upon the scope, any settlement could potentially preclude these funds from pursuing actions to recoup more than $457 million in losses, allegedly due to credit ratings agencies improperly rating MBS.[5] Such terms are unacceptable.

Teachers, first responders, law enforcement, and other pensioners and retirees should not be penalized for wrongdoing by Wall Street. An adequate loss-sharing arrangement would acknowledge the reality that there is no penalty for servicers writing down the value of assets that belong to someone else. There is also no penalty associated with servicers writing down a portion of their assets – in this case, their second lien holdings – that actually have no value. It is often in investors' best interest to reduce mortgage principal, but this settlement must penalize the servicers who broke the law.

As Governor Sarah Bloom Raskin of the Board of Governors of the Federal Reserve said recently, financial penalties "remind regulated institutions that noncompliance has real consequences; the law is not a scarecrow where the birds of prey can seek refuge and perch to plan their next attack."[6] It thwarts the objective of punishing servicer wrongdoing and deterring future robosigning, predatory lending, consumer deception, and other violations by permitting wrongdoers to settle exclusively with "other people's money." State attorneys general tried this approach in a 2008 settlement with servicer Countrywide—it did not work.

Accordingly, mortgage servicers must not be able to settle these claims using investments held by state pension funds, retirement systems, and universities. The penalty for bank servicer misconduct must come from the bank's balance sheets, not other sources of mortgage capital. The proposed principal reduction program must focus on banks settling with their own money, rather than shifting their financial liability to Private Label Securities (PLS) trusts. And the net present value (NPV) model for calculating the value of a mortgage modification must be publicly disclosed, transparent, and based upon reasonable economic assumptions (*e.g.,* the correct discount rate), to ensure that principal is being reduced when it is financially appropriate.

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[3] *See* Shahien Nasiripour & Kara Scannell, *Mortgage Talks Point To Likely Investor Losses*, FINANCIAL TIMES, Jan. 6, 2012.

[4] The Ohio Public Employees Retirement System holds $765 million in MBS; the Ohio Police & Fire Pension Fund held $626 million in MBS; State Teachers Retirement System of Ohio holds $50 million in mortgage-backed securities (MBS); and the Ohio Public Employees Deferred Compensation Program holds $39 million in MBS.

[5] *See Ohio Police & Fire Pension Fund v. Standard & Poor's*, 09-CV-1054 (S.D. Ohio, 2009).

[6] Governor Sarah Bloom Raskin, "Creating and Implementing an Enforcement Response to the Foreclosure Crisis" 8, Remarks at the Association of American Law Schools Annual Meeting, Washington, D.C., Jan. 7, 2012.

Mortgage servicers must be required to assist homeowners who have lost their homes illegally or are underwater through no fault of their own. But the remedies and penalties must be meaningful, and not come solely from the retirement savings of middle class workers—some of whom may have already lost their homes as result of the illegal practices that the settlement is meant to address.

This is a critical issue for Ohioans who have been victimized by widespread foreclosure fraud and will be affected by any settlement, both as homeowners and as investors in MBS portfolios managed by public pension and retirement systems. Your efforts to ensure a fair and transparent settlement will have lasting effects for a generation and establish a very important legal precedent.

Thank you for the opportunity to share my views on this important matter.

Respectfully,

Sherrod Brown

Sherrod Brown
United States Senator

Cc: The Honorable Mike DeWine, Ohio Attorney General

TREY GOWDY
4TH DISTRICT, SOUTH CAROLINA

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
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Congress of the United States
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January 18, 2012

Mr. Richard Cordray
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Cordray:

Consumers nationwide are increasingly looking to short-term, small-dollar lending to meet their financial obligations. Alabama, as all states do, have laws to protect consumer choice and consumer interests. Arguably Alabama has one of the strictest, pro-consumer statutes in the United States. Alabama's State Banking Superintendent, John Harrison, works diligently to enforce this law through his agency's supervision of all bank and non-bank financial services companies. It is imperative the Consumer Financial Protection Bureau (CFPB) work closely with all states to ensure progress continues, prevent duplication of effort, and restrict federal involvement where none is needed.

Congressman Barney Frank, Ranking Member of the Financial Services Committee, said "…the majority of payday lenders, or check cashers, or people involved in transmitting cash remittances are [not] dishonest or unscrupulous...In any business, there will be those who will try to take unfair advantage of consumers." I agree with Mr. Frank that it is indeed the dishonest and unscrupulous lenders that the newly empowered CFPB needs to target with their supervisory authority.

I trust that the CFPB hearing will acknowledge and respect the job Alabama has done to effectively regulate the payday industry as well as those lenders who have responsibly served the consumers who need and want this valuable financial service.

Sincerely,

Trey Gowdy

Trey Gowdy

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cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 23, 2012

The Honorable Trey Gowdy
U.S. House of Representatives
1237 Longworth House Office Building
Washington, DC 20515

Dear Congressman Gowdy:

Thank you for your letter on payday lending issues and work being done at the state level to effectively regulate the payday lending industry. Your letter was particularly timely in light of our field hearing on payday lenders last week in Birmingham, Alabama, where we heard from a wide variety of payday lenders and consumers.

While in Birmingham, I had the opportunity to meet with Alabama's State Banking Superintendent, John Harrison, to discuss the state's work on payday lending, and my senior staff has had extensive conversations with Superintendent Harrison and his staff as well. As a former state Attorney General myself, I have great respect for the work that is being done by leaders at the state level. As you correctly point out, states have their own laws on the books and their own consumer protection efforts. While these laws and initiatives vary widely, we are mindful of the need to avoid duplication by coordinating closely with the states.

Rest assured that the CFPB is committed to working closely with state and local leaders around the country to ensure coordination in our consumer protection efforts.

Best regards,

Richard Cordray
Director
Consumer Financial Protection Bureau

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 25, 2012

The Honorable Carolyn Maloney
2332 Rayburn House Office Building
Washington, DC 20515

Dear Representative Maloney:

Thank you for your letter identifying gaps in regulation of the debt relief industry and the plans of the Consumer Financial Protection Bureau ("CFPB" or "Bureau") to provide uniform regulations for consumer protection in this industry.

The CFPB is aware of the need for additional consumer protections in the debt relief industry. To that end, the CFPB identified the market in our notice and request for public comment for possible inclusion as a "larger participant" in our rulemaking to bring the industry within the scope of the Bureau's supervision authority. The notice and request for comment was issued in the *Federal Register* in June 2011.[i]

The Bureau is in the process of establishing an intra-agency working group to study the issues related to the debt relief industry that directly affect consumers. This working group will seek to identify those issues and to gather and analyze data on their impact on consumers. We are also coordinating with the Federal Trade Commission and state partners and have begun the process of outreach to both consumer and industry groups on the subject.

Thank you for your interest in this matter and the mission of the Consumer Financial Protection Bureau.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

Appreciated your questions and comments at the hearing. Thanks! Rich

[i] 76 FR 38059, June 29, 2011.

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 30, 2012

The Honorable Donald Manzullo
2228 Rayburn House Office Building
Washington, DC 20515

The Honorable Randy Hultgren
427 Cannon House Office Building
Washington, DC 20515

The Honorable Joe Walsh
432 Cannon House Office Building
Washington, DC 20515

Dear Representatives Manzullo, Hultgren and Walsh:

The U.S. Department of Housing and Urban Development (HUD) transferred to the Consumer Financial Protection Bureau (CFPB) your letter on behalf of Planet Financial Group, LLC (Planet) along with the original letter from Planet raising an issue under the Secure and Fair Enforcement Licensing Act (SAFE Act). On July 21, 2011, authority and duties assigned to HUD by the SAFE Act were transferred to the CFPB by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act).

The letter from Planet requested that HUD exercise its rulemaking authority to clarify a Dodd-Frank Act exemption for mortgage servicing companies, and stated that the Dodd-Frank Act "specifically exempted MLO's ["Mortgage Loan Officers"] of mortgage servicers from SAFE Act requirements that they otherwise obtain MLO licensing." We hope this letter will help clarify the requirements of the SAFE Act as specified in rules issued by HUD and the Dodd-Frank Act amendments discussed in Planet's letter.

The first issue raised in the letter is whether mortgage servicers are currently required to obtain mortgage loan originator licensing pursuant to the SAFE Act and its implementing regulations. The SAFE Act generally prohibits employees of nonbank companies from "engaging in the business of a loan originator" without obtaining and maintaining state licensing and registration.

HUD issued a final rule setting forth the SAFE Act's minimum standards for the state licensing and registration of mortgage loan originators on June 30, 2011. In its final rule HUD stated "[i]f one is engaged in the business of a loan originator,

then regardless of what other title one may have, the individual is subject to licensing under the SAFE Act." HUD, however, specifically declined to require states to mandate that individuals who engage solely in loan modifications obtain licenses, and expressly left "to the Bureau [the CFPB] whether such individuals should be licensed under the SAFE Act." Thus far, the Bureau has not required that states mandate that individuals who engage solely in loan modifications obtain licenses. HUD did state that individuals involved in refinance transactions are subject to licensing under the SAFE Act, because a refinancing results in a new loan rather than a modified loan. As a result, states are not required by the current regulations to license persons who engage solely in modifications (and do not engage in refinancing or traditional loan originations), although states may choose to adopt licensing standards that go beyond the SAFE Act's minimum requirements.

With regard to amendments made by the Dodd-Frank Act referenced in the Planet letter, section 1401 of that Act did not amend the SAFE Act, but rather amended the Truth in Lending Act (TILA). That amendment added a definition of mortgage originator that excludes certain servicers from the definition for purposes of TILA. The Dodd-Frank Act made certain other amendments to the SAFE Act (primarily with regard to conforming changes related to the transfer of authority of the SAFE Act to the CFPB), but did not amend the SAFE Act's definition of mortgage loan originator. Accordingly, the Dodd-Frank Act does not address the status of servicers under the SAFE Act.

I trust this is responsive to the issues raised in your letter, and the Planet letter. Please let me know if I can be of further assistance.

Sincerely,

Richard Cordray
Director
Consumer Financial Protection Bureau

cc: Mr. Dennis Neubert, Planet Financial Group, LLC

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WILLIAM D. DUHNKE, REPUBLICAN STAFF DIRECTOR

United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

February 9, 2012

The Honorable Richard Cordray
Director
The Consumer Financial Protection Bureau
1801 L Street, NW 5th Floor
Washington, DC 20036

Dear Mr. Cordray:

Thank you for testifying before the Committee on Banking, Housing, and Urban Affairs at our hearing on January 31, 2012. In order to complete the hearing record, we would appreciate your answers to the enclosed questions as soon as possible. When formatting your response, please repeat the question, then your answer, single spacing both question and answer. Please do not use all capitals.

Send your reply to Ms. Dawn L. Ratliff, the Committee's Chief Clerk. She will transmit copies to the appropriate offices, including the Committee's publications office. Due to current procedures regarding Senate mail, it is recommended that you send replies via e-mail in a MS Word, WordPerfect or .pdf attachment to Dawn_Ratliff@banking.senate.gov.

If you have any questions about this letter, please contact Ms. Ratliff at (202)224-3043.

Sincerely,

Tim Johnson
Chairman

TJ/dr

"Holding the CFPB Accountable: Review Of First Semi-annual Report"
January 31, 2012

Questions for The Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Senator Johanns:

Mister Cordray, I worry about the costs to our economy and to our financial institutions of complying with rules and supervisions undertaken by the Bureau, only for those rules, regulations and enforcement actions to be set aside in the future by a Court that passes judgment on the validity of your appointment and the scope of your authority.

By statute, the Bureau is required to analyze the costs, benefits and impacts of its rules, and the Semi-Annual Report makes clear that the Research, Markets and Regulations Division is conducting that analysis. As that analysis is being performed, is the Research team weighing at all the possibility that your rules will be vacated by a court? If the rules are eventually challenged and set aside, implementation would result in cost to the economy which is not offset by any realized benefit.

If this evaluation is not being performed, why not? It strikes me that this determination is not just a remote possibility, so it should be accounted for. Do you feel it would be appropriate to begin doing so?

"Holding the CFPB Accountable: Review Of First Semi-annual Report"
January 31, 2012

Questions for The Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Ranking Member Shelby:

1. During the hearing, I stated that by virtue of your position on the FDIC board of directors, you will have to make some important decisions about the Basel capital regime. Both Basel III and the Dodd-Frank Act eliminate Tier I capital treatment for trust-preferred securities. While Dodd- Frank provides a measure that grandfathers trust-preferred securities for small banks with assets of less than $15 billion, Basel III has no such exception. Because many small banks have trusts-preferred securities, this issue will impact small and community banks throughout the country.

    a) How do you plan to resolve the divergent approaches for small banks taken by the Dodd-Frank and Basel III?

    b) Please give your overall views of Basel III, including whether it effectively prevents another economic crisis and prevents banks from being undercapitalized.

2. During the hearing, you were asked about an amendment sponsored by Senators Brown and Kaufman, which would have limited the size of banks. Under the amendment, no bank would have been permitted to hold more than 10 percent of the total amount of insured deposits and a limit would have been placed on non-deposit liabilities of each bank at two percent of GDP. This amendment would have ensured that the failure of a single financial institution would not bring down the entire system. I supported this amendment. As part of your role as a board member of the FDIC and the Financial Stability Oversight Council, your opinion on this issue is of particular importance. During the hearing you indicated that you had not yet had an opportunity to form an opinion on this issue.

    a) Now that you have had more time to consider this issue, do you support limiting the size of banks as proposed by the Brown-Kaufman amendment?

    b) If not, what steps would you take to ensure that banks are not too big to fail?

"Holding the CFPB Accountable: Review Of First Semi-annual Report"
January 31, 2012

3. During the hearing, I mentioned that a program by the D.C. government and local community groups to subsidize mortgages for first-time home buyers in D.C. resulted in mortgages that many buyers could not afford. A *Washington Post* article found that nearly one in five borrowers participating in the D.C. program are now behind on their mortgage payments. You stated that the hearing was "first time the program you mention has come to our attention."

    a) Do you believe that the lending practices used by non-profit entities that help put consumers in mortgages they cannot afford are within your jurisdiction?

    b) Will you look into this particular program?

    c) What steps can the Bureau take to ensure that assistance provided by non-profit entities does not result in borrowers obtaining mortgages they cannot afford?

4. Section 1100G of the Dodd-Frank Act requires the Bureau to convene a panel a Small Business Advocacy Review panel before publishing a proposed rule with an Initial Regulatory Flexibility Analysis. Through the Small Business Advocacy Review panel the Bureau will meet with representatives of small entities and will offer an opportunity for those representatives to provide advice and recommendations on regulatory alternatives to minimize the burden on small entities. You have stated that the first time you will convene the small business panels will be this summer, before you propose a rule on the streamline of the RESPA and TILA mortgage disclosures. However, you have also indicated that you will be proposing your "larger participant" rulemaking shortly.

    a) Will a Small Business Advocacy Review panel be convened for the "larger participant" rulemaking?

    b) If so, who will be the small business representatives for the "larger participant" rulemaking panel?

    c) In general, how will you select the small business representatives for the Small Business Advocacy Review panels?

d) Have you developed protocols or policies for the Small Business Advocacy Review panels? If so, please provide a copy of these protocols or policies to the Committee. Will these protocols or procedures substantially differ from those of the EPA or OSHA? If so, please describe why and how your protocols or procedures will differ. If you have not yet developed any protocols or policies, when will your protocols and policies be final?

e) Which rules that will be promulgated by the Bureau, if any, will not undergo a Small Business Advocacy Review panel?

f) Will you carry out any actions with respect to non-depositories before the "larger participants" rulemaking is final? If so, please describe.

5. You have said that the Bureau's supervisory program of nonbanks will be based on multiple factors. One of those factors is "the extent of state oversight for consumer financial protection." This presumes that some states provide more oversight than other states in terms of consumer financial protection.

   a) Which states provide the most oversight in the areas of mortgage lending and payday lending?

   b) Which states provide the least oversight in the areas of mortgage lending and payday lending?

6. It has been reported that a clarification issued by the Federal Reserve Board that limits credit card companies to considering only "individual" income, not "household" income, on credit applications has made it more difficult for stay-at-home spouses to get their own credit cards.

   a) Has the Bureau received any information that indicates that stay-at-home spouses are negatively impacted by the Federal Reserve Board's clarification? If so, please describe.

   b) Will the Bureau conduct a study to understand the impact the Federal Reserve Board's clarification has had on access to credit?

"Holding the CFPB Accountable: Review Of First Semi-annual Report"
January 31, 2012

7. 12 USC § 1833b requires the Bureau to "seek to maintain comparability regarding compensation and benefits" of its employees with other federal financial regulators when establishing and adjusting schedules of compensation and benefits.

    a) How does the compensation and benefits of Bureau employees compare to the other federal agencies listed in this statute?

    b) Please provide a detailed breakdown of the compensation and benefits for each employee at the Bureau. To the extent this information is provided in terms of levels, please provide a detailed description of the duties at each level for this Committee with your responses to these questions.

    c) Will you provide Congress with a budget justification that is substantially similar to the budget justifications provided by federal agencies which are subject to appropriations? If not, why not?

8. Recently the Bureau and the Federal Trade Commission signed an agreement to, according to your website, "coordinate efforts to protect consumers and avoid duplication of federal law enforcement and regulatory efforts."

    a) How many Memorandum of Understanding ("MOUs") or other similar agreements has the Bureau executed?

    b) How many MOUs or other similar agreements has the Bureau executed with each of the Federal banking agencies?

    c) Is every one of these MOUs or other similar agreements available on line? If not, why not?

    d) Please provide the Committee a copy of each of the MOUs or other similar agreements that the Bureau has executed.

"Holding the CFPB Accountable: Review Of First Semi-annual Report"
January 31, 2012

9. On May 6, 2010, on the floor of the Senate during the debate of the Dodd-Frank Act, Senator Dodd, then the Chairman of the Senate Banking Committee, stated "I have never claimed our proposal on consumer protection is perfect. I acknowledge the word 'abusive' does need to be defined, and we are talking about striking that or making it better." However, the term "abusive" was not removed from the final text of the Dodd-Frank Act, and the definition was never changed from that which appeared in the Senate bill described by Chairman Dodd. The Bureau includes a review for "abusive" practices as part of its supervisory manuals. Section 1031(b) expressly permits the Bureau to prescribe rules applicable to a covered person or service provider identifying as unlawful abusive acts or practices in connection with a consumer for a consumer financial product or service, and such rules may include requirements for the purposes of preventing such acts or practices.

    a) As the former Chairman of the Senate Banking Committee acknowledged that the definition of the term "abusive" is inadequate, will the Bureau conduct or engage in any supervisory or enforcement actions with respect to "abusive" acts or practices before the term "abusive" is defined by regulation?

    b) Is it possible for an identical product to be abusive for one consumer and not for another? If so, how will you enact clear rules for market participants?

    c) You have stated that for a practice to be abusive it "would have to be pretty outrageous practice" and "if you in your business stays away from pretty outrageous practices, you should be pretty safe." Please provide examples of what an abusive or "pretty outrageous practice" would look like in each of the following areas: mortgage lending, automotive finance, student lending, and payday lending.

"Holding the CFPB Accountable: Review Of First Semi-annual Report"
January 31, 2012

10. On the designated transfer date many regulations that were previously under the jurisdiction of other federal agencies transferred to the jurisdiction of the Bureau. Many of these agencies had issued informal guidance (including, but not limited to, bulletins, guidelines, opinion letters, FAQs, articles, etc.)("Informal Guidance") that related to each of these rules.

    a) Is each of the Informal Guidance that was in effect as of the designated transfer date still in effect?

    b) If your answer to 10(a) is no, please provide a list of each and every Informal Guidance that the Bureau considers to no longer be in effect, with an appropriate reference or citation to such Informal Guidance.

11. Collaboration among federal banking agencies is of critical importance now that safety and soundness oversight has been split from consumer protection oversight.

    a) To what extent will guidance received by covered persons from the Bureau be honored by or any of the FDIC, OCC, Federal Reserve Board, FTC, or other applicable agency?

    b) To what extent will guidance received by covered persons from the FDIC, OCC, Federal Reserve Board, FTC, or other applicable agency, be honored by the Bureau?

12. During the debate over the Dodd-Frank Act, the Administration advocated the provision of "plain vanilla financial products". This one-size-fits-all approach would have reduced the diversity of financial products consumers can choose from.

    a) Is it a priority of the Bureau to steer consumers into "plain vanilla"-type products?

    b) Is ensuring that consumers have access to a variety of financial products from which a consumer can determine that product which best fits the consumer's individual need a priority of the Bureau?

    c) In what ways would a consumer credit market which only offered "plain vanilla" products be harmful to consumers, small businesses, and the wider economy?

"Holding the CFPB Accountable: Review Of First Semi-annual Report"
January 31, 2012

13. The Bureau recently published a final rule on remittance transfers. In this final rule you certified that a small business panel was unnecessary because it would not have a significant impact on a substantial number of small businesses. The Small Business Administration, however, found that the proposed rule vastly underestimated the size of the industry affected by this rule. Further, in a comment letter the Credit Union National Association stated "[t]hese new liabilities could require the credit union to as much as double the fees it charges for international wires, which now range between $20 to $35 per transaction, in order for the program to remain economically sustainable.... Credit unions also believe that the estimate of 1.5 hours a month to address reported "errors" underestimates the true regulatory burden of these requirements, at least in the context of wire and ACH transactions, by at least a factor of 10."

    a) Do you agree with the SBA analysis of the number of entities that will be affected by this rule? If not, please explain why not.

    b) Please describe the process you used to make the determination that the remittance transfer rule would not have a significant impact on a substantial number of small businesses.

    c) You stated during the hearing that the cost of this final rule will be $0.25 per $100. How did you calculate this cost?

    d) Do you believe that certain institutions will stop offering remittance transfers? If so, how did you factor the abandonment of offering remittance services into your cost analysis?

14. Recent payday lending guidance issued by the Bureau includes a footnote that specifies that overdraft lines of credit are not covered by the guidance, even though they are economically equivalent to traditional payday loans. You noted the similarity between overdraft protection and payday loans, but you said that "we were trying to focus our exam guidance on a particular type of product in the nonbank sector."

    a) Will you use your authorities to differentiate examination, enforcement and supervision based on the type of financial institution providing the product, rather than on what the product is?

b) If the products are economically equivalent, why would you discriminate based on the type of financial institution providing the product?

15. States regulate both banks and non-banks, and consequently, there will be a tremendous amount of overlap between state regulators and the Bureau. Any action taken by the Bureau is likely to raise preemption issues. Previously when asked about state preemption you stated that some states have "significant and robust oversight" and that "we have no intention at this point to preempt state law in these areas."

    a) Do you believe that the dual banking system should be preserved?

    b) How will you determine which state laws need to be preempted?

    c) In what instances will the Bureau act independent of state regulators? In what instances will the Bureau partner with state regulators?

    d) Do you have any concerns that state attorneys general will interpret Federal consumer financial laws and/or regulations in an inconsistent way? Do you have any obligation to ensure consistent application of federal consumer financial laws and regulations?

    e) If a state chooses not to regulate a financial product or service, will you view that as harmful to consumers?

16. As a voting member of the Financial Stability Oversight Council, you are charged with identifying threats to the financial stability of the United States.

    a) In your view, what is currently the most serious threat to the financial stability of the United States?

    b) What metrics do you use to identify systemic risks?

DENNIS J. KUCINICH
10TH DISTRICT, OHIO

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Congress of the United States
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COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

COMMITTEE ON EDUCATION AND THE WORKFORCE

January 31, 2012

Ms. Monica Jackson
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, Northwest
(Attn: 1801 L Street)
Washington, D.C. 20220

Re: Docket No. CFPB-2011-0040
Disclosure of Certain Credit Card Complaint Data (76 FR 76628)

Dear Ms. Jackson:

I write to express my support for the Consumer Financial Protection Bureau's (CFPB) plan to create a public online database of consumer complaints that the CFPB has received about credit cards. Disclosing these complaints will be a useful tool in the CFPB's vital mission to rein in Wall Street, protect consumers, and return our economy to solid footing.

In August 2011, I joined ten other members of Congress in a letter to U.S. Treasury Secretary Geithner requesting easy public access to these complaints. I believe that making complaint information public will help consumers make better financial decisions up front by providing them with the tools they need to avoid bad actors and aid them in selecting the products that are right for them. By empowering consumers to avoid abusive practices, the CFPB can help to protect working families and prevent unsustainable behavior by the financial industry.

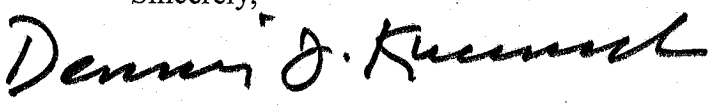
Other federal agencies, such as the National Highway Traffic Safety Administration (NHTSA) and the Consumer Product Safety Commission, have allowed the public to access their complaint databases. NHTSA has done so successfully since 1975. Many have lauded their efforts for increasing transparency and accountability. Furthermore, a public database will allow researchers and academics to spot trends and detect abusive practices, assisting the consumer bureau in its efforts to curb predatory and unfair practices.

Public access to the complaint database will allow good actors in the marketplace to shine. Companies with strong customer service will have their record reflected in the database. Good or bad, companies should not be able to hide their behavior; they should have to stand by it.

While I support this proposal, the CFPB should also go further in disclosing information to empower consumers. The CFPB should seek practical ways to make public the narrative descriptions of consumer complaints and company responses. In addition, as stated in the August letter to Secretary Geithner, the public should have access to complaints about the broad variety of financial products, not just credit cards.

By disclosing the complaints it receives about credit card companies, the CFPB can help consumers protect their finances and hold companies accountable. I urge the CFPB to implement its proposal for a publicly accessible complaint database.

Sincerely,



Dennis J. Kucinich
Member of Congress

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 1, 2011

The Honorable Robert Menendez
United States Senate
Washington, D.C. 20510

Dear Senator Menendez:

Thank you for your letter of January 14, 2011, regarding the importance of establishing a comprehensive and inclusive Office of Minority and Women Inclusion (OMWI). I share your aspirations for the OMWI's mission and agree that public transparency and outreach should be part of the OMWI's foundation. Indeed, it is an aspiration that I hold for the agency in its entirety.

We are building CFPB almost from scratch. This gives us the opportunity to build an agency that works for all Americans. The new consumer agency is required to establish the OMWI by January, 2012, six months after the transfer date (July 21, 2011). Despite the distant date, we have already launched a search to find a Director for this office. The Director will be a very senior position, as fits the importance of this office, and as required by the statute. There is every expectation that the Director will be an individual with a significant history of experience on issues of diversity, a history of work on behalf of underserved communities, a commitment to transparency, and an ability to engage multiple internal and external groups.

I am committed to ensuring that the CFPB complies with the requirements of Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. You note various goals that will be accorded the strongest consideration. I too recognize the importance of aiming for excellence throughout the new agency by establishing robust internship and mentoring programs, striving to improve contracting and subcontracting practices, and building processes to identify and eliminate fraud.

I am determined to build a 21st century agency that is committed to making consumer financial markets work more fairly and efficiently for everyone, including women and minorities. I thank you for your constant and dedicated efforts to bring attention to and advocate for women and diverse populations. Your advice is welcome and greatly appreciated.

Sincerely,

Elizabeth Warren

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 1, 2012

The Honorable Robert E. Andrews
2255 Rayburn House Office Building
Washington, DC 20515

Dear Representative Andrews,

Thank you for your letter regarding the recent rating of the Borough of Collingswood's general obligation bonds. I understand the significant impact bond ratings can have on the residents of the associated municipality.

Inquiries related to ratings of nationally recognized statistical ratings organizations, like Moody's, are under the jurisdiction of the Securities and Exchange Commission (SEC). For your convenience, I have forwarded a copy of your letter to the SEC.

Please don't hesitate to contact me at 202-435-7960 or Lisa.Konwinski@cfpb.gov if I can be of future assistance.

Sincerely,

Lisa M Konwinski

Lisa M. Konwinski
Assistant Director
Office of Legislative Affairs

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ONE HUNDRED TWELFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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February 1, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Cordray:

Thank you for appearing before the Committee on Oversight and Government Reform, Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs on Tuesday, January 24, 2012, at the hearing entitled, "How Will the CFPB Function Under Richard Cordray?" We appreciate the time and effort you gave as a witness before the Committee.

Pursuant to the direction of the Chairman, the hearing record remains open to permit Members to submit additional questions to the witnesses. Attached are questions related to the hearing. In preparing your answers to these questions, please include the text of the question along with your response.

Please provide your responses to these questions by February 15, 2012. Your response should be addressed to the Committee office at 2157 Rayburn House Office Building, Washington, DC 20515. Please also have your staff send an electronic version of your response by e-mail to Sharon Casey, Senior Assistant Clerk, at Sharon.Casey@mail.house.gov in a single Word formatted document.

Thank you for your prompt attention to this request. If you need additional information or have other questions, please contact David Brewer, Ryan Hambleton, or Katelyn Christ of the Committee staff at (202) 225-5074.

Sincerely,

Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services, and
Bailouts of Public and Private Programs

cc: The Honorable Mike Quigley, Ranking Minority Member
Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

Questions for The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau

Representative Patrick Meehan
Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs
Committee on Oversight and Government Reform

Hearing on "How Will the CFPB Function Under Richard Cordray?"

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1. Speaking at the American Banker's Regulatory Symposium last fall, Raj Date, Deputy Director of the Consumer Financial Protection Bureau (CFPB) stated that the CFPB plans to finalize the Ability to Repay rule early this year. When finalized, this rule would require lenders to determine that the borrower has a reasonable ability to repay the mortgage loan they are being lent. To satisfy the ability to repay criteria, a lender may also originate a Qualified Mortgage (QM).

   The rule, as drafted by the Federal Reserve, proposes two alternative means to establishing a QM. Under both alternatives, a QM must meet several standardized lending and underwriting criteria. Under one alternative, a borrower cannot dispute a lender's compliance with the ability to repay standard which would essentially establish a "safe harbor" for the lender. The other alternative would simply establish what has been called a "rebuttable presumption" that the lender has met the ability to repay standards. What is your opinion on the safe harbor and rebuttable presumption alternatives and their potential impacts on the housing market and access to credit?

2. Under the Dodd-Frank Wall Street Reform Act, one of the supervisory roles of the Consumer Financial Protection Bureau (CFPB) is to oversee nonbank entities in certain markets. For some markets, this role is limited to "larger participants," a term that is still in the process of being defined. Do you plan to establish substantive rule-makings pertaining to nonbank businesses prior to the completion of the rule-making which defines the term "larger participant"? If so, please outline how you plan to establish fair and predictable rules for products and consumers before you have determined what types of financial products and participants are covered by the CFPB?

Consumer Financial
Protection Bureau

1801 L Street NW, Washington, DC 20036

February 1, 2012

The Honorable Spencer Bachus
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Shelley Moore Capito
2443 Rayburn House Office Building
Washington, DC 20515

Dear Chairmen Bachus and Capito,

Thank you for your letter regarding concerns that supervised institutions could waive applicable privileges with respect to third parties by providing privileged information to the Consumer Financial Protection Bureau ("CFPB" or "Bureau").

The Bureau's supervisory program depends upon the free flow of information between our examiners and our supervised institutions, and the Bureau's review of supervised institutions' privileged information is often necessary to ensure the institutions' compliance with Federal consumer financial law and detect risks to consumers. As noted in your letter, earlier this month we released a bulletin by our General Counsel, Len Kennedy, which stated that "the provision of information to the Bureau pursuant to a supervisory request would not waive any privilege that may attach to such information." The bulletin further notes that the Office of the Comptroller of the Currency took that position since at least 1991, well before Congress codified it in 2006.

As I acknowledged in my testimony, Congress may want to address this issue legislatively. We would welcome legislation codifying our position that the submission of privileged information to the Bureau does not result in a waiver. In the meantime, the CFPB will proceed in the manner articulated in our bulletin.

I hope this is helpful. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

February 8, 2012

The Honorable Richard Cordray
The Consumer Financial Protection
Bureau
1801 L Street
Washington, DC 20036

Dear Mr. Cordray:

The Subcommittee on Oversight and Investigations will hold a hearing titled "Budget Hearing—Consumer Financial Protection Bureau," at 10:00 a.m. on Wednesday, February 15, 2012, in Room 2128 of the Rayburn House Office Building. I am writing to confirm your invitation to participate at this hearing.

Your testimony should address past, currently planned, and anticipated obligations and expenditures of the Consumer Financial Protection Bureau for the fiscal years 2011, 2012, and 2013. In addition, your testimony should address the Consumer Financial Protection Bureau's policies and procedures for providing information about the agency's budget and spending information to Congress.

Please read the following material carefully. It is intended as a guide to your rights and obligations as a witness under the rules of the Committee on Financial Services.

The Form of your Testimony. Under the Rules of the Committee on Financial Services, each witness who is to testify before the Committee or its subcommittees must file with the Clerk of the Committee a written statement of proposed testimony of any reasonable length. Please also include with the testimony a current resume summarizing education, experience and affiliations pertinent to the subject matter of the hearing. This must be filed at least two business days before your appearance. Please note that changes to the written statement will not be permitted after the hearing begins. Failure to comply with this requirement may result in the exclusion of your written testimony from the record. Your oral testimony should not exceed five minutes and should summarize your written remarks. The Chair reserves the right to exclude from the printed record any supplemental materials submitted with a written statement due to space limitations or printing expense.

Submission of your Testimony. Please submit at least 100 copies of your proposed written statement to the Clerk of the Committee not less than two business days in advance of your appearance. These copies should be delivered to: The Committee on

Financial Services, Attn: Committee Clerk, 2129 Rayburn House Office Building, Washington, D.C. 20515.

Due to heightened security restrictions, many common forms of delivery experience significant delays in delivery to the Committee. This includes packages sent via the U.S. Postal Service, Federal Express, UPS, and other similar carries, which typically arrive 3 to 5 days later than normal. The United States Capitol Police have specifically requested that the Committee refuse deliveries by courier. The best method of delivery of your testimony is to have an employee from your organization deliver your testimony in an unsealed package to the address above. If you are unable to comply with this procedure, please contact the Committee to discuss alternative methods for delivery of your testimony.

The rules of the Committee require, to the extent practicable, that you also submit your written testimony in electronic form. The preferred method of submission of testimony in electronic form is to send it via electronic mail to fsctestimony@mail.house.gov. The electronic copy of your testimony may be in any major file format, including WordPerfect, Microsoft Word, or ASCII text for either Windows or Macintosh. Your electronic mail message should specify in the subject line the date and the Committee or subcommittee before which you are scheduled to testify. You may also submit testimony in electronic form on a disk or CD-ROM at the time of delivery of the copies of your written testimony. Submission of testimony in electronic form facilitates the production of the printed hearing record and posting of your testimony on the Committee's Internet site.

Your Rights as a Witness. Under the Rules of the House, witnesses may be accompanied by their own counsel to advise them concerning their constitutional rights. I reserve the right to place any witness under oath. Finally, a witness may obtain a transcript copy of his/her testimony given in open, public session, or in a closed session only when authorized by the Committee or subcommittee. However, by appearing before the Committee or its subcommittees, you authorize the Committee to make technical, grammatical, and typographical corrections to the transcript in accordance with the rules of the Committee and the House.

The Rules of the Committee on Financial Services, and the applicable rules of the House, are available on the Committee's website at http://financialservices.house.gov. Copies can also be sent to you upon request.

The Committee on Financial Services endeavors to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, or have any questions regarding special accommodations generally, please contact the Committee in advance of the scheduled event (4 business days notice is requested) at (202) 225-7502; TTY: 202-226-1591; or write to the Committee at the address above.

Please note that space in the Committee's hearing room is extremely limited. Therefore, the Committee will only reserve one seat for staff accompanying you during your appearance (a total of two seats). In order to maintain our obligation under the Rules of the

House to ensure that Committee hearings are open to the public, we cannot deviate from this policy.

Should you or your staff have any questions or need additional information, please contact Mark Epley at 202-225-7502.

Sincerely,

Randy Neugebauer
Chairman,
Oversight and Investigations
Subcommittee

RN/gr

cc: The Honorable Michael Capuano, Ranking Member

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 11, 2011

The Honorable Charles A. Gonzalez
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Gonzalez:

Thank you for your letter of January 31st. It was a pleasure to meet you in San Antonio during our recent visit there with servicemembers and consumer advocates. We really appreciated your participation in our meeting at Lackland Air Force Base. Having you there reinforced our message that the Federal government cares about the financial well-being of our troops and their families.

We completely agree that education is a key component in improving the financial situation of our military families, and education will be a big part of our mission at the Consumer Financial Protection Bureau. We definitely intend to take into consideration some of the very good feedback that we heard at the roundtable at Lackland. Interestingly, we heard some of the same feedback yesterday from a Marine Corps Captain: that it's hard to focus on financial education during basic training and that financial classes need to be taught on a continuing basis throughout a career.

We also agree that JAG and, specifically, the legal assistance lawyers, need to be involved in any successful education effort, and we plan to work with the Department of Defense to make sure that happens. Legal assistance lawyers see the fallout from geographical separation, deployment and, sadly, divorce, and we plan to have a two-way conversation with them—both to hear about the problems they are witnessing and to design the most effective education possible to address those problems. Your article from the *San Antonio News Express* about the suicide of SFC Gregory Giger was a tragic illustration of the real-world consequences of financial and personal stress on a servicemember and a reminder of the importance of our job.

Thank you also for your concern about recent alleged violations of the Servicemembers Civil Relief Act (SCRA). This past Wednesday, Holly testified on that very topic in front of your colleagues before the House Committee on Veterans Affairs. Although the consumer bureau will not enforce that particular statute (that authority will remain with the Department of Justice and the prudential regulators), we can still talk about it and educate about it. Improvements need to be made by loan servicers, and Holly sent a letter to that effect to the CEOs of the 25 largest banks on February 1st asking that they review their practices to ensure that they do not deny any of their military customers their SCRA rights. And we plan to work with the Department of

Justice and the Department of Defense to ensure that military personnel know exactly what their rights are.

We look forward to working with you on these and other topics impacting the finances of our military personnel and their families, who give so much to our country. Thank you for your support.

Sincerely,

Elizabeth Warren
Special Assistant to the President and
Special Advisor to the Secretary of the Treasury

Holly Petraeus
Team Lead
Office of Servicemember Affairs
Consumer Financial Protection Bureau Implementation Team

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 13, 2012

The Honorable Dick Durbin
711 Hart Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
728 Hart Senate Office Building
Washington, DC 20510

Dear Senator Durbin and Senator Reed,

Thank you for your letter on the issue of checking account fee disclosures. We agree on the need for more transparency in the marketplace so that costs are clearer to consumers and they can make more informed choices about these accounts. Giving customers straightforward, up-front information to inform decisions about the financial products they use is good for honest businesses, for consumers, and for the overall economy.

We have met with the Pew Charitable Trusts to discuss their model checking disclosure form, and are reaching out to industry and consumers to gather additional input on various ways that fee disclosures can be improved. As a data-driven agency, that is an important first step for the Bureau. Rest assured that this is a high priority for us.

We appreciate your input on this issue and will keep it in mind as we move forward. Please do not hesitate to contact me if the Bureau can be of additional assistance to you or your constituents.

Sincerely,

Richard

Richard Cordray
Director
Consumer Financial Protection Bureau

All of our KnowBeforeYouOwe projects are making good headway, and we will keep you closely apprised of our progress.
Rich

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STAFF DIRECTOR

ONE HUNDRED TWELFTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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February 14, 2012

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Cordray:

As you begin to exercise the enormous powers of the Consumer Financial Protection Bureau (CFPB), we are sure that you are aware of the precedential impact of your actions. For this reason, and in light of your personal commitment to full cooperation with congressional oversight, we ask that you immediately direct your staff to fully comply with a longstanding document request of this Committee.

During a hearing of the Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs on January 24, 2012, you committed the CFPB to robust congressional oversight.[1] In particular, in response to a question about accountability and transparency at the CFPB, you responded: "I think [accountability and transparency] are critical to the credibility of the agency and I think you have every right to demand that from us, and I hope that you will find that we provide it."[2] Later, in discussing the CFPB's role as an independent agency, you stated: "[I]t is my understanding that Congress has established independent agencies to keep them closer to the Congress, to keep them accountable for enforcing the law, and I expect that that is why we will be here frequently for oversight and for you to know exactly what we are doing."[3]

On June 20, 2011, we wrote to Treasury Secretary Timothy Geithner requesting:

> All documents and communications between Elizabeth Warren or the CFPB and any State Attorney General, representative of any State Attorney General, and any

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[1] *"How Will the CFPB Function Under Richard Cordray?": Hearing before the Subcomm. on TARP, Financial Services, and Bailouts of Public and Private Programs of the H. Comm. on Oversight and Gov't Reform*, 112th Cong. (2012).
[2] *Id.* (question and answer with Rep. Guinta).
[3] *Id.*

> federal agency or mortgage servicer, or any other potentially interested party, including plaintiffs' attorneys preparing class action lawsuits, referring or reacting to mortgage servicing, foreclosures, or a possible settlement involving State Attorneys General from September 2010 to present, relating in whole or in part to mortgage servicing or foreclosures or a possible settlement involving State Attorneys General from September 2010 to present.[4]

Although the CFPB has produced some documents responsive to this request, the CFPB has withheld over 200 additional responsive documents. The CFPB has not articulated a recognized privilege in support of withholding these documents. Instead, the CFPB withheld the fact that it even possessed additional responsive documents until almost five months after the request was made.[5] When the CFPB told the Committee that it had withheld responsive documents, the CFPB informed the Committee that only 12 documents were withheld.[6] The Committee did not learn of the full amount of withheld responsive documents until January 31, 2012 – over seven months after the initial request.[7]

In conversations with Committee staff, your staff has cited "law enforcement" as the reason for refusing to produce the documents.[8] However, the CFPB's role in the mortgage settlement discussions – this so-called "law enforcement" action – is precisely the reason we requested the documents. You will recall that Elizabeth Warren, the then-Special Advisor to the Secretary of the Treasury for the CFPB, gave testimony to Congress about the CFPB's role in these discussions that contradicted information in documents subsequently uncovered by Judicial Watch.[9] Due to the contradictory accounts of the CFPB's role, the documents that you are withholding from us are essential for the Committee to fully understand the precise nature of the CFPB's role in the mortgage settlement discussions.

Your staff has maintained that the CFPB is withholding these responsive documents at the behest of the Department of Justice (DOJ). In addition to raising obvious questions about the CFPB's independence, this excuse for your noncompliance misses the mark. We did not request these documents from the DOJ; we requested these documents from you. Your staff has informed Committee staff that the CFPB is in possession of these documents and could readily produce them.[10] Even so, the CFPB has thus far refused the Committee's reasonable offers of accommodation. The CFPB has refused to provide the Committee with a privilege log of the documents and has not allowed the Committee to review the documents *in camera*. Without the ability to understand and examine the documents you are withholding, we cannot fully assess the nature of the CFPB's involvement in the settlement discussions.

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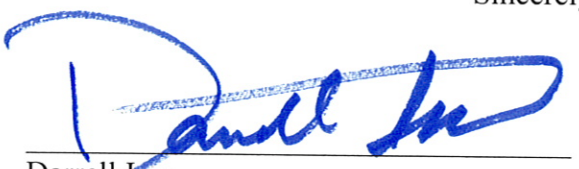
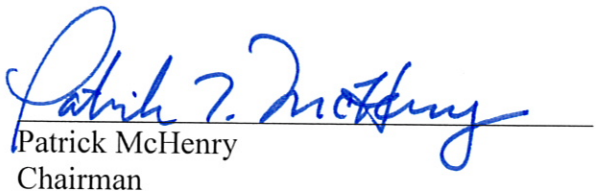
[4] Letter from Spencer Bachus, Comm. on Financial Services, and Darrell Issa, Comm. on Oversight and Gov't Reform, et al. to Timothy Geitner, Dep't of the Treasury (June 20, 2011).
[5] *See* Consumer Financial Protection Bureau, Responses to Questions for the Record, *"Consumer Financial Protection Efforts: Answers Needed"* (transmitted Nov. 4, 2011) (response to Question 10).
[6] *Id.*
[7] Phone call with Consumer Financial Protection Bureau Staff (Jan. 31, 2012).
[8] *Id.*
[9] *See* Letter from Spencer Bachus, Comm. on Financial Services, and Darrell Issa, Comm. on Oversight and Gov't Reform, et al. to Timothy Geitner, Dep't of the Treasury (June 20, 2011).
[10] Phone call with Consumer Financial Protection Bureau Staff (Jan. 31, 2012).

It is unfortunate that we must raise this matter so soon after your controversial appointment in contravention of constitutional requirements for a recess appointment. However, the CFPB's obstinate refusal to produce these documents contravenes your commitment to transparency and accountability at the CFPB and your pledge that the Committee will "know exactly what [the CFPB is] doing."[11] As such, if the CFPB does not produce the withheld documents by February 24, 2012, the Committee will be compelled to consider the use of the compulsory process. Thank you for your attention to this matter.

Sincerely,



Darrell Issa
Chairman



Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

cc: The Honorable Elijah E. Cummings, Ranking Minority Member
Committee on Oversight and Government Reform

The Honorable Mike Quigley, Ranking Minority Member, Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

[11] *"How Will the CFPB Function Under Richard Cordray?": Hearing before the Subcomm. on TARP, Financial Services, and Bailouts of Public and Private Programs of the H. Comm. on Oversight and Gov't Reform*, 112th Cong. (2012) (question and answer with Rep. Guinta).

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U.S. House of Representatives

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February 15, 2011

Elizabeth Warren
Asst. to the Pres. and Special Advisor
to the Secretary of the Treasury
The Consumer Financial Protection Bureau
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Elizabeth:

In reference to our Full Committee hearing entitled "Allegations Regarding the Servicemembers Civil Relief Act," that took place on February 9, 2011, I would appreciate it if you could answer the enclosed hearing questions by the close of business on April 1, 2011.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for materials for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively and single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Debbie Smith at debbie.smith@mail.house.gov, and fax your responses to Debbie at 202-225-2034. If you have any questions, please call 202-225-9756.

Sincerely,

BOB FILNER
Ranking Democratic Member

JL:ds

Committee on Veterans' Affairs
U.S. House of Representatives
Post-Hearing Questions for Holly Petraeus
From the Honorable Bob Filner

Allegations Regarding the Servicemembers Civil Relief Act
February 9, 2011

1. What actions will the Consumer Financial Protection Bureau take when a servicemember makes a complaint about possible SCRA violations?

2. What are some of the initiatives the Consumer Financial Protection Bureau has in place to provide financial education to servicemembers?

3. When do you expect your agency to be fully functioning?

4. What relationship do you expect to have with the Justice Department regarding SCRA?

5. What role should the Department of Defense play in SCRA violations?

6. Do you believe that the SCRA violations should be strengthened?
    a. If yes, how?

7. Do you believe that J.P. Morgan Chase is the only bank with SCRA violations?

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 18, 2011

The Honorable Sherrod Brown
United States Senate
Washington, D.C. 20510

Dear Senator Brown:

Thank you for your letter of February 8th, expressing your concern about recent allegations of Servicemembers Civil Relief Act (SCRA) violations. I agree that ensuring the financial well-being of our military personnel and their families is of paramount importance, especially at a time when we are asking our military to undergo the stress of repeated combat deployments. And I appreciate your desire to take active steps to improve the situation by enhancing both lenders' compliance with SCRA requirements and military families' knowledge of the law – and even to amend the statute, if necessary.

On February 9th, I testified at a SCRA-related hearing in front of your colleagues on the House Committee on Veterans Affairs. Although the Consumer Financial Protection Bureau (CFPB) has not been given enforcement authority for the SCRA (that authority will remain with the Department of Justice and the prudential regulators), we can certainly still raise awareness about it, and draw attention to problems that we hear about. Improvements obviously need to be made by some loan servicers in educating their staffs about the SCRA and ensuring that they administer its protections properly. As I believe you are aware, on February 1st I sent a letter to that effect to the CEOs of the nation's 25 largest banks that service mortgage loans, asking that they review their practices to be sure that they are not denying their military customers their SCRA rights. As you observed, if they do deny those rights, then they are breaking the law and should be held to account.

I completely agree that education is a key component in improving the financial situation of our military families. If servicemembers are unaware of the laws that protect their finances, then they cannot take advantage of those protections. And, more generally, education can empower servicemembers and their families to make better-informed financial decisions. For this reason, education will be a central part of our mission here at the Office of Servicemember Affairs. As we continue the work to stand up the CFPB, we will conduct a series of events at various locations around the country where we can talk to the military community (including National Guard and Reserve) and hear their concerns. The financial education curriculum we work to develop needs to be relevant for them, and we need to identify the teachable moments when they might best receive the information. In the month since I began my job here, Professor Warren and I have already been to Joint Base San Antonio, where we heard from military service

providers (financial counselors, legal assistance lawyers, chaplains, and mental health professionals) and also from military personnel and their spouses. They gave us some very good feedback, telling us, among other things, that they thought financial training should definitely extend beyond basic training -- where it is not well absorbed given the exhaustion and preoccupation of the trainees -- and should be more of a continuing education experience throughout a career. They also felt the training should be mandatory, just as Equal Opportunity training is now.

We plan to work with the Department of Justice and the Department of Defense (DoD) to ensure that the DoD's curriculum conveys the scope and intent of the laws that affect the financial situation of military personnel and their families. We will also work closely with the Judge Advocate Generals (JAGs) and financial counselors, since they see the full range of military financial problems that can be exacerbated by geographical separation, deployment, and lenders' ignorance of the law. The real-world consequences of those financial problems can be tragic. Our military personnel deployed in harm's way need to be able to focus on their military mission, and not have to worry about a bad family situation or a lost security clearance because of financial problems at home.

Again, I appreciate your letting me know of your concern for our military families and your determination to see that they receive the legal protections they merit. For our part here at the Office of Servicemember Affairs, we will do our best to develop the most efficient and effective ways of delivering a quality financial education to them. We will also continue to raise public awareness about the unique concerns of the military community. I look forward to a continuing dialogue with you and would be glad to meet with you on the subject.

Sincerely,

Holly Petraeus

Holly Petraeus
Office of Servicemember Affairs
Consumer Financial Protection Bureau

SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

February 22, 2012

Mr. Richard Cordray
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Cordray:

Thank you for appearing before the Oversight and Investigations Subcommittee on February 15, 2012. We are writing to follow up on several requests that the Committee made during the hearing.

First, we are requesting that the Consumer Financial Protection Bureau ("CFPB") agree to provide Congress with information regarding the CFPB's budgetary plans for the balance of the 2012 fiscal year and for future fiscal years. In particular, we are asking that the CFPB commit to provide Congress, at Congress's request, copies of any financial operating plans and forecasts that the CFPB has prepared including, without limitation, documents in the nature of expenditure plans, operating plans, spending plans, and revised spending plans. As you stated in your testimony, now that the CFPB is an independent agency and no longer subject to the same rules that govern the Treasury Department's funding disclosures, the CFPB can release budgetary information to the Congress without the pre-approval of the Office of Management and Budget.

Second, while we commend the CFPB's efforts to draft better and more detailed budget justifications, we believe that the budget justification that was released with the President's Fiscal Year 2013 budget request is not as good as it could be. For example, the CFPB used just 500 words to justify adding more than 400 new employees to its workforce. *See* §2A ("Budget Increases and Decreases Description"). The CFPB also said that it would spend nearly $125,000,000—the second largest item in its $447,688,000 FY 2013 budget—on "Other Services," without explaining what it meant by "Other Services." *See* §2.2 ("Operating Levels Table"). We would like the CFPB to commit to providing a more detailed budget justification for the 2013 fiscal year within the next 60 days.

Third, the CFPB's budget justification lacks a meaningful performance plan. In particular, while the CFPB explained that it "is now in the process of developing a robust set of performance measures to track the Bureau's progress toward achieving its strategic goals in FY 2012 and beyond," its budget justification does not set any performance targets for the 2012 fiscal year. Instead, the CFPB said that it will use operations in the current fiscal year to measure its performance in future years. We ask that the CFPB commit to releasing its performance measures on or before July 21, 2012, which is the second anniversary of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), and the one-year anniversary of the date on which the CFPB began operating as an independent bureau within the Federal Reserve System.

Fourth, the Committee would like the CFPB to make its transfer requests available to Congress, 48 hours before the CFPB officially requests a transfer of funds from the Federal Reserve Board of Governors. This will help assure the public that the CFPB is fulfilling its statutory mandate to protect consumers while avoiding unnecessary and wasteful expenditures.

Fifth, we would like a detailed construction and rehabilitation budget for your offices located at 1700 G Street NW, in Washington, DC. An estimated $55 million has been set aside for the CFPB's "land and structures," and we feel obliged to the American people to ensure that the CFPB's funds are spent in the most efficient manner possible.

Finally, we would like additional information on how the CFPB determines the need to hire new employees. We understand that, as of the date of the February 15, 2012 hearing, the CFPB had 778 employees, which represents the addition of 546 employees over and above the 232 employees that transferred to the CFPB from the Federal Deposit Insurance Corporation, the Federal Reserve, the Department of Housing and Urban Development, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. You testified that there is a "detailed process" that the CFPB uses to determine its employment needs, which requires the CFPB's departments to scrutinize their needs and to consult with the CFPB's chief financial officer. We are requesting that you provide us with copies of any analysis that supported the CFPB's staffing projections for the 2011 and 2012 fiscal years. We would also like to know how many employees the CFPB believes it will ultimately need to have on staff.

In your testimony, you stated that you would work with CFPB and Committee staff to accommodate these requests and bring additional clarity and transparency to the CFPB's operations. We thank you for that commitment and look forward to your response.

Sincerely,

RANDY NEUGEBAUER
Chairman
Subcommittee on Oversight
and Investigations

MICHAEL FITZPATRICK
Vice-Chairman
Subcommittee on Oversight
and Investigations

JAMES RENACCI
Member of Congress

Cc:

Hon. Spencer Bachus
Hon. Barney Frank
Hon. Michael Capuano

JEFF MERKLEY
OREGON

United States Senate

WASHINGTON, DC 20510

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BUDGET

December 20, 2011

Mr. Raj Date
Special Advisor to the Secretary of the Treasury and Acting Director
Consumer Financial Protection Bureau (CFPB)
Washington, DC
Via email

Re: Foreign Remittance Transfer Provisions (Sec. 1073) of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Mr. Date:

I write regarding the rulemaking to implement Section 1073 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203, 124 Stat. 1376 (2010)). Authored by Senator Daniel Akaka, the purpose of Section 1073 is to provide certainty to consumers making foreign remittance transfers by requiring full disclosure of exchange rates and transaction fees prior to the transaction. The regulations also include an allowance period for consumers to claim errors in transaction and a requirement to provide consumers with access to relevant foreign language translations.

Implementation of section 1073 is an important step in protecting consumers, especially lower income Americans. Every year, Americans send billions of dollars to family overseas, but in doing so, face challenges in uncertain fees and exchange rates and protecting themselves and their families from errors. Improving transparency, accountability, and understanding will allow consumers of all backgrounds to make informed decisions regarding financial services. I encourage you to implement section 1073 with robust rules aimed at meeting these goals.

It has come to my attention that certain aspects of the proposed rules present challenges for community banks and credit unions. In particular, compliance with the in-advance disclosure requirements may be challenging for foreign remittance transfers involving "open networks," where transactions are conducted through a series of independent correspondent entities. Community banks and credit unions will need time to develop the systems needed to provide the full disclosure that section 1073 promises, and I support the five-year transition period provided for in the section and in the proposed rules.

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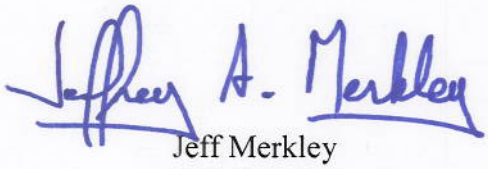
During the transition period, the proposed rules require the institution to provide the consumer with an estimate of all fees. To reduce the potential for customer confusion, such information should be clearly marked as an estimate. In addition, I encourage you to consider whether requiring the open network institution to provide the consumer with a clear, understandable summary or average of recent, comparable transactions to the same destination country would be helpful. This may assist the consumer in making an informed decision, as well as assist the marketplace in transitioning to the new system.

In addition, I am concerned that the draft rules presently set forth a permanent exemption for countries where exchange rates are not legally knowable. This appears to be a troubling loophole that, if needed at all, should be only used in the narrowest of circumstances with additional safeguards.

Finally, I believe that the rules should clarify the distinctions between consumer transactions, covered by these new rules, and business transactions, including those conducted in a "doing business as" status. The intent of Section 1073 of the Dodd Frank Act was to protect retail consumers from undisclosed fees and problems concerning error resolution. The statute was not designed or intended to cover business or commercial transactions. The final rule should exclude commercial transactions to avoid any confusion under the definition of "consumer" in the statute, including both incorporated and unincorporated businesses.

Consumers who regularly remit funds abroad are frequently among the most vulnerable populations. The rules implementing 1073 are important steps towards improved consumer protections and greater transparency in the financial sector, and I encourage you to implement them effectively.

Sincerely,



Jeff Merkley
U.S. Senator

cfpb Consumer Financial Protection Bureau

Dec. 2011

Dear Sen. Brown,

Many, many thanks for your warm (virtual!) welcome to Cleveland, and for helping to make our event such a success. And, more broadly, thank you for your bold leadership on behalf of American consumers. I am lucky, and the Bureau is lucky, to have supporters like you.

Happy New Year,

Raj Date

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 3, 2012

Dear Chairman Johnson,

Thank you for your recent letter concerning the importance of taking a smart approach to financial services regulation. The Consumer Financial Protection Bureau wholeheartedly agrees that financial services regulation should take careful account of benefits and costs, involve consideration of a wide range of factors for each rule, and promote public participation. These ingredients help to ensure the overall goal of developing federal regulations that provide robust safeguards for consumers and clear guidance for financial services providers without imposing undue burdens.

The Dodd-Frank Act specifically embeds these objectives into the mission of the Bureau, and we are committed to their execution. As an evidence-based agency, the Bureau will develop and issue regulations where there is a strong justification for doing so, work with stakeholders—including industry—to implement them, and monitor them to ensure their effectiveness over time.

The Dodd-Frank Act and several other statutes give the Bureau specific guidance on these processes. For instance, statutory requirements direct us to analyze certain benefits, costs, and impacts in the course of our rulemakings, take comments from the public, consult with small businesses on certain rules and with appropriate federal agencies at certain stages of the rulemaking process, and conduct a thorough assessment of the effectiveness of significant regulations within five years of their issuance.

The Bureau is working diligently to conduct careful evidence-based analysis and solicit widespread public participation in our rulemaking processes. We are incorporating those disciplines into our current rulemaking initiatives—which focus both on reforming the mortgage markets and implementing other statutory requirements mandated by the Dodd-Frank Act. We will also refine these rulemaking procedures over time.

Notably, we are also working to streamline and simplify regulations that we have inherited from other federal agencies. We believe our efforts will enhance consumer protections and facilitate compliance and fair competition among financial services providers.

As you requested, we have provided details on our processes and current and planned initiatives in the attachment. Please let us know if additional information would be helpful.

Sincerely,

Raj Date
Special Advisor to the Secretary of the Treasury
on the Consumer Financial Protection Bureau

CLAIRE McCASKILL
MISSOURI

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United States Senate

WASHINGTON, DC 20510

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SPECIAL COMMITTEE ON AGING

AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT
CHAIRMAN

January 18, 2012

Mr. Raj Date
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
1801 L St. NW
Washington DC 20220

Docket No. R-1417, RIN No. AD 7100 AD 75

Dear Mr. Date:

I am writing in regard to the proposed regulations designed to ensure that mortgage lenders consider borrowers' ability-to-pay before extending mortgage credit. While the proposal was crafted and published by the Federal Reserve, the Consumer Financial Protection Bureau (CFPB) has been charged with finalizing it.

In particular, many of my constituents have expressed concern that anything less than the creation of a safe harbor from the new ability-to-pay rules for certain traditional mortgages would severely restrict credit and could further damage the housing industry.

As you know, in the years leading up to the subprime mortgage crisis, many in the mortgage industry were making poorly underwritten loans based on speculative assumptions about the value of the property. In response, Congress included a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 prohibiting lenders from making mortgage loans unless they first evaluate the capacity of the borrower to repay the principal, interest, fees, and points associated with the loan. Lenders who fail to consider ability-to-pay will incur substantial legal liability.

However, Congress also recognized that many traditional, well-underwritten loans are not speculative or abusive and should not be subject to the same liability as loans with features like negative amortization and huge swings in interest. As such, Section 1412 of the Dodd-Frank Act created a "safe harbor and rebuttable presumption of compliance" with the ability-to-pay standard for well under-written "qualified mortgages."

Many interested parties have written comments regarding the way the Federal Reserve defined the term "qualified mortgage" (QM). However, whatever the definition of QM, lenders have expressed an overarching concern that failure to create a clear safe harbor for qualified mortgages could potentially open all mortgage lending to litigation. Ultimately, they fear, this would lead them to withhold credit from all but the most pristine borrowers.

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The CFPB should take reasonable steps to ensure that the American mortgage market does not return to the excesses of the subprime bubble. However, new regulations should not be so stringent that they prevent the growth of a healthy mortgage market based on sound underwriting and traditional mortgage products. I encourage you to take these concerns into consideration as you work to finalize the new rule.

Sincerely,

Claire McCaskill
United States Senator

SHERROD BROWN
OHIO

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APPROPRIATIONS
BANKING, HOUSING, AND URBAN AFFAIRS
VETERANS' AFFAIRS
SELECT COMMITTEE ON ETHICS

United States Senate

WASHINGTON, DC 20510

January 19, 2012

The Honorable Thomas Perrelli
Associate Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue N.W.
Washington, D.C. 20530

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue N.W.
(Attn: 1801 L St.)
Washington, D.C. 20220

The Honorable Tom Miller
Iowa Attorney General
1305 E. Walnut Street
Des Moines, IA 50319

Dear Associate Attorney General Perrelli, Secretary Donovan, Director Cordray, and Attorney General Miller:

As the senior Senator from Ohio and a member of the Senate Committee on Banking, Housing, and Urban Affairs, I am all too familiar with the struggles faced by distressed homeowners, resulting from a pattern of abuse by the largest bank servicers. My home state experienced 14 consecutive years of increasing foreclosures until 2010, when some of the nation's largest mortgage servicers instituted a foreclosure moratorium amid reports of widespread legal document forgery. This issue is at the heart of your 50-state mortgage and foreclosure fraud investigation. Accordingly, I write today to express my concern based upon recent reports outlining some of the proposed settlement terms.

It is reported that the proposed settlement will include a number of components to address the wrongdoings of Wall Street banks and their affiliated servicers, including a system of mortgage principal reduction based on a credit system. With more than one in five Ohioans owing more on their mortgage than their house is worth, and Ohioans nearly $16 billion underwater on their mortgages, there is no question that principal reduction can and should be an element of any plan to aid homeowners.[1] Many of these people are underwater through no fault of their own. As New York Federal Reserve President Bill Dudley said recently, "[t]his isn't a moral hazard issue, this is just the bad luck associated with the timing of the purchase and an exceptionally weak jobs market."[2] A settlement must provide *meaningful*, widespread relief to Ohio homeowners. Unfortunately, the numbers reported in various media accounts fail to meet this test. The

[1] *See* Ohio Organizing Collaborative & New Bottom Line, *Ohio Underwater: How President Obama Administration Can Fix the Housing Crisis and Create Jobs* 4 (2011).
[2] William C. Dudley, President and Chief Executive Officer of the Federal Reserve Bank of New York, Remarks at the New Jersey Bankers Association Economic Forum, Iselin, New Jersey, Jan. 6, 2012.

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settlement must also redress the injuries suffered by families that have already lost their homes. Any settlement that fails to achieve these two goals would be insufficient.

A settlement must also impose adequate penalties on servicers who broke the law. There are reports that the settlement could permit servicers to receive credit for writing down the value of mortgage-backed securities (MBS) owned by investors, without requiring servicers to reduce principal on the mortgages and second liens that they own.[3] Ohio's public employee pension funds have significant investments in MBS, and therefore have significant interest in the terms of the settlement.[4] The reported settlement terms would allow banks to write down the investments of many of my constituents, without sacrificing anything. And, depending upon the scope, any settlement could potentially preclude these funds from pursuing actions to recoup more than $457 million in losses, allegedly due to credit ratings agencies improperly rating MBS.[5] Such terms are unacceptable.

Teachers, first responders, law enforcement, and other pensioners and retirees should not be penalized for wrongdoing by Wall Street. An adequate loss-sharing arrangement would acknowledge the reality that there is no penalty for servicers writing down the value of assets that belong to someone else. There is also no penalty associated with servicers writing down a portion of their assets – in this case, their second lien holdings – that actually have no value. It is often in investors' best interest to reduce mortgage principal, but this settlement must penalize the servicers who broke the law.

As Governor Sarah Bloom Raskin of the Board of Governors of the Federal Reserve said recently, financial penalties "remind regulated institutions that noncompliance has real consequences; the law is not a scarecrow where the birds of prey can seek refuge and perch to plan their next attack."[6] It thwarts the objective of punishing servicer wrongdoing and deterring future robosigning, predatory lending, consumer deception, and other violations by permitting wrongdoers to settle exclusively with "other people's money." State attorneys general tried this approach in a 2008 settlement with servicer Countrywide—it did not work.

Accordingly, mortgage servicers must not be able to settle these claims using investments held by state pension funds, retirement systems, and universities. The penalty for bank servicer misconduct must come from the bank's balance sheets, not other sources of mortgage capital. The proposed principal reduction program must focus on banks settling with their own money, rather than shifting their financial liability to Private Label Securities (PLS) trusts. And the net present value (NPV) model for calculating the value of a mortgage modification must be publicly disclosed, transparent, and based upon reasonable economic assumptions (*e.g.,* the correct discount rate), to ensure that principal is being reduced when it is financially appropriate.

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[3] *See* Shahien Nasiripour & Kara Scannell, *Mortgage Talks Point To Likely Investor Losses*, FINANCIAL TIMES, Jan. 6, 2012.

[4] The Ohio Public Employees Retirement System holds $765 million in MBS; the Ohio Police & Fire Pension Fund held $626 million in MBS; State Teachers Retirement System of Ohio holds $50 million in mortgage-backed securities (MBS); and the Ohio Public Employees Deferred Compensation Program holds $39 million in MBS.

[5] *See Ohio Police & Fire Pension Fund v. Standard & Poor's*, 09-CV-1054 (S.D. Ohio, 2009).

[6] Governor Sarah Bloom Raskin, "Creating and Implementing an Enforcement Response to the Foreclosure Crisis" 8, Remarks at the Association of American Law Schools Annual Meeting, Washington, D.C., Jan. 7, 2012.

Mortgage servicers must be required to assist homeowners who have lost their homes illegally or are underwater through no fault of their own. But the remedies and penalties must be meaningful, and not come solely from the retirement savings of middle class workers—some of whom may have already lost their homes as result of the illegal practices that the settlement is meant to address.

This is a critical issue for Ohioans who have been victimized by widespread foreclosure fraud and will be affected by any settlement, both as homeowners and as investors in MBS portfolios managed by public pension and retirement systems. Your efforts to ensure a fair and transparent settlement will have lasting effects for a generation and establish a very important legal precedent.

Thank you for the opportunity to share my views on this important matter.

Respectfully,

Sherrod Brown

Sherrod Brown
United States Senator

Cc: The Honorable Mike DeWine, Ohio Attorney General

TREY GOWDY
4TH DISTRICT, SOUTH CAROLINA

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January 18, 2012

Mr. Richard Cordray
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Cordray:

Consumers nationwide are increasingly looking to short-term, small-dollar lending to meet their financial obligations. Alabama, as all states do, have laws to protect consumer choice and consumer interests. Arguably Alabama has one of the strictest, pro-consumer statutes in the United States. Alabama's State Banking Superintendent, John Harrison, works diligently to enforce this law through his agency's supervision of all bank and non-bank financial services companies. It is imperative the Consumer Financial Protection Bureau (CFPB) work closely with all states to ensure progress continues, prevent duplication of effort, and restrict federal involvement where none is needed.

Congressman Barney Frank, Ranking Member of the Financial Services Committee, said "…the majority of payday lenders, or check cashers, or people involved in transmitting cash remittances are [not] dishonest or unscrupulous...In any business, there will be those who will try to take unfair advantage of consumers." I agree with Mr. Frank that it is indeed the dishonest and unscrupulous lenders that the newly empowered CFPB needs to target with their supervisory authority.

I trust that the CFPB hearing will acknowledge and respect the job Alabama has done to effectively regulate the payday industry as well as those lenders who have responsibly served the consumers who need and want this valuable financial service.

Sincerely,

Trey Gowdy

Trey Gowdy

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

January 31, 2011

The Honorable Randy Neugebauer
U.S. House of Representatives
Washington, DC 20515

Dear Representative Neugebauer:

I very much enjoyed our January 4th meeting. I appreciate the care with which you have examined our efforts to stand up the Consumer Financial Protection Bureau (CFPB or Bureau). I have benefitted from your thoughts about CFPB, dating back to July 2009, when you asked me important and meaningful questions the first time I testified to the House Financial Services Committee about the new Bureau. I welcome the opportunity to keep you updated on our efforts at any time, and I hope you will call on me if I can be useful.

This letter responds to your January 18th letter. We have made every effort to be responsive, and, in some cases, to provide more information than you have requested. If you have any follow-up questions, I would be happy to meet for further discussions. Also, I have attached a letter from the Treasury and Federal Reserve Board of Governors Inspectors General on the stand-up of the CFPB in the hope that it might be another helpful resource for you. I look forward to continuing our productive dialogue.

Organizational Structure

Since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the CFPB implementation team has been hard at work designing an organizational structure for the Bureau. In early January, we shared with you a draft organization chart. Attached to this letter is an updated version. This effort is a work in progress, and we will continue to refine the organizational design in the coming months.

In designing the Bureau's structure, we realize that we do not have a monopoly on good ideas. From the start, the CFPB implementation team has solicited input from a variety of people in the private sector, the academic world, and government service. I have discussed the structure of the Bureau with CEOs of trillion-dollar financial institutions and with CEOs of much smaller community banks and credit unions. I have also spoken at length about the organizational structure with members of Congress, with community groups, and with financial regulators. It is difficult to build a strong organization on a weak foundation, and we recognize the critical importance of getting this right. Beginning with the launch of the new CFPB website in early

February, we will also post online future updates of this draft organization chart in order to promote transparency and to increase the opportunities for more public feedback.

The operating draft of the CFPB organization chart includes six primary divisions: Consumer Engagement and Education; Supervision and Enforcement; Research, Markets, and Regulations; General Counsel; External Affairs; and Chief Operating Officer. The CFPB organizational chart is designed: 1) to engage with consumers in everything we do; 2) to enforce consumer financial laws efficiently and effectively; 3) to help create a level playing field for large banks, community banks and credit unions, and non-depository financial institutions; 4) to make CFPB a data-driven agency by making research and market analysis core to all of its work; 5) to advance financial education opportunities for all Americans; 6) to continue an open and candid dialogue with members of Congress; and 7) to create accountability within the CFPB—accountability necessary to accomplish its statutory mandate.

As currently envisioned, the responsibilities of the six divisions are as follows:

1. The Consumer Engagement and Education division will provide, through a variety of initiatives and methods, information to consumers that will allow them to make the decisions that are best for them. Consumer education will be a central mission of the Bureau, developing basic research that will advance work in the field and providing a platform for creative educational initiatives from others. This division will also focus on the accessibility of everything we do, making our work as open to the public as possible. We are developing targeted outreach to groups that face particular challenges. The division will include the following CFPB offices: 1) financial education; 2) consumer engagement; 3) older Americans; 4) servicemembers; 5) students; and 6) community affairs.
2. The Supervision and Enforcement division will ensure compliance with federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate. The division will include an enforcement office and two separate—but tightly coordinated—offices for ongoing supervision of large banks and of non-banks. It will also include an office of fair lending.
3. The Research, Markets, and Regulations division will be responsible for understanding consumer financial markets and consumer behavior and for evaluating whether there is a need for regulation. Before we act, we want to be as fully informed as possible. There will be five market-facing offices: card markets, mortgage markets, installment lending, deposit and payment markets, and credit information markets. Each section will be staffed with a combination of people from different backgrounds, and each will have the capacity to collect and analyze data. The five market-facing offices will be supplemented in their work by a research team, which can engage in more extensive data development and cross-market analysis, and a rule-writing team.
4. The Office of General Counsel will be responsible for the Bureau's compliance with all applicable laws and will provide legal advice to the Director and the Bureau's divisions.

5. The External Affairs division will ensure that the Bureau maintains robust dialogue with the various stakeholders that have an interest in its work in order to promote transparency and accountability. As required by statute, there will be a consumer advisory board and an ombudsman, both of which will be located in this division. This division will also include the following CFPB offices: 1) legislative affairs; 2) media relations; 3) small financial institutions; and 4) inter-governmental affairs.
6. The Chief Operating Officer (COO) will build and sustain CFPB's operational infrastructure to support the entire organization. This division will include the following CFPB offices: 1) consumer response center; 2) operations and facilities management; 3) procurement; 4) chief information officer; 5) chief financial officer; 6) human capital; 7) inclusion; and 8) records and privacy.

As part of the CFPB start up, we have been working for several months on a comprehensive workforce planning effort to determine the size and scope of various offices and divisions within the organization. That process includes the development of position descriptions for all the positions across the organization. We are working hard to complete the descriptions, and we would be happy to stay in touch with your office on our progress and to share information relevant to your questions once completed.

Budget and Personnel

The CFPB implementation team is currently developing staffing and budget projections for FY 2011 and FY 2012. Estimates will be provided in the President's Budget of the United States Government, Fiscal Year 2012 and supporting materials, which are slated for release in February. In accordance with OMB Circular A-11, Treasury is not permitted to release information included in the President's Budget until the Budget has been submitted to the Congress. Once we are permitted to do so, of course, we will provide your office with the relevant information.

Building a team of dedicated, experienced, and top-notch personnel is a critical priority for the Bureau, and that effort will be instrumental to its success at understanding consumer financial markets and fulfilling our statutory responsibilities. Currently, the CFPB implementation team within Treasury has approximately 140 members, which includes Treasury employees who devote their full time or a majority of their time to CFPB implementation and detailees from Treasury bureaus or other federal and state agencies. Their salaries correspond to the General Schedule (grades 7 – 15), Senior Executive Schedule, or the grade/salary systems used by the detailees' home agencies.

We expect that the Bureau's ranks will grow by several hundred over the course of the year. The Bureau's hiring needs span a range of areas, including bank and non-bank supervision and enforcement; market analysis; consumer response; economic research and quantitative analysis; legal; information technology; human capital; budget, accounting, and finance; and procurement. Currently, we are hard at work building the CFPB pay and compensation system, which will allow employees to be hired directly into the Bureau.

In addition to hiring, the CFPB implementation team is also in the process of coordinating with six federal agencies with respect to the transfer of personnel to the consumer bureau as described in section 1064 of the Dodd-Frank Act. Under the Act, transfers may occur up to 90 days after the transfer date, and transferred personnel will receive certain protections with respect to pay, status, and benefits.

The talents and experience of CFPB implementation team members can be illustrated by some examples of our early hires:

- Steve Antonakes, the former Commissioner of Banks in Massachusetts, is leading the depository supervision team;
- Leonard Chanin, currently deputy director of the Federal Reserve Board's Division of Consumer and Community Affairs, will head the regulations team;
- Richard Cordray, the former Attorney General of Ohio, is leading enforcement;
- Raj Date, the former Chairman and Executive Director of the Cambridge Winter Center, is senior advisor to me and is working to stand up our Research, Markets, and Regulations team;
- Len Kennedy, the former General Counsel of Sprint Nextel Corporation, is General Counsel;
- Holly Petraeus, a top financial educator for military families, is establishing the Office of Servicemember Affairs; and
- Peggy Twohig, a 17-year veteran of the Federal Trade Commission, is leading the nonbank supervision team.

With respect to my role, President Obama appointed me as Assistant to the President, and I have been asked to provide advice on the selection of a nominee to be the first Director of the CFPB. Secretary Geithner appointed me Special Advisor to the Secretary on the CFPB, and in that role I work closely with him in the stand-up of the CFPB. Like other senior Treasury officials, I am glad to provide Congressional testimony so that Congress and the public are informed about our efforts to build this new agency.

Accountability and Oversight

The central idea that animated the creation of the CFPB was the need to increase accountability by consolidating core consumer financial protections that were scattered across the federal government. Under the old system, seven different federal agencies were responsible for consumer financial protection, but none viewed consumer financial protection as their top priority—and none was sufficiently accountable either to the Congress or the American people for getting the job done.

Congress took important steps in the Dodd-Frank Act to ensure the accountability of the new Bureau. The Dodd-Frank Act requires that:

- the Director testify before and report to Congress twice each year regarding the CFPB's activities;

- the CFPB report to Congress each year to justify its budget from the previous year and to report on the CFPB's financial operating plans and forecasts and its financial condition;
- the CFPB submit to the Office of Management and Budget its financial operating plans and forecasts and quarterly financial reports;
- the GAO conduct an audit each year of the Bureau's expenditures and submit a report to Congress;
- the CFPB carefully assess the impact of its actions by way of various internal process requirements; and
- the CFPB perform interagency consultations on proposed regulations.

The Dodd-Frank Act also allows the prudential regulators and other agencies sitting on the Financial Stability Oversight Council to review regulations advanced by the CFPB and, in some cases, to reject the Bureau's regulations. This is a process without parallel in the federal government.

Of course, like other rule-makers in the federal government, the new Bureau is subject to the Administrative Procedures Act. Also like other rule-makers, it is subject to court review to be certain that it operates only within the authority granted by Congress. And, like all other rule-makers, the Bureau's regulations can be overruled by Congress. These steps and procedures are extensive, and they will provide both sunlight and accountability in the Bureau's operations. I believe that they will be critical to ensuring both that the CFPB fulfills the important responsibilities Congress vested in it and that it remains accountable to the American people.

I should add one last note on this subject: Until a few months ago, I worked for the Congress, serving as chair of an oversight panel on TARP. During that time, I routinely met with members of Congress and their staffs on oversight issues, and I share your view about the importance of accountability and oversight. I would very much like to continue discussing this topic with you in our future meetings.

Outreach

As you know, I have traveled around the country in recent months to talk to a broad range of people—from individual consumers, to active-duty members of the military, to bank CEOs. I am committed to making the process of building this new Bureau interactive and transparent. To this end, I post my appointment calendar online on a regular basis so the public can see with whom I am talking and from whom I am learning. I also follow Treasury's Dodd-Frank transparency policy by releasing information about meetings with outside groups relating to CFPB implementation. In addition, I am always seeking additional ways to engage individuals, businesses, and groups on this exciting and important project.

I have found particularly beneficial the time I have spent on Capitol Hill. Since my September appointment, I have met with dozens of members of Congress to provide briefings on the CFPB stand-up and to listen closely to their concerns. In the past four months, I have had more than 50 one-on-one conversations with members about the Bureau. I plan to continue this outreach and to do everything I can to build a continuing and lasting relationship between the Bureau and Congress.

I have also found my meetings with community banks particularly beneficial. To date, I have talked with community bankers from 25 states. This includes my most recent trip to San Antonio to meet with the Independent Bankers Association of Texas, shortly after you and I last met.[1] At these meetings, I have listened more than I have talked, and I have heard a great deal about duplicative and complicated paperwork, the high cost of regulatory compliance, and how difficult it can be to get a clear answer on what is or is not required by a particular regulation. These conversations—starting from my first day in my current role when I met with community bankers from Oklahoma, to the calls I had last Friday with community bankers from Colorado, Georgia, Michigan, and New Mexico—have been enormously informative.

As mentioned in your letter, I have also met with a number of executives representing large financial institutions. I have met with more than a dozen CEOs and also with the key trade associations that represent them. In those meetings, I have discussed how the central aim of the Bureau, both with respect to rulemaking and more generally to enforcement and financial education, is to make consumer financial markets work better for the American public. Above all, I have discussed transparency, highlighting the importance of ensuring that consumers get the information they need to make the financial decisions they believe are best for them. The CFPB is pushing for markets in which prices are clear up front, risks are plainly visible, and nothing is buried in fine print. Personal responsibility is of course critical, but I have laid out how I believe transparency not only makes comparison shopping easier, but also can spur—not hinder—innovation and competition. In markets that work best, lenders have a real incentive to produce financial products and services that are attractive to customers instead of producing ever-more-complicated agreements with more hidden fees and surprises.

In these meetings thus far, I've received various indications that some financial service providers strongly support simplification. Many of the executives I have met with have acknowledged substantial problems in consumer financial services, and they have indicated that they are in favor of moving consumer financial markets toward short, easy-to-read agreements. Several have expressed their interest in working with the new Bureau to advance a robust market that produces real competition. Instead of pushing back on the Bureau's plans, many of those I have spoken with have pushed us to move forward as quickly as we can.

Integrity in Public Service

A primary objective in establishing the CFPB is to promote a culture committed to the highest standards of public service and integrity. We are developing an infrastructure capable of sustaining that culture. Our infrastructure must also attract individuals who are determined to protect the public trust and who have the skills and experience needed to fulfill the important responsibilities that Congress has vested in the Bureau, including assessing the burdens, utility, and effectiveness of regulations.

The CFPB implementation team adheres to federal law and Treasury policy concerning disclosure by new appointees of financial interests that could either create actual or potential

[1] While in Texas earlier this month, I also visited Lackland Air Force Base with Holly Petraeus to hold a town hall meeting with military families and a roundtable discussion with various professionals who work with them on financial matters.

financial conflicts of interest or raise concerns about impartiality. In accordance with government-wide ethics standards, certain employees are required to file financial disclosure reports and potential financial conflicts of interests are addressed as appropriate, such as through recusal or divestiture. Additionally, we are in the process of reviewing whether supplemental ethics regulations may be appropriate for the CFPB. To inform our process, the implementation team is reviewing supplemental ethics regulations in place at other regulatory agencies and drawing from the experiences of Congress in developing and policing rules of ethical conduct.

Rulemaking

While the Bureau does not currently have authority to prescribe substantive regulations, the implementation team has begun laying the groundwork in order to be prepared to receive rulemaking authority on the transfer date. As part of this effort, we have been monitoring regulatory activity by the Federal Reserve Board of Governors, the Federal Trade Commission, and the Department of Housing and Urban Development concerning areas over which CFPB will assume responsibility upon the transfer date. We also have been coordinating with the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision on topics that relate to the CFPB's statutory mission. We have ongoing discussions with these agencies to understand their pending regulatory activity, to help avoid potential overlapping or conflicting rulemakings, and to coordinate a smooth transition to the Bureau. Additionally, the CFPB implementation team has had discussions with the Office of Financial Research on issues relating to the development of information technology and human capital resources.

I share your concern for promoting consistent regulation and minimizing implementation burdens, and I believe that the Bureau's continuing dialogue with these agencies is imperative during this transition period. Interagency coordination will also be essential after the transition period.

In addition, in some cases, it will fall to the CFPB to deal directly with duplication. Our first initiative provides a good example: We have already begun working on the necessary changes to combine complicated mortgage disclosure forms separately mandated by the Truth in Lending Act and Real Estate Settlement Procedures Act. The forms are routinely described as needlessly complicated and duplicative. With the support of small banks, credit unions, mortgage brokers, and large banks, we are working to reduce these forms into a single, readable document that would be easier for consumers to understand and cheaper for lenders to execute.

The CFPB implementation team is also preparing to be able to carry out the requirements of the Dodd-Frank Act to assess the expected impact of its rules on small financial service providers. Before proposing certain rules, the Bureau will convene panels that draw on expertise from small entities and government agencies with deep knowledge of small businesses. These panels will be part of the CFPB's ongoing efforts to assess the effectiveness and impact of its regulations. We have already embraced the spirit of the required outreach and begun our work informally. Earlier this month, I traveled to Maine to participate in a series of meetings with Senator Snowe

that focused on this issue.[2] As you know, Senator Snowe authored the amendment in Dodd-Frank regarding small business impact panels, and she has been a key source of advice and help around this issue. The trips I have taken, including my recent trip to Maine, have helped us understand more about the issues facing community banks, credit unions, and small businesses and to incorporate their perspectives as we collect data, shape our agenda, and consider changes to the regulatory structure—all long in advance of any formal rulemaking.

Because this will be a data-driven agency, the impact of any rules on the millions of Americans who use particular consumer financial products and services and on the many providers of those services will always be foremost in our minds. Our efforts will concentrate on the importance of making prices and risks clear up front and making it easy for consumers to compare one product with those offered by three or four competitors. In other words, this agency is focused on making sure that consumers have the information they need so that markets will work for them. We believe that, over time, fully functioning and transparent markets will provide consumers with the maximum range of financial products and services at the lowest possible prices—and provide the opportunity for competitors who provide real value to consumers to flourish.

* * * *

Again, I sincerely appreciate your thoughts and good counsel regarding the task ahead of us. Building this new Bureau is exciting, but challenging. I hope we can work together on behalf of the millions of American families, large banks, community banks, credit unions, and investors who are counting on us to build a strong, independent, effective, and fair Bureau that makes consumer credit markets work for everyone.

Sincerely,

Elizabeth Warren

Cc: The Honorable Spencer Bachus, Chairman
Committee on Financial Services

The Honorable Shelley Moore-Capito, Chairwoman

[2] More information about my meetings in Maine with Senator Snowe are available on her website: http://snowe.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=7c22e3a2-be90-1a11-7d75-7d6d14e5ae71

Subcommittee on Financial Institutions

The Honorable Timothy F. Geithner, Secretary of the Treasury

The Honorable Robert Bauer, Counsel to the President

Mr. Eric M. Thorson
Inspector General, Department of the Treasury

Ms. Elizabeth A. Coleman
Inspector General, Board of Governors of the Federal Reserve System

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COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

COMMITTEE ON EDUCATION AND THE WORKFORCE

January 31, 2012

Ms. Monica Jackson
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, Northwest
(Attn: 1801 L Street)
Washington, D.C. 20220

Re: Docket No. CFPB-2011-0040
Disclosure of Certain Credit Card Complaint Data (76 FR 76628)

Dear Ms. Jackson:

I write to express my support for the Consumer Financial Protection Bureau's (CFPB) plan to create a public online database of consumer complaints that the CFPB has received about credit cards. Disclosing these complaints will be a useful tool in the CFPB's vital mission to rein in Wall Street, protect consumers, and return our economy to solid footing.

In August 2011, I joined ten other members of Congress in a letter to U.S. Treasury Secretary Geithner requesting easy public access to these complaints. I believe that making complaint information public will help consumers make better financial decisions up front by providing them with the tools they need to avoid bad actors and aid them in selecting the products that are right for them. By empowering consumers to avoid abusive practices, the CFPB can help to protect working families and prevent unsustainable behavior by the financial industry.

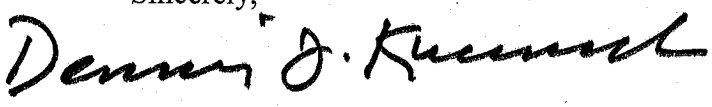
Other federal agencies, such as the National Highway Traffic Safety Administration (NHTSA) and the Consumer Product Safety Commission, have allowed the public to access their complaint databases. NHTSA has done so successfully since 1975. Many have lauded their efforts for increasing transparency and accountability. Furthermore, a public database will allow researchers and academics to spot trends and detect abusive practices, assisting the consumer bureau in its efforts to curb predatory and unfair practices.

Public access to the complaint database will allow good actors in the marketplace to shine. Companies with strong customer service will have their record reflected in the database. Good or bad, companies should not be able to hide their behavior; they should have to stand by it.

While I support this proposal, the CFPB should also go further in disclosing information to empower consumers. The CFPB should seek practical ways to make public the narrative descriptions of consumer complaints and company responses. In addition, as stated in the August letter to Secretary Geithner, the public should have access to complaints about the broad variety of financial products, not just credit cards.

By disclosing the complaints it receives about credit card companies, the CFPB can help consumers protect their finances and hold companies accountable. I urge the CFPB to implement its proposal for a publicly accessible complaint database.

Sincerely,



Dennis J. Kucinich
Member of Congress

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 1, 2011

The Honorable Robert Menendez
United States Senate
Washington, D.C. 20510

Dear Senator Menendez:

Thank you for your letter of January 14, 2011, regarding the importance of establishing a comprehensive and inclusive Office of Minority and Women Inclusion (OMWI). I share your aspirations for the OMWI's mission and agree that public transparency and outreach should be part of the OMWI's foundation. Indeed, it is an aspiration that I hold for the agency in its entirety.

We are building CFPB almost from scratch. This gives us the opportunity to build an agency that works for all Americans. The new consumer agency is required to establish the OMWI by January, 2012, six months after the transfer date (July 21, 2011). Despite the distant date, we have already launched a search to find a Director for this office. The Director will be a very senior position, as fits the importance of this office, and as required by the statute. There is every expectation that the Director will be an individual with a significant history of experience on issues of diversity, a history of work on behalf of underserved communities, a commitment to transparency, and an ability to engage multiple internal and external groups.

I am committed to ensuring that the CFPB complies with the requirements of Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. You note various goals that will be accorded the strongest consideration. I too recognize the importance of aiming for excellence throughout the new agency by establishing robust internship and mentoring programs, striving to improve contracting and subcontracting practices, and building processes to identify and eliminate fraud.

I am determined to build a 21st century agency that is committed to making consumer financial markets work more fairly and efficiently for everyone, including women and minorities. I thank you for your constant and dedicated efforts to bring attention to and advocate for women and diverse populations. Your advice is welcome and greatly appreciated.

Sincerely,

Elizabeth Warren

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LAWRENCE J. BRADY
STAFF DIRECTOR

ONE HUNDRED TWELFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515–6143

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February 1, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Cordray:

Thank you for appearing before the Committee on Oversight and Government Reform, Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs on Tuesday, January 24, 2012, at the hearing entitled, "How Will the CFPB Function Under Richard Cordray?" We appreciate the time and effort you gave as a witness before the Committee.

Pursuant to the direction of the Chairman, the hearing record remains open to permit Members to submit additional questions to the witnesses. Attached are questions related to the hearing. In preparing your answers to these questions, please include the text of the question along with your response.

Please provide your responses to these questions by February 15, 2012. Your response should be addressed to the Committee office at 2157 Rayburn House Office Building, Washington, DC 20515. Please also have your staff send an electronic version of your response by e-mail to Sharon Casey, Senior Assistant Clerk, at Sharon.Casey@mail.house.gov in a single Word formatted document.

Thank you for your prompt attention to this request. If you need additional information or have other questions, please contact David Brewer, Ryan Hambleton, or Katelyn Christ of the Committee staff at (202) 225-5074.

Sincerely,

Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services, and
Bailouts of Public and Private Programs

cc: The Honorable Mike Quigley, Ranking Minority Member
Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

Questions for The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau

Representative Patrick Meehan
Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs
Committee on Oversight and Government Reform

Hearing on "How Will the CFPB Function Under Richard Cordray?"

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1. Speaking at the American Banker's Regulatory Symposium last fall, Raj Date, Deputy Director of the Consumer Financial Protection Bureau (CFPB) stated that the CFPB plans to finalize the Ability to Repay rule early this year. When finalized, this rule would require lenders to determine that the borrower has a reasonable ability to repay the mortgage loan they are being lent. To satisfy the ability to repay criteria, a lender may also originate a Qualified Mortgage (QM).

   The rule, as drafted by the Federal Reserve, proposes two alternative means to establishing a QM. Under both alternatives, a QM must meet several standardized lending and underwriting criteria. Under one alternative, a borrower cannot dispute a lender's compliance with the ability to repay standard which would essentially establish a "safe harbor" for the lender. The other alternative would simply establish what has been called a "rebuttable presumption" that the lender has met the ability to repay standards. What is your opinion on the safe harbor and rebuttable presumption alternatives and their potential impacts on the housing market and access to credit?

2. Under the Dodd-Frank Wall Street Reform Act, one of the supervisory roles of the Consumer Financial Protection Bureau (CFPB) is to oversee nonbank entities in certain markets. For some markets, this role is limited to "larger participants," a term that is still in the process of being defined. Do you plan to establish substantive rule-makings pertaining to nonbank businesses prior to the completion of the rule-making which defines the term "larger participant"? If so, please outline how you plan to establish fair and predictable rules for products and consumers before you have determined what types of financial products and participants are covered by the CFPB?

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 1, 2012

The Honorable Patrick McHenry
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman McHenry:

I am writing to thank you again for the opportunity to appear last week before the Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs, and to follow up specifically on my testimony regarding the Consumer Financial Protection Bureau's regulatory agenda.

The CFPB's semiannual regulatory agenda and annual regulatory plan were previously made public through the federal government's Unified Agenda process with the Regulatory Information Service Center (RISC) and the Office of Management and Budget (OMB). However, in response to your comments at last week's hearing, we have now added direct links to those materials on our website at www.consumerfinance.gov/regulations to make them more accessible. Going forward, we expect to post each semiannual update to our website when it is first submitted to RISC and OMB. The next update is expected within a few months.

We agree that regulatory agendas can serve as a useful means of communicating the Bureau's focus and priorities, and believe that providing better access to the semiannual updates will increase transparency regarding our planning process. Thank you again for your constructive suggestion. I look forward to working with you and your colleagues.

Sincerely,

Richard

Richard Cordray
Director
Consumer Financial Protection Bureau

P.S. When I come before you for oversight, I view my role as not only providing you with information, but also listening to your concerns and suggestions. Thank you for this idea, which we implemented immediately.
Rich

cc: The Honorable Darrell Issa
The Honorable Elijah Cummings

The Honorable Mike Quigley
The Honorable Frank Guinta
The Honorable Carolyn Maloney
The Honorable Jim Cooper
The Honorable Justin Amash
The Honorable Anna Marie Buerkle
The Honorable Peter Welch
The Honorable John Yarmuth
The Honorable Pat Meehan
The Honorable Joe Walsh
The Honorable Jackie Speier
The Honorable Trey Gowdy
The Honorable Dennis Ross

cfpb Consumer Financial Protection Bureau

January 2012

Senator,

I got your letter about mortgage servicing issues, including the pending settlement talks. Please understand that I recognize the concerns you are raising, and we will use our best judgment to achieve the objectives we mutually share.

Thanks for all your help at my hearing, putting a strong arm around me.

Yours,
Richard

consumerfinance.gov

Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 1, 2012

The Honorable Robert E. Andrews
2255 Rayburn House Office Building
Washington, DC 20515

Dear Representative Andrews,

Thank you for your letter regarding the recent rating of the Borough of Collingswood's general obligation bonds. I understand the significant impact bond ratings can have on the residents of the associated municipality.

Inquiries related to ratings of nationally recognized statistical ratings organizations, like Moody's, are under the jurisdiction of the Securities and Exchange Commission (SEC). For your convenience, I have forwarded a copy of your letter to the SEC.

Please don't hesitate to contact me at 202-435-7960 or Lisa.Konwinski@cfpb.gov if I can be of future assistance.

Sincerely,

Lisa M Konwinski

Lisa M. Konwinski
Assistant Director
Office of Legislative Affairs

cfpb Consumer Financial Protection Bureau

February 2012

Congressman:

Thank you for our conversation on Friday, which was very helpful, and feel free to call me anytime. I will do the same.

Yours,
Richard

consumerfinance.gov

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 23, 2012

The Honorable Trey Gowdy
U.S. House of Representatives
1237 Longworth House Office Building
Washington, DC 20515

Dear Congressman Gowdy:

Thank you for your letter on payday lending issues and work being done at the state level to effectively regulate the payday lending industry. Your letter was particularly timely in light of our field hearing on payday lenders last week in Birmingham, Alabama, where we heard from a wide variety of payday lenders and consumers.

While in Birmingham, I had the opportunity to meet with Alabama's State Banking Superintendent, John Harrison, to discuss the state's work on payday lending, and my senior staff has had extensive conversations with Superintendent Harrison and his staff as well. As a former state Attorney General myself, I have great respect for the work that is being done by leaders at the state level. As you correctly point out, states have their own laws on the books and their own consumer protection efforts. While these laws and initiatives vary widely, we are mindful of the need to avoid duplication by coordinating closely with the states.

Rest assured that the CFPB is committed to working closely with state and local leaders around the country to ensure coordination in our consumer protection efforts.

Best regards,

Richard Cordray
Director
Consumer Financial Protection Bureau

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

February 24, 2012

The Honorable Darrell Issa
2157 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
224 Cannon House Office Building
Washington, DC 20515

Dear Chairmen Issa and McHenry:

I am writing in response to your recent letter to Director Richard Cordray seeking certain documents and records related to the Consumer Financial Protection Bureau (the "Bureau") and its participation in the government's inter-agency efforts to address deficiencies in mortgage servicing practices.

The Bureau remains committed to providing Congress with the information it needs to conduct meaningful oversight, without jeopardizing law enforcement interests. Accordingly, in response to the Committee's request, the Bureau has provided to the Committee over 900 pages of responsive communications between the Bureau and state attorneys general, mortgage servicers, and other federal agencies.

As the Bureau advised the Committee at the time of these productions, we consulted with the Department of Justice (the "Department"), which has been coordinating the inter-agency effort, as well as other relevant agencies regarding documents that involve their equities. Pursuant to established third-agency practice, the Bureau withheld certain sensitive documents that the Department advised us, if disclosed, might adversely affect ongoing law enforcement actions with respect to mortgage servicing practices.

Following the February 9, 2012, announcement that the federal government and 49 state attorneys have reached a settlement agreement with the nation's five largest mortgage servicers, and our receipt of your letter dated February 14, 2012, the Bureau conferred with the Department and other agencies regarding the Committee's continuing interest in the withheld documents. In order to address the Committee's stated oversight interest in assessing the Bureau's role in this matter, the Bureau has identified over 180 documents that we are prepared to provide for *in camera* review by Committee staff. These documents consist of inter-agency communications that reflect the Bureau's role in the inter-agency effort to address problematic mortgage servicing practices.

The Department of Justice and other agencies continue to conduct law enforcement activity regarding mortgage servicing deficiencies, and therefore significant ongoing law enforcement interests would be implicated by the disclosure of certain information within these materials. As a result, after consultation with the Department, limited redactions have been applied to the

documents to be reviewed *in camera* to exclude the law enforcement deliberations and negotiation positions of agencies other than the Bureau. Additionally, the *in camera* review will not include draft settlement term sheets or summaries or excerpts of such term sheets. These draft term sheets originated with the Department of Justice or other agencies – not the Bureau – and as such include the negotiation positions of other agencies and do not convey anything specific about the Bureau's participation in the negotiations. In sum, the withheld documents are comprised primarily of approximately 50 draft term sheets, outlines of potential remedies, and summaries, excerpts or comparisons of draft term sheets. The remaining withheld documents consist of emails or email attachments which concern other agencies' deliberations, including their analyses of legal issues and recommendations concerning potential remedies and settlement terms, and discussions of negotiation positions, tactics and strategies.

The foregoing redactions and withheld documents do not relate to the Bureau's role in this matter; rather, they concern the sensitive deliberations of other agencies, many of whom are continuing their law enforcement activities relating to deficient mortgage servicing practices. The Department has advised the Bureau that disclosure of these records would adversely affect the government's ability to effectively conduct ongoing and contemplated enforcement and litigation activities, including discussions with mortgage servicers other than those involved in the recent settlement announcement. These documents were prepared in anticipation of litigation to provide Department attorneys and other agencies' attorneys with advice and recommendations regarding issues pertinent to ongoing law enforcement activity. The Department has informed us that disclosure of these core deliberative and attorney work-product materials would compromise ongoing law enforcement actions.

Although we are not providing at this time the materials described above relating to other agencies' law enforcement deliberations, the Bureau is prepared to provide for *in camera* review by Committee staff the communications authored by the Bureau described above, which will enable the Committee to assess the Bureau's role in the mortgage servicing settlement discussions. Please contact me at (202) 435-7960 to make the arrangements for *in camera* review or if you have questions.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

cc: The Honorable Elijah E. Cummings
The Honorable Mike Quigley

Consumer Financial
Protection Bureau

1801 L Street NW, Washington, DC 20036

February 24, 2012

The Honorable Dennis Kucinich
2445 Rayburn House Office Building
Washington, DC 20515

Dear Representative Kucinich:

Thank you for your letter in support of the Consumer Financial Protection Bureau's (CFPB or Bureau) recent proposal for comment on the disclosure of the Bureau's credit card complaint data. We appreciate your support of this initiative and will bear your comments in mind as we continue to work on the database. The CFPB plans to publicly address the feedback received from the proposal in the near future.

Again, thank you for your comments and please don't hesitate to contact me at 202-435-7960 or Lisa.Konwinski@cfpb.gov if I can be of assistance to you or your constituents.

Sincerely,

Lisa M Konwinski

Lisa M. Konwinski
Assistant Director
Office of Legislative Affairs

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 1, 2011

The Honorable Shelley Moore Capito
U.S. House of Representatives
Washington, DC 20515

The Honorable Carolyn B. Maloney
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Capito and Ranking Member Maloney:

Tomorrow, the House Subcommittee on Financial Institutions and Consumer Credit will hold a hearing on "The Effect of Dodd-Frank on Small Financial Institutions and Small Businesses." I thought it might be helpful to provide you with an update on our work standing up the Consumer Financial Protection Bureau (CFPB) established under the Dodd-Frank Act and how we have proceeded with small businesses foremost in mind.

In particular, I would like to highlight three points. First, the CFPB has made engagement with small businesses one of its top priorities. Second, the CFPB will promote transparency in the credit markets, which will help level the playing field between large and small financial institutions – an outcome that will also benefit consumers. Third, the CFPB will continue to assess how our actions will affect small businesses moving forward.

I have reached out to small businesses since my very first day with the CFPB implementation team, when I met with community bankers from my home state of Oklahoma. Since then, I have met or spoken with community bankers from nearly 40 states. We have also actively reached out to credit unions, and just this morning I spoke to the Credit Union National Association.

We have worked hard to build outreach to small providers into this new agency's DNA. Whether in Washington or outside the Beltway, we aim to maintain an ongoing conversation with these companies to ensure that they are included from the beginning in all initiatives. One of our early senior hiring announcements was for an Assistant Director for Community Banks and Credit Unions, and we've taken every opportunity to let small companies know that this office is open to them.

Our interactions with small financial services providers have had real impact on the work we are doing. We've heard about duplicative and complicated paperwork and how often these small companies need to take employees away from serving customers in order to fill out more forms. We've heard about the high cost of regulatory compliance. We've heard about how hard it can be to determine what is required by unclear or duplicative regulations. We've heard a lot of frustration and deep concern over the future of small financial services providers.

Small businesses tend to build their businesses on long-term customer relationships. They worry about dissatisfied customers and reputational damage. But the small service providers with whom I have spoken must compete with lenders who have sometimes been less reluctant to use unscrupulous practices. When small businesses that make the true cost of their loans clear up front have to compete with lenders that use pricing tricks, the small businesses' offerings seem more expensive, and customers gravitate toward the less transparent credit products. This makes it almost impossible for good competitors to beat out bad ones, which is a serious problem in any market. Competition should revolve around who makes the best products at the best price, rather than who can conceal costs from consumers most effectively.

The CFPB is seeking to repair the market by introducing transparency across the board, which will enable consumers to comparison-shop and will permit small businesses to win customers through their better products. We believe in markets, but we know that markets work only when people can see the prices and risks up front and make apples-to-apples comparisons among products. We want consumers to have the information they need – upfront, not buried in the fine print – to make the choices that are best for them about mortgages, credit cards, and other financial products and services. This is a market that will allow small businesses to compete.

Small financial institutions are vitally important to this country's economy. They are a critical growth engine for our larger economy and an essential source of financial services for many consumers. This country needs a robust, diversified consumer financial services industry.

We are also in the process of making certain that small business concerns are factored into our processes moving forward. In particular, as required by the Dodd-Frank Act, we are laying the groundwork to ensure that Small Business Regulatory Enforcement Fairness Act (SBREFA) panels are an important component of the CFPB's broader ongoing efforts to assess the effectiveness and impact of its regulatory proposals.

In January, I traveled to Maine at the invitation of Senator Olympia Snowe to meet with groups of community bankers and small businesses and also to discuss our implementation of SBREFA panels. As you know, Senator Snowe co-authored the amendment to the Dodd-Frank Act that provides for these panels, and I have benefitted greatly from her past and continued guidance in this process.

I look forward to speaking with you in the weeks and months ahead so that I can learn from your experiences and incorporate your advice in the work of the CFPB.

Sincerely,

Elizabeth Warren

Congress of the United States
Washington, DC 20515

March 4, 2011

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W., Room 2046
Washington, DC 20551

Dr. Elizabeth Warren
Special Advisor
Consumer Financial Protection Bureau
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W., Room 3330
Washington, DC 20220

Dear Chairman Bernanke and Dr. Warren:

We are writing to request your assistance in easing government regulations that burden America's financial services industry without providing any real consumer protection. As the chairs the of the Congressional Blue Dog Coalition's Taskforce on Oversight and Regulatory Review, we are concerned that existing regulations hinder the industry's ability to meet the needs of America's consumers.

The Real Estate Settlement Practices Act (RESPA) and Truth In Lending Act (TILA) continue to expand and overlap, leaving banks with the near impossible job of determining how to remain in compliance. This process makes closing loans more difficult and less understandable for the consumer, not more transparent or safe. For example, two years ago, banks had to begin using new disclosure forms which required vertical lines to delineate columns where lines had not been before. Bank IT departments and vendors could not create the lines fast enough, and, instead, they used vertical lines of asterisks to clarify column breaks. Regulators charged banks with being in violation. This seemingly simple matter continues to cause problems for banks, yet does not improve consumer protections.

In addition to the various complications resulting from RESPA and TILA, the Home Mortgage Disclosure Act (HMDA) imposes tedious reporting requirements. Since the banks in my home district are small and serve rural populations, many of them still input that data manually. The spreadsheet used for reporting HMDA data is such that a single character input error, such as an

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extra space, can misalign all of the information for the rest of the report, leaving banks vulnerable for penalties for non-compliance.

The Community Reinvestment Act (CRA) was designed to ensure that banks serve low- and moderate-income communities, but in my district, the determination of satisfactory CRA activities is very subjective. Banks can receive "credit" in the areas of lending, investment, and community development; but they cannot rely more heavily on one area over another. In addition to the activities a bank undertakes, examiners may also evaluate a bank on activities that are not in the service community. For example, in Kentucky, the arbitrary CRA lines of one bank included small sections of low-income communities separated from the bank by a mountain. Although the CRA lines put this community in the bank's service area, the mountain made the bank geographically inconvenient for potential customers. The penalties for failure to provide satisfactory CRA efforts can handcuff a bank from mergers, expansion, and properly meeting the needs of consumers.

As federal regulators begin to enact the multitude of regulations included in the Wall Street Reform and Consumer Protection Act, giving proper consideration to existing rules is crucial to a healthy financial services industry; and re-examining burdensome regulations is an essential part of ensuring true consumer protections. Therefore, we request a meeting with both of you to discuss the possibility of streamlining RESPA, TILA, and HMDA regulations to better meet the needs of both America's consumers and the financial services industry.

Thank you for your consideration of our request. We look forward to meeting with you in the near future.

Sincerely,

Ben Chandler
Member of Congress

Tim Holden
Member of Congress

DANIEL K. INOUYE, HAWAII, CHAIRMAN
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PATRICK J. LEAHY, VERMONT
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TIM JOHNSON, SOUTH DAKOTA
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FRANK R. LAUTENBERG, NEW JERSEY
BEN NELSON, NEBRASKA
MARK PRYOR, ARKANSAS
JON TESTER, MONTANA
SHERROD BROWN, OHIO

MITCH McCONNELL, KENTUCKY
RICHARD C. SHELBY, ALABAMA
KAY BAILEY HUTCHISON, TEXAS
LAMAR ALEXANDER, TENNESSEE
SUSAN COLLINS, MAINE
LISA MURKOWSKI, ALASKA
LINDSEY GRAHAM, SOUTH CAROLINA
MARK KIRK, ILLINOIS
DANIEL COATS, INDIANA
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CHARLES J. HOUY, STAFF DIRECTOR
BRUCE EVANS, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510–6025
http://appropriations.senate.gov

March 14, 2011

Professor Elizabeth Warren
Special Advisor to the Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Dear Professor Warren:

I am writing to invite you to testify before the Senate Appropriations Subcommittee on Financial Services and General Government on progress made in establishing the Bureau of Consumer Financial Protection. This hearing will be conducted in two panels with testimony from Treasury Secretary Timothy Geithner featured on the first panel followed by your testimony on the second panel.

The hearing is scheduled for Tuesday, April 5, 2011, at 10:00 a.m. in Room SD-138 of the Dirksen Senate Office Building. Please submit your testimony electronically, no later than 12:00 noon, on Friday, April 1, 2011, to melissa_petersen@appro.senate.gov. All statements and accompanying materials that you wish to have printed in the hearing record should be typed single-spaced on one side of the paper and in Word format. Please bring 25 copies of your testimony to the hearing.

The Subcommittee would like to devote as much time as possible to discuss your views. We ask that your oral testimony be limited to no more than five minutes to allow ample time for dialogue. Your written testimony may contain additional details and will be included in the hearing record in its entirety.

If you have any questions regarding the hearing, please contact Melissa Petersen at (202) 224-9722. We look forward to your participation in this hearing.

Sincerely,

Dick Durbin

Richard J. Durbin
Chairman
Subcommittee on Financial Services and
General Government

SPENCER BACHUS, AL, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

BARNEY FRANK, MA, RANKING MEMBER

March 30, 2011

Ms. Elizabeth Warren
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Ms. Warren:

There is no dispute that documentation, internal controls and processing were seriously deficient at some of the nation's largest mortgage servicing firms, and that remedial steps to cure those deficiencies are necessary. But we continue to be concerned about the participation of political appointees at the Treasury Department in the regulatory enforcement process. The role of these appointees —including those affiliated with the Consumer Financial Protection Bureau (CFPB), an agency that does not yet have any regulatory or enforcement authority — raises questions about the process through which the terms of a possible settlement are being negotiated. When political appointees involve themselves in enforcement matters, they may pressure regulatory officials to take actions benefitting a particular political constituency or advancing a particular agenda at the expense of sound policy. As you have said, "We know what can happen when laws aren't fairly or consistently enforced because of political pressure, and it doesn't end well for American families, for honest businesses, or for the economy." We could not agree more.

On March 16, 2011, you appeared as a witness before the Subcommittee on Financial Institutions and Consumer Credit at a hearing titled "Oversight of the Consumer Financial Protection Bureau (CFPB)." At that hearing, several Members of the Subcommittee asked about the CFPB's involvement in ongoing settlement discussions between mortgage servicers and state and Federal authorities. You repeatedly declined to acknowledge that the CFPB, "a division of the Treasury," had participated in foreclosure settlement negotiations, responding only that the CFPB had provided "advice" and "expertise" to Federal and State officials involved in the negotiations.[1]

Since you testified, new information has come to light indicating that the CFPB has actually been deeply involved in the negotiations. This information comes from a document *(attached)* bearing the CFPB's name and entitled "Perspectives on Settlement Alternatives in Mortgage Servicing" ("the CFPB Settlement Presentation"). The CFPB Settlement Presentation is dated February 14, 2011, and marked "CONFIDENTIAL FOR AG MILLER," presumably a reference to Iowa Attorney General Tom Miller, who is coordinating the negotiations for the State Attorneys General.

At the March 16 hearing, when Chairman Bachus asked whether the CFPB had advised on the structure of the settlement, you said only that Secretary Geithner "asked for advice about the ongoing problems we have with mortgage servicers." But according to the CFPB Settlement Presentation, the CFPB did more than provide advice: it recommended

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[1] *See* Elizabeth Warren, Special Advisor to the Secretary of the Treasury for the Consumer Financial Protection Bureau, Testimony of March 16, 2011 before the House Financial Services, Financial Institutions and Consumer Credit Subcommittee.

the goals and provided a detailed framework for the structure of the settlement. The CFPB Settlement Presentation advances the idea that a "global" settlement is a vehicle for "broad reform" of mortgage servicing practices. In short, the recently disclosed documents suggest that rather than merely dispensing advice to those involved in negotiating the settlement, the CFPB was actually its primary architect.

Additionally, Page 2 of the CFPB Settlement Presentation offers suggestions for monetary penalties. It says that "rough estimates suggest that the largest servicers may have saved more than $20 billion through under-investment in proper servicing during the crisis. As a result, a notional penalty of roughly $5 billion would seem too low." Not coincidentally, it seems, it has been widely reported that the Department of Justice and state Attorneys General are now seeking at least $20 billion in such penalties. Yet, when Rep. Scott Garrett asked whether you had made recommendations regarding monetary penalties for mortgage servicers, you replied only that "the Secretary of the Treasury has asked us – for the consumer agencies – to give advice."

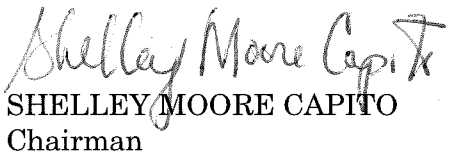
As further indication of the CFPB's extensive involvement in the settlement process, your calendar discloses dozens of individual meetings and calls with State Attorneys General, the Department of Justice and other federal regulators regarding "mortgage servicing" or "foreclosure settlement."[2] Iowa Attorney General Miller has himself confirmed that you have been a "very active participant" in talks about the servicing settlement.[3]

It is plain that the CFPB has done more than provide "advice" on the proposed servicing settlement. Accordingly, we respectfully request that you carefully review the attached transcript of your testimony at the March 16 hearing and advise the Subcommittee by April 1 if there are any aspects of that testimony relating to the CFPB's role in the mortgage servicer settlement negotiations that you wish to clarify or correct.

Thank you for your attention to this request.

Sincerely,

SPENCER BACHUS
Chairman



SHELLEY MOORE CAPITO
Chairman
Subcommittee on Financial Institutions
and Consumer Credit

Enclosure

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[2] *See* http://www.consumerfinance.gov/professorwarrens-calendar/

[3] Andrew Ross Sorkin, *Warren's Calendars Show Limited role in Talks on Foreclosure Settlement*, N.Y. Times, 3/25/11.

Chairman Bachus,

Thank you for the opportunity to discuss the start up of the CFPB. I always learn from our conversations.

Elizabeth Warren

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 31, 2011

The Honorable Bob Filner
U.S. House of Representatives
Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, DC 20515

Dear Representative Filner:

Thank you for your letter dated February 15, 2011, and your questions for the record in connection with the February 9, 2011, testimony of Holly Petraeus, Director of the Office of Servicemembers Affairs at the Consumer Financial Protection Bureau, before you committee. Enclosed please find the responses to those questions.

Sincerely,

Elizabeth Warren
Special Advisor to the Secretary of the Treasury

Committee on Veterans' Affairs
U.S. House of Representatives
Post-Hearing Questions for Holly Petraeus
From the Honorable Bob Filner

Allegations Regarding the Servicemembers Civil Relief Act
February 9, 2011

1. ***What actions will the Consumer Financial Protection Bureau take when a servicemember makes a complaint about possible SCRA violations?***
   The CFPB will create a process to refer SCRA complaints to the agencies that are authorized to enforce that law, which are the Department of Justice Civil Rights Division and, if the entity that is the subject of the complaint is a financial institution, the relevant prudential regulator. The CFPB will also create a system to inform the Department of Defense (DoD) of the complaint. Our policies for handling and referring SCRA complaints will continue to evolve as we work with other agencies to improve protections for servicemembers.

2. ***What are some of the initiatives the Consumer Financial Protection Bureau has in place to provide financial education to servicemembers?***
   The CFPB is still under construction and does not assume many of its powers until July 21, 2011. At this time we are focused on hiring staff and organizing the various divisions within the CFPB, one of which will be Consumer Education and Engagement. The Office of Servicemember Affairs (OSA) will be part of that division. At the moment the OSA is engaging the military community, to hear their thoughts on what the most effective financial education would be, through a series of roundtables and meetings at various military installations. We are also meeting with the DoD to learn what they already have in place. We are authorized to enter into agreements with the DoD and will work with them to be sure that they are reaching troops at "teachable moments" with the best financial education possible.

   In addition, while we are working on building the Consumer Education and Engagement division, we have posted links on our website to some of the best consumer financial education resources, under Get Help Now (www.consumerfinance.gov/get-help-now/).

3. ***When do you expect your agency to be fully functioning?***
   The CFPB will assume many of its powers on July 21, 2011. We are doing everything we can – in a thoughtful, deliberate way – to ensure that we are in a position to assume and exercise those powers in a responsible manner and to execute a smooth transition and start-up. Once it is fully operational, the CFPB will be able to offer unique resources that will be able to assist servicemembers – particularly in regard to financial education – and it will work closely with DoD, DOJ, and other agencies to ensure compliance with the SCRA.

4. ***What relationship do you expect to have with the Justice Department regarding SCRA?***
   We intend to work closely with the Civil Rights Division at the Department of Justice (DOJ). Although the DOJ enforces the statute, the CFPB can help raise awareness of the law and its protections, both within the military community and within the financial community. In fact, we have already met with DOJ personnel to discuss their procedures for enforcing the SCRA. As noted above, we also plan to refer consumer complaints that allege a violation of the SCRA to the DOJ as well as any appropriate prudential regulator.

5. ***What role should the Department of Defense play in SCRA violations?***
   The DoD has an important role to play, as its legal assistance attorneys (Judge Advocates or JAGs) are often the first to hear about SCRA violations. JAGs can and should refer their clients to the DOJ and the U.S. attorneys who often handle the cases locally. DoD can also inform the OSA and DOJ about ways in which the law might be improved to better serve the military population.

6. ***Do you believe that the [penalties for] SCRA violations should be strengthened? If yes, how?***
   Whether the penalties or other remedies for SCRA violations should be increased is a question for Congress and legal experts.

7. ***Do you believe that J.P. Morgan Chase is the only bank with SCRA violations?***
   While there have been a number of financial companies subject to lawsuits or public investigations regarding alleged SCRA violations, it is not possible to anticipate the results of those proceedings.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

April 4, 2011

The Honorable Spencer Bachus
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Shelley Moore Capito
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Bachus and Capito:

Thank you for your March 30, 2011, letter. The Department of Justice has been coordinating with other federal agencies and 50 state Attorneys General to review deficiencies in mortgage servicing and possibly reach a comprehensive settlement with certain servicers. As I stated at the recent hearing before the Subcommittee on Financial Institutions and Consumer Credit, the Consumer Financial Protection Bureau does not yet have any enforcement authority. When the agency receives its full authorities, however, it will be authorized to set standards for mortgage servicing, and it has already assembled staff with expertise in this area. As a result, Secretary Geithner, the Justice Department, and other officials have asked the consumer agency to provide advice on this matter.

We have provided advice to federal and state officials regarding a potential servicing settlement. In doing so, we have been an active participant in inter-agency discussions, sharing our analysis and recommendations in support of a resolution that would hold accountable any servicers that violated the law. As I explained during the recent hearing, because this is an ongoing law enforcement matter, it would be inappropriate for me to disclose the contents of these inter-agency discussions. While we have provided advice to government officials, it bears emphasizing that the consumer agency is not conducting settlement negotiations with mortgage servicers. It is the Department of Justice, other federal agencies, and state Attorneys General – not the consumer agency – that are conducting these negotiations and have authority to decide the appropriate settlement terms to offer or accept.

As our nation's chief banking regulator stated recently, serious deficiencies at some of the nation's mortgage servicing firms have resulted in violations of state and local foreclosure laws and damaged mortgage markets and the U.S. economy at large. Let me make it clear that every step we have taken has been mindful of the impact of these deficiencies on countless American families, their neighbors, their communities, and the economy as a whole. To the extent that we can be helpful in holding to account servicers that have violated the law and in repairing the damage they caused, we are proud to do so. The consumer agency was designed to be a voice for American families, and we are willing to speak up on their behalf.

Sincerely,

Elizabeth Warren
Special Advisor to the Secretary

April 5, 2011

Richard Cordray
Chief Enforcement Officer
Consumer Financial Protection Bureau
c/o Department of Treasury
1500 Pennsylvania Ave. NW
Washington D.C. 20220

Dear Mr. Cordray:

Former Lucas County Commissioner Ben Konop has expressed his willingness to serve the public in a meaningful way in our nation's capital. With that in mind, my staff has spoken to the White House to assist him in his search for an appropriate position.

As a former public official in Ohio, Mr. Konop may have the qualifications and experience to assist you in your mission at the Consumer Financial Protection Bureau. He is known to be a hard-working and dedicated public servant with a special interest in consumer issues.

A graduate of Emory University in Atlanta, Mr. Konop also studied at Oxford University in England. After receiving his law degree from the University of Michigan Law School in 2000, he moved to Washington, D.C. to work for Fulbright & Jaworski, LLP. As a commissioner he was a strong advocate for his constituents.

Please give serious consideration to Mr. Konop's desire to assist you in your efforts to protect American consumers.

Sincerely,

Sherrod Brown

Sherrod Brown
United States Senator

SB:et

U.S. HOUSE OF REPRESENTATIVES

JOHN F. TIERNEY
6TH DISTRICT, MASSACHUSETTS

Professor,

Your presence and comments at our financial/community finance gathering recently were greatly appreciated by all participants — and particularly by me. Thank you for making it work into your schedule, and for the fine work you and your staff are doing at CFPB!

I understand from your congressional affairs office that mail is slow in coming here, so we may e-mail this to you as well. Please know that your efforts are appreciated and supported, and feel free to contact me or the office if we can be helpful.

Again, thank you — all the best,

JT

Wm. LACY CLAY
1ST DISTRICT, MISSOURI

COMMITTEES:
FINANCIAL SERVICES
Ranking Member,
SUBCOMMITTEE ON
DOMESTIC MONETARY POLICY
AND TECHNOLOGY
OVERSIGHT AND
GOVERNMENT REFORM
Member,
SUBCOMMITTEE ON
HEALTH CARE, DISTRICT OF COLUMBIA,
CENSUS AND THE NATIONAL ARCHIVES

Web Site: www.lacyclay.house.gov/

Congress of the United States
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Washington, DC 20515–2501

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(202) 226–3717 Fax

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(314) 367–1341 Fax

8021 West Florissant, Suite F
St. Louis, MO 63136
(314) 383–5240
(314) 383–8020 Fax

May 23, 2011

Dr. Elizabeth Warren
Consumer Financial Protection Bureau
1500 Pennsylvania Ave., NW
CFPB Implementation – 1801 L
Washington, DC 20220

Dear Dr. Warren:

I am writing to request a meeting with you along with Dennis Gonier and Michael Granger of TARP Citizen Tracs, to present their recommendation for an evaluation system that would serve the assessment of bank services, as mandated in H.R. 4713. These gentlemen have developed a survey tool that evaluates bank services and accessibility, as determined by customers.

The evaluation will utilize systematic polling to determine the perception individual customers and small businesses have of their banking experience – fairness, lending, accessibility, and experience. Additionally, the survey will address the "un-banked and under-bank"; individuals who are not currently with a bank. The data collection through this extensive survey will be valuable in informing further policy and regulation.

Mr. Gonier and Mr. Granger both have many years of experience with Federal agencies; their expertise will lend itself to a successful collaboration with the Bureau. Please contact Karyn Long, of my staff at Karyn.Long@mail.house.gov for additional information. Thank you for your time and consideration. I look forward to your response.

Sincerely

Wm. Lacy Clay

Wm. Lacy Clay
Member of Congress

PRINTED ON RECYCLED PAPER

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 14, 2011

The Honorable Spencer Bachus
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Representative Bachus,

Thank you for your letter addressed to Secretary Geithner on May 24, 2001, concerning the independent audit of the Consumer Financial Protection Bureau's budget and operations. I have been asked to respond on his behalf.

In your letter you state your belief that is essential that the audit be conducted in accordance with generally accepted government auditing standards (GAGAS). My staff and I agree with you that compliance with the standards will enhance the credibility of the final product and ensure that the audit is truly independent. For this reason, the CFPB will ensure the vendor selected for this work is able to conduct the audit in accordance with GAGAS. Thank you for sharing your views.

Sincerely,

Elizabeth Warren
Special Advisor to the Secretary

MAXINE WATERS
MEMBER OF CONGRESS
35TH DISTRICT, CALIFORNIA

CHIEF DEPUTY WHIP

COMMITTEES:
FINANCIAL SERVICES
SUBCOMMITTEE ON CAPITAL MARKETS AND GOVERNMENT SPONSORED ENTERPRISES
RANKING MEMBER

JUDICIARY
SUBCOMMITTEE ON INTELLECTUAL PROPERTY, COMPETITION, AND THE INTERNET
SUBCOMMITTEE ON IMMIGRATION POLICY AND ENFORCEMENT

Congress of the United States
House of Representatives
Washington, DC 20515–0535

PLEASE REPLY TO:
WASHINGTON, DC OFFICE
2344 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–0535
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LOS ANGELES OFFICE
10124 SOUTH BROADWAY
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LOS ANGELES, CA 90003
PHONE: (323) 757–8900
FAX: (323) 757–9506

July 20, 2011

Dr. Elizabeth Warren
Special Advisor
U.S. Department of Treasury
1500 Pennsylvania Avenue
Washington DC 20220

Dear Dr. Warren:

As you are aware, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 342, 124 Stat. 1376, 1541-44 (2010) ("Dodd-Frank"), required that new Offices of Minority and Women Inclusion ("OMWIs") be established within agencies regulating financial institutions.

In order to facilitate consistent and effective implementation of the OMWIs, I will convene a series of Roundtables in the coming months. While I am aware that the Consumer Financial Protection Bureau is not required to establish an OMWI until January 21, 2012, your staff's attendance is requested at the first Roundtable. This Roundtable (which will not be open to the public or press) is scheduled to take place as follows:

Meeting:	**OMWI Roundtable**
Date:	**August 3, 2011**
Time:	**8:30am Check-in**
	9:00am Call to Order *(adjourns at 12:00pm)*
Location:	**Capitol Visitors Center**
	HVC-200
	Washington, DC

The Roundtable will bring Members of Congress together with the Directors of the newly created OMWIs to discuss their progress to date. Specifically, the Roundtable will allow Directors and Members to share their perspectives on satisfying the four central duties of the OMWIs:

(1) developing standards for equal employment opportunity and diversity of the workforce of the agency (Dodd-Frank, §§ 342(b)(2)(A), 342(f));
(2) developing standards for the increased participation of minority-owned and women-owned businesses in the programs and contracts of the agency (id, §§ 342(b)(2)(B), 342(c));
(3) developing standards for assessing the diversity policies and practices of the entities regulated by the agency (id. § 342(b)(2)(C)); and
(4) advising the agency administrator of the agency's impact on minority-owned and women-owned businesses (id. § 342(b)(3)).

Additionally, Dodd-Frank requires each OMWI to submit an annual report to Congress that describes the activities of the office and its achievements with respect to diversity and inclusion. *See* Dodd Frank, § 342(e). The Roundtable will include discussion of progress made on this report as well as other information pertaining to successful implementation.

Please RSVP by July 22nd to Charla Ouertatani of my staff at 202-225-2201 or charla.ouertatani@mail.house.gov. I look forward to working with you and discussing your efforts in promoting greater diversity and inclusion in the financial sector.

Sincerely,

Maxine Waters
Ranking Member
Subcommittee on Capital Markets and Government Sponsored Enterprises

SAM GRAVES, MISSOURI
CHAIRMAN

NYDIA M. VELAZQUEZ, NEW YORK
RANKING MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business

2361 Rayburn House Office Building
Washington, DC 20515-6315

July 21, 2011

VIA E-MAIL
Mr. Dan Sokolov
Deputy Associate Director for Research, Markets and Regulations
Consumer Financial Protection Bureau
Washington, DC

Dear Mr. Sokolov

The House Committee on Small Business Subcommittee on Investigations, Oversight and Regulations invites you to testify at a hearing entitled, *Open for Business: The Impact of the CFPB on Small Business.* The hearing will take place on Thursday, July 28, 2011 at 1:30 P.M. in room 2360 of the Rayburn House Office Building.

You should be prepared to orally summarize your written testimony in a five-minute oral presentation and answer questions posed by Members.

Instructions for witnesses appearing before the Committee are contained in the enclosed Witness Instruction Sheet. In particular, please note the instructions for submitting written testimony at least 48 hours prior to the start of the hearing.

The Committee looks forward to your participation. Should you have any questions regarding procedure, please contact Caroline Rabbitt with the Committee, at 202-225-5821.

Sincerely,

Mike Coffman

Mike Coffman
Chairman
Subcommittee on Investigations, Oversight and Regulations

Public Sector Witness Instruction Sheet

1. Witnesses should provide their statement via email to the Committee Clerk, Caroline.Rabbitt@mail.house.gov and to Mory.Garcia@mail.house.gov no later than 48 hours prior to the start of the hearing.

2. Witnesses should also provide a short biographical summary or CV and submit it electronically to Caroline.Rabbitt@mail.house.gov no later than 48 hours prior to the start of the hearing.

3. Prior to the start of the hearing, witnesses should provide 75 copies of their written testimony to Caroline Rabbitt, 2361 Rayburn House Office Building. One additional copy should be delivered to Mory Garcia in the Minority office, B-343 Rayburn House Office Building.

4. Please do not send copies by U.S. Mail, UPS, Federal Express, or any other shippers. Such packages are processed through an offsite security facility and will arrive late. If you do not have a Washington, D.C. area office or contact to deliver the testimony, please contact Caroline Rabbitt at Caroline.Rabbitt@mail.house.gov or (202) 225-5821.

5. At the hearing, each witness will be asked to orally summarize his or her testimony in 5 minutes. Written testimony may extend to any reasonable length and will be entered into the hearing record.

6. Written testimony will be available to the public and will be posted on the Committee website.

According to Committee Rules, failure to submit testimony and other materials by the deadlines may be grounds for excluding both the oral and written testimony of the witness unless waived by the Chairman.

MARY L. LANDRIEU, LOUISIANA, CHAIR
OLYMPIA J. SNOWE, MAINE, RANKING MEMBER

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MICHAEL ENZI, WYOMING
JOHNNY ISAKSON, GEORGIA
ROGER F. WICKER, MISSISSIPPI
JAMES E. RISCH, IDAHO

DONALD R. CRAVINS, DEMOCRATIC STAFF DIRECTOR AND CHIEF COUNSEL
WALLACE K. HSUEH, REPUBLICAN STAFF DIRECTOR

United States Senate
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350
TELEPHONE: (202) 224–5175 FAX: (202) 224–5619

September 30, 2010

Elizabeth Warren
Assistant to the President
Special Advisor to the Secretary of the Treasury
Consumer Financial Protection Bureau
Department of the Treasury
Washington, D.C. 20220

Dear Professor Warren:

I write today to thank you for your service on the TARP Congressional Oversight Panel and to raise some critical issues in your role as Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau (CFPB). Before you is a monumental task to assist in the creation of a consumer protection agency that will provide robust protections for consumers, help avoid future economic catastrophes, and create transparency in financial markets. As former Chair and now Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I have long worked to reduce the regulatory compliance burden that disproportionately disadvantages smaller firms, threatening their viability and inhibiting their job creation potential. That is precisely why I worked to include several small business protections in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Wall Street Reform Act).

The purpose of my letter is two-fold. First, I respectfully request information about how you and the CFPB will specifically handle the responsibilities flowing from one of my amendments (Senate Amendment Number 3883), which creates small business advocacy review panels within the CFPB. These advisory small business advocacy panels previously applied only to the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA). Since 1996, when these small business panel provisions were passed unanimously in the Senate and signed into law by then-President Clinton, EPA has convened 35 panels and OSHA has convened 9 panels. The findings of these panel reports have helped EPA and OSHA improve the draft proposals by tailoring regulatory approaches to the unique situations of small businesses.

Requiring the CFPB to convene small business advocacy panels is a critical step in protecting the interests of small business. A new report from the Small Business Administration's (SBA) Office of Advocacy released on September 15, 2010, titled, "The Impact of Regulatory Costs on Small Firms," highlights that regulatory compliance costs small firms $2,830 more on average per employee than it does large firms, representing a 36 percent difference, resulting in negative consequences for the U.S. labor market, small business job creation, and national income. To comply with all Federal regulations, firms with fewer than 20 employees spend $10,585 per employee, compared to $7,755 for firms with 500 or more

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

The Honorable Robert Menendez
United States Senate
Washington, D.C. 20510

Dear Senator Menendez:

Thank you for taking the time to meet with me on November 17th, and for your letter concerning prepaid debit cards. I share your view as to the growing importance of this product, especially for the underbanked community. I also agree that we need prudent regulation to stimulate a transparent and competitive marketplace in which consumers are able to understand the product, figure out the costs, and comparison shop for the products that best meet their needs. I look forward to working with you on this important issue.

I have asked David Silberman to follow up with your staff to discuss this further. David recently joined the Consumer Financial Protection Bureau implementation team, currently housed at the Department of Treasury, to lead our card markets project.

Please feel free to call on me any time that I can be helpful.

Sincerely,

Elizabeth Warren
Special Advisor to the Secretary of the Treasury

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

January 25, 2012

The Honorable Carolyn Maloney
2332 Rayburn House Office Building
Washington, DC 20515

Dear Representative Maloney:

Thank you for your letter identifying gaps in regulation of the debt relief industry and the plans of the Consumer Financial Protection Bureau ("CFPB" or "Bureau") to provide uniform regulations for consumer protection in this industry.

The CFPB is aware of the need for additional consumer protections in the debt relief industry. To that end, the CFPB identified the market in our notice and request for public comment for possible inclusion as a "larger participant" in our rulemaking to bring the industry within the scope of the Bureau's supervision authority. The notice and request for comment was issued in the *Federal Register* in June 2011.[i]

The Bureau is in the process of establishing an intra-agency working group to study the issues related to the debt relief industry that directly affect consumers. This working group will seek to identify those issues and to gather and analyze data on their impact on consumers. We are also coordinating with the Federal Trade Commission and state partners and have begun the process of outreach to both consumer and industry groups on the subject.

Thank you for your interest in this matter and the mission of the Consumer Financial Protection Bureau.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

Appreciated your questions and comments at the hearing. Thanks! Rich

[i] 76 FR 38059, June 29, 2011.