House of Representatives

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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http://oversight.house.gov

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.

Mr. Richard Corday
January 4, 2012
Page 2

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 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

CAROLYN B. MALONEY
Member of Congress

Barney Frank

BARNEY FRANK
Member of Congress

Ruben Hinojosa

RUBEN HINOJOSA
Member of Congress

Joe Baca

JOE BACA
Member of Congress

Congress of the United States
Washington, DC 20515

LUIS V. GUTIERREZ
Member of Congress

GWEN MOORE
Member of Congress

NYDIA VELAZQUEZ
Member of Congress

GARY ACKERMAN
Member of Congress

GARY C. PETERS
Member of Congress

ANDRÉ CARSON
Member of Congress

WILLIAM LACY CLAY
Member of Congress

MEL WATT
Member of Congress

STEPHEN F. LYNCH
Member of Congress

MICHAEL E. CAPUANO
Member of Congress

GREGORY MEEKS
Member of Congress

AL GREEN
Member of Congress

Congress of the United States
Washington, DC 20515

BRAD SHERMAN
Member of Congress

MAXINE WATERS
Member of Congress

EMANUEL CLEAVER
Member of Congress

BRAD MILLER
Member of Congress

CAROLYN MCCARTHY
Member of Congress

KEITH ELLISON
Member of Congress

ALCEE L. HASTINGS
23RD CONGRESSIONAL DISTRICT
FLORIDA

RULES COMMITTEE
SUBCOMMITTEE ON LEGISLATIVE
AND BUDGET PROCESS
RANKING MEMBER

UNITED STATES
HELSINKI COMMISSION
RANKING DEMOCRATIC MEMBER

FLORIDA DELEGATION
DEMOCRATIC CHAIRMAN

SENIOR DEMOCRATIC WHIP

Congress of the United States
House of Representatives
Washington, DC 20515-0923

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www.alceehastings.house.gov

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.

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

Alcee L. Hastings
Member of Congress

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 Gowd

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

January 24, 2012

The Honorable Barney Frank
2252 Rayburn House Office Building
Washington, DC 20515

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

Dear Ranking Member Frank and Representative Maloney,

Thank you for your letter on the "ability to pay" provision in the Credit Card Accountability Responsibility and Disclosure (CARD) Act and the rules issued by the Federal Reserve Board to implement the Act. Specifically, you requested that the Bureau review the potential impact of the rules to determine whether they have a negative impact on the ability of consumers to obtain credit.

We are committed to understanding the impact of the CARD Act, including the "ability to pay" provision, on consumer access to credit. We have already begun preliminary discussions with credit card issuers and others who can assist us in gathering information to enable us to evaluate this issue. As a data-driven agency, we will use data to analyze the consumer impact of this provision. We look forward to coordinating with the Federal Reserve as we undertake this study.

Thank you for sharing your views on this issue. If I can be of further assistance, please feel free to contact me.

Sincerely,

Richard Cordray
Director
Consumer Financial Protection Bureau

cc: The Honorable Spencer Bachus
The Honorable Louise Slaughter
The Honorable Shelley Moore Capito
The Honorable Walter B. Jones

The Honorable Gwen Moore
The Honorable James B. Renacci
The Honorable Carolyn McCarthy
The Honorable Steve Stivers
The Honorable Luis V. Gutierrez
The Honorable Melvin L. Watt
The Honorable Nan A.S. Hayworth
The Honorable Michael G. Fitzpatrick
The Honorable Al Green
The Honorable Michael G. Grimm
The Honorable Gregory W. Meeks
The Honorable Robert J. Dold
The Honorable Gary G. Miller
The Honorable Blaine Luetkemeyer
The Honorable David Scott
The Honorable Stephen F. Lynch
The Honorable Michael E. Capuano
The Honorable Keith Ellison
The Honorable John J. Duncan, Jr.

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

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

Congress of the United States
House of Representatives
Committee on Appropriations
Washington, DC 20515–6015

CLERK AND STAFF DIRECTOR
WILLIAM B. INGLEE

TELEPHONE:
(202) 225–2771

January 31, 2012

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Attn: 1801 L Street
Washington, DC 20220

Dear Mr. Cordray:

As you may know, Section 1017(e)(4) of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires the Consumer Financial Protection Bureau (CFPB) to submit an annual report to the House Committee on Appropriations. I am writing to inform you of the type of information the Committee would appreciate seeing in the report. I ask that the report be submitted not later than the anniversary of the CFPB's designated transfer date, July 21, and include the following elements for the past 12 months and projected for the next 12 months:

The fund transfers from the Federal Reserve Board by date;

The application of these funds by or for:

- type of financial institution, financial product and service, and consumer,
- each department, subdivision, or office represented on the CFPB's organization chart,
- major investments and capital acquisition, especially information technology hardware, software, and services,
- advisory committees and interagency groups,
- storage and disposal of active and inactive records,
- hosting or participating in conferences, especially for travel, food, and beverages,
- contractors,
- marketing, advertising, outreach, or branding,
- urban and rural areas, and
- construction, leases of capital assets, and acquisition of real property;

Use of the CFPB's investment authority under Section 1017(b)(3) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including purchases, redemptions, and any subsequent interest and proceeds credited to the CFPB;

The results produced or expected by the CFPB's use of these funds by type of financial institution, financial product and service, and consumer:

- the number of regulations proposed,
- the number of final regulations,
- the impact of CFPB activities on the availability of credit to consumers and small businesses; and
- an empirical measure of the effect of CFPB activities on:
    - consumer financial market fairness,
    - on safeguarding the overall economy,
    - the benefits to honest businesses,
    - the ability of consumers to make up-front comparisons among competing products, and
    - reducing unscrupulous practices and gross imbalances in consumer financial markets.

With regard to the CFPB's Consumer Financial Civil Penalty Fund:

- the amount and number of penalties and fines levied and collected by the CFPB,
- the cost and means of collecting such penalties and fines,
- the amount and number of payments to victims, and
- the amount of the Fund used for consumer education and financial literacy programs;

Please also include a discussion about the CFPB's financial management activities and processes related to:

- making transfer requests to the Federal Reserve Board;
- budget formulation and execution,
- procurement and contracting, especially with small and minority-owned businesses,
- purchase and travel cards,
- asset management, and
- fleet management.

Finally, please also include a discussion about other aspects of the CFPB that affect its operations and financial condition, such as workforce planning, information and privacy policies, performance measures, participation in E-Government, and computer security.

The staff of the Subcommittee on Financial Services and General Government (202-225-7245) will be happy to provide your staff with further guidance as well as answer any questions that they may have. I look forward towards establishing a productive working relationship with you to ensure consumers can make the best decisions for themselves and their families with regards to financial products.

Sincerely,

Jo Ann Emerson
Chairwoman
Subcommittee on Financial Services and
General Government

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

Dennis J. Kucinich
Member of Congress

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

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 T. McHenry

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

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

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

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

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

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

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).

SPENCER BACHUS, AL, CHAIRMAN

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

BARNEY FRANK, MA, RANKING MEMBER

February 16, 2012

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

Dear Mr. Cordray:

As the author of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("SAFE Act"), I am writing to urge the Bureau of Consumer Financial Protection ("CFPB") to clarify whether states may, consistent with the SAFE Act, permit transitional licensing of mortgage loan originators.

Offering experienced mortgage originators transitional licenses when they change jobs – perhaps when they move from another state or when they leave a Federal depository institution to work for a non-depository or a state-regulated company – might be a sensible way to keep experienced people working. Today, loan originators, no matter how experienced, must fulfill all state licensing requirements before they can begin work for state-regulated companies. Because completing state-specific requirements takes time, it is more difficult for state-regulated companies to hire and put qualified loan originators to work. For this reason, some states have considered instituting a transitional licensing regime, allowing qualified originators to begin work at state-regulated companies while pursuing a standard license.

The Department of Housing and Urban Development's final rule on the SAFE Act did not say whether transitional licenses for loan originators would comply with the SAFE Act's minimum standards. Considering the transfer of SAFE Act authority to the CFPB, I understand that several states are awaiting the CFPB's articulation of its views on transitional licensing before moving forward legislatively.

It is important for the CFPB to make the efficient implementation of the SAFE Act a high priority. Therefore, I respectfully ask that the CFPB address whether, consistent with the SAFE Act, a state may:

1. Provide for a transitional license for a registered loan originator who leaves a federal depository institution to work for a state-licensed entity, so that the loan originator may work with the new employer while pursuing a standard license;

2. Offer a transitional license to a licensed loan originator who leaves a state-regulated company to work for a state-regulated company in a different state, so that the loan originator may work with the new employer while pursuing a standard license; or

3. Grant reciprocity to loan originators licensed in other states, so that the out-of-state licensees may immediately obtain a standard license.

Thank you for your consideration.

Sincerely,

SPENCER BACHUS
Chairman

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION

GEORGE H. HENRY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

February 16, 2012

Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Ave. NW
(Attn: 1801 L St.)
Washington DC 20220

Dear Mr. Cordray,

Thank you for your invitation to a Breakfast Meeting with Members of the New York Congressional Delegation on Wednesday, February 22, 2012 at the Roosevelt House. While I would very much like to attend, I deeply regret that a personal longstanding commitment will keep me from being with you. Needless to say, I sincerely appreciate your dedication and commitment in scheduling such an important event.

During this tough economic period, filled with fraud and misinformation, it is vital that an organization such as yours provides the crucial knowledge that will assist consumers. I have witnessed the Consumer Financial Protection Bureau (CFPB) successfully educate consumers, enforce federal consumer financial laws and study the available information on consumers, financial service providers and consumer financial markets. Your organization helps fill the void of valuable data that consumers need to protect themselves from predators and scammers. I commend the CFPB for its hard work, devotion and determination in protecting some of the most at-risk citizens in this economy, the consumers.

Again, thanks for the invitation. To keep up with my work in Washington, DC and in the District, visit my website, http://rangel.house.gov and please know that you can continue to count on my strong support.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/sl

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2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365
FAX: (202) 225-0816

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163 WEST 125TH STREET
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FAX: (212) 663-4277

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

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

February 24, 2012

Mr. Dennis Neubert
President and CEO
Planet Financial Group, LLC
2100 Huntington Road, Suite A
Algonquin, Illinois 60102

Dear Mr. Neubert:

The Department of Housing and Urban Development (HUD) transferred to the Consumer Financial Protection Bureau ("CFPB") your letter asking HUD to issue a rule under the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("SAFE Act") to clarify a mortgage servicer exemption. HUD's duties under the SAFE Act were transferred to the CFPB on July 21, 2011 under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank").

The SAFE Act requires states to have in place a system prohibiting covered residential mortgage loan originators from originating loans unless they are state-licensed and registered loan originators. Section 1401 of Dodd-Frank did not amend the SAFE Act to exempt mortgage loan officers of mortgage servicers from its licensing requirements; rather, Section 1401 amended the Truth in Lending Act ("TILA") to add a definition of "mortgage originator" that excludes certain servicers from that definition. As amended by Dodd-Frank, TILA requires mortgage originators to be registered and licensed in accord with applicable state or federal law, including the SAFE Act. The Dodd-Frank amendments, however, did not change the scope of individuals who are subject to the SAFE Act's licensing and registration requirements. Under the SAFE Act, licensing is a state responsibility – not a federal responsibility -- except to the extent that states fail to meet the SAFE Act's minimum requirements.

On June 30, 2011, HUD issued a final rule setting minimum standards under the SAFE Act for state licensing and registration of mortgage loan originators. Under HUD's rule, individuals involved in refinancing are subject to SAFE Act licensing, because refinancing results in a new loan rather than a modified loan. HUD's rule does not require states to license individuals who engage solely in loan modifications. The CFPB is now responsible for ensuring that states meet the SAFE Act's minimum requirements and for implementing HUD's rule. The CFPB has not identified a need to revisit HUD's determination, and has not issued or proposed to issue any change to HUD's rule. HUD's determination remains in effect. States are not required by the current regulation to license individuals, including servicer employees, who engage solely in loan modifications.

The SAFE Act does not authorize the CFPB to exempt servicers from state licensing requirements -- even those who service or originate only mortgages that are federally insured. The SAFE Act gave neither HUD nor the CFPB the authority to prohibit states from adopting standards that go beyond the minimum requirements of the SAFE Act. States may therefore adopt licensing standards that go beyond the SAFE Act's minimum requirements -- including setting requirements for licensing servicers who engage only in loan modifications.

I hope this clarification is helpful.

Sincerely,

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

cc: The Honorable Don Manzullo

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 Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

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

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

ONE HUNDRED TWELFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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http://oversight.house.gov

February 24, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue
Washington, DC 20220

Dear Mr. Cordray:

The Consumer Financial Protection Bureau (CFPB) recently issued a proposed rule that would expand its nonbank supervision program to debt collectors and consumer reporting companies.[1] Given the newness of this supervisory authority and the uncertainty caused by your unprecedented appointment, I write with questions about the CFPB's proposed regulation of these markets.

Federal and State laws currently regulate the debt collection and consumer reporting markets.[2] The number of consumers who rely on these services is significant. According to the proposed rule, roughly 30 million Americans owe debt subject to the collections process, with an average debt amount of $1,400.[3] In addition, as the proposed rule asserts, there are "more than 36 billion updates made to consumer files at consumer reporting agencies" annually, with three billion credit reports issued.[4] Under the CFPB's proposed rule, debt collectors with more than $10 million in annual receipts and credit reporting companies with over $7 million in annual receipts would be subject to CFPB supervision.[5] As such, the rule would cover approximately 63 percent of annual receipts in the debt collecting market and about 94 percent of annual receipts in the credit reporting market.[6]

Of course, as you know, the CFPB's actions do not exist in a vacuum. Since your constitutionally questionable appointment as CFPB director, significant concern has arisen

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[1] *See* Defining Larger Participants in Certain Consumer Financial Product and Services Markets, 12 C.F.R. Part 1090 (Feb. 16, 2012) [hereinafter "Larger Participants Rule"], *available at* http://www.consumerfinance.gov/wp-content/uploads/2012/02/20120216_cfpb_larger-participants-NPRM-as-submitted.pdf.

[2] Jim Puzzanghera, *Regulator Targets Credit Reporting Firms and Debt Collectors*, L.A. Times, Feb. 16, 2012.

[3] *See* Larger Participants Rule, *supra* note 1, at 19.

[4] *See* Larger Participants Rule, *supra* note 1, at 29.

[5] *See* Larger Participants Rule, *supra* note 1, at 40.

[6] Kate Davidson, *CFPB Targeting Firms with Broadest Consumer Impact*, Am. Banker, Feb. 17, 2012.

regarding the long-term certainty of the CFPB's actions.[7] For example, former Special Inspector General of the Troubled Asset Relief Program (SIGTARP), Neil Barofsky, opined that your appointment will create legal uncertainty that will "weaken the agency."[8] During a hearing before this Subcommittee, you also acknowledged the uncertainty caused by your appointment, calling it "a bit of a dilemma" and noting that the CFPB does not have a contingency plan to protect the Bureau's regulatory actions if your appointment is ultimately determined to be invalid.[9] Without such safeguards, your regulatory actions in the debt collection and consumer reporting markets may add additional uncertainty for millions of American consumers.

In order to help the Subcommittee to better understand the reasons for the CFPB's rulemaking and the potential consequences of this action, I ask that you answer the following questions and provide the requested documents for the period January 4, 2012, to the present:

1. Please explain why the CFPB chose debt collectors and consumer reporting companies as the subjects of its first nonbank regulatory action. Provide documents sufficient to support your response.

2. How will the CFPB's proposed rule impact State regulation of the debt collection and consumer reporting markets? Please explain and provide documents sufficient to support your response.

3. The Fair Debt Collection Practices Act authorizes the Federal Trade Commission (FTC) to regulate abusive debt collection practices.[10] In fiscal years 2010 and 2011, the FTC filed six law enforcement actions against 30 defendants over illegal debt collection practices, with additional actions "in the pipeline."[11] How does this proposed rule affect the FTC's enforcement actions under the Fair Debt Collection Practices Act? Will debt collection companies be subject to duplicative regulation by the CFPB and the FTC?

4. Please provide a full and complete explanation of the resources the CFPB intends to use in regulating the debt collection and consumer reporting markets. Please address the following questions in your response:

    a. How many CFPB employees will staff programs related to the supervision of these markets?

    b. How much of its annual budget will the CFPB expend in supervision of these markets? Please provide a detailed accounting of the CFPB's anticipated expenditures.

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[7] *See* Kate Davidson, *Cordray Battle May Move to Courts*, National Mortgage News, Jan. 9, 2012.
[8] Mari Aspan, *Cordray Recess Appointment Will "Weaken" CFPB: Barofsky*, Am. Banker, Jan. 6, 2012.
[9] *"How Will the CFPB Function Under Richard Cordray?"*: Jan. 24, 2012, *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 Chairman Issa).
[10] Pub. L. 104-206, 110 Stat. 3009 (1996) (codified at 15 U.S.C. § 1601 *et seq.*).
[11] Jon Leibowitz, FTC, Response to Questions for the Record, S. Comm. on Commerce, Science and Transportation (response to questions for the record from Senator Pat J. Toomey)

c. Will the CFPB devote field offices to the supervision of these markets? If yes, which field offices?

5. Please explain the CFPB's next steps for regulatory actions relating to the debt collection and consumer reporting markets. In your response, please provide a timeline of the CFPB's anticipated actions.

6. How will the CFPB's future regulation of the debt collection and consumer reporting markets be similar to or different from bank regulation? How will the CFPB's future regulation of the debt collection and consumer reporting markets be similar to or different from regulation of other nonbank entities?

7. Will the CFPB assert an unfettered right to information of "larger participants" in the debt collection and consumer reporting markets? If so, what controls will be in place to ensure that private information is safeguarded?

8. The CFPB certified that the proposed rule would not have a significant economic impact on a substantial number of small entities.[12] However, the CFPB noted "two rare instances" in which the proposed rule may impact small businesses.[13] Although the Small Business Regulatory Enforcement Fairness Act does not require the CFPB to conduct a small business advocacy panel under these circumstances, did the CFPB nonetheless solicit input from small businesses on how these "two rare instances" would affect small entities?

9. The cost-benefit analysis in the proposed rule noted that "there is little publicly available data with which to effectively measure or quantify the benefits, costs, and impacts of supervision" of the debt collection and consumer reporting markets.[14] Please explain why the CFPB chose to proceed with the rulemaking without any quantifiable data on the proposed rule's costs and benefits.

    a. Why did the CFPB not wait to issue the proposed rule until after it had obtained and examined quantifiable data on these markets?

    b. Are you concerned that the lack of quantifiable data on these markets weakens the CFPB's justification for this regulatory action?

    c. Will the CFPB continue to seek quantifiable data on these markets and commit to conducting a cost-benefit analysis with quantifiable data as soon as practicable?

    d. Will the CFPB commit to revising the proposed rule if a cost-benefit analysis with quantifiable data yields a conclusion different from the proposed rule's current cost-benefit analysis done without quantifiable data?

---

[12] Larger Participants Rule, *supra* note 1, at 47-49.
[13] *See id.* at 48 n.83.
[14] *Id.* at 41.

10. Although the CFPB is an independent agency, did the CFPB submit this proposed rule to the Office of Information and Regulatory Affairs (OIRA) prior to promulgation? If no, explain why not and provide documents sufficient to support your answer.

11. In the event your appointment is found to be unconstitutional and this regulatory action is invalidated, what safeguards does the CFPB have in place to promote certainty in these markets? Please explain fully and provide documents sufficient to support your response.

The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and may at "any time" investigate "any matter" as set forth in House Rule X. An attachment to this letter provides additional information about responding to the Committee's request.

I request that you provide the requested documents and information as soon as possible, but no later than 5:00 p.m. on Friday, March 9, 2012. Please directly respond to each question and request as numbered herein. When producing documents to the Committee, please deliver production sets to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

If you have any questions about this request, please contact David Brewer or Katelyn Christ of the Committee Staff at 202-225-5074. Thank you for your attention to this matter.

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

DARRELL E. ISSA, CALIFORNIA
CHAIRMAN

ELIJAH E. CUMMINGS, MARYLAND
RANKING MINORITY MEMBER

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

Majority (202) 225-5074
Minority (202) 225-5051

Responding to Committee Document Requests

1. In complying with this request, you should produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. You should also produce documents that you have a legal right to obtain, that you have a right to copy or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party. Requested records, documents, data or information should not be destroyed, modified, removed, transferred or otherwise made inaccessible to the Committee.

2. In the event that any entity, organization or individual denoted in this request has been, or is also known by any other name than that herein denoted, the request shall be read also to include that alternative identification.

3. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, or thumb drive) in lieu of paper productions.

4. Documents produced in electronic format should also be organized, identified, and indexed electronically.

5. Electronic document productions should be prepared according to the following standards:

   (a) The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.

   (b) Document numbers in the load file should match document Bates numbers and TIF file names.

   (c) If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.

6. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, box or folder is produced, each CD, hard drive, memory stick, thumb drive, box or folder should contain an index describing its contents.

7. Documents produced in response to this request shall be produced together with copies of file labels, dividers or identifying markers with which they were associated when they were requested.

8. When you produce documents, you should identify the paragraph in the Committee's request to which the documents respond.

9. It shall not be a basis for refusal to produce documents that any other person or entity also possesses non-identical or identical copies of the same documents.

10. If any of the requested information is only reasonably available in machine-readable form (such as on a computer server, hard drive, or computer backup tape), you should consult with the Committee staff to determine the appropriate format in which to produce the information.

11. If compliance with the request cannot be made in full, compliance shall be made to the extent possible and shall include an explanation of why full compliance is not possible.

12. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) the privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author and addressee; and (e) the relationship of the author and addressee to each other.

13. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (stating its date, author, subject and recipients) and explain the circumstances under which the document ceased to be in your possession, custody, or control.

14. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, you should produce all documents which would be responsive as if the date or other descriptive detail were correct.

15. The time period covered by this request is included in the attached request. To the extent a time period is not specified, produce relevant documents from January 1, 2009 to the present.

16. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date, shall be produced immediately upon subsequent location or discovery.

17. All documents shall be Bates-stamped sequentially and produced sequentially.

18. Two sets of documents shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157of the Rayburn House Office Building and the Minority Staff in Room 2471of the Rayburn House Office Building.

19. Upon completion of the document production, you should submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control which reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

Definitions

1. The term "document" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, inter-office and intra-office communications, electronic mail (e-mail), contracts, cables, notations of any type of conversation, telephone call, meeting or other communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.

2. The term "communication" means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, email, regular mail, telexes, releases, or otherwise.

3. The terms "and" and "or" shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information which might

otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.

4. The terms "person" or "persons" mean natural persons, firms, partnerships, associations, corporations, subsidiaries, divisions, departments, joint ventures, proprietorships, syndicates, or other legal, business or government entities, and all subsidiaries, affiliates, divisions, departments, branches, or other units thereof.

5. The term "identify," when used in a question about individuals, means to provide the following information: (a) the individual's complete name and title; and (b) the individual's business address and phone number.

6. The term "referring or relating," with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with or is pertinent to that subject in any manner whatsoever.

BARNEY FRANK
4TH DISTRICT, MASSACHUSETTS

2252 RAYBURN HOUSE OFFICE BUILDING
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(202) 225-5931

29 CRAFTS STREET
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558 PLEASANT STREET
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NEW BEDFORD, MA 02740
(508) 999-6462

THE JONES BUILDING
29 BROADWAY
SUITE 310
TAUNTON, MA 02780
(508) 822-4796

February 28, 2012

Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20020

Dear Director Cordray,

I am pleased that you are acting in a number of areas, including on the critical question of mortgage servicing. I write to repeat a point that we have made several times both in legislation and elsewhere to argue strongly that in person contact with people about to suffer foreclosure – from a bonafide third party is an important step towards putting fairness into the foreclosure process.

I urge you to incorporate this in an appropriate way in your regulations.

BARNEY FRANK

BF/la

March 1, 2012

The Honorable Alcee Hastings
2353 Rayburn House Office Building
Washington, DC 20515

Dear Representative Hastings:

Thank you for your letter on payday lending issues. You raise a number of important points about consumers' access to credit and regulation of bank and nonbank lenders at the state and federal levels.

The central mission of the Consumer Financial Protection Bureau ("CFPB" or "Bureau") is to make markets for consumer financial products and services work for Americans. This means helping to ensure that the costs and risks of financial products are clear so that consumers have the information they need to make the financial decisions they believe are best for themselves and their families. Our aim is to increase fairness and transparency in the marketplace – not to limit consumers' access to credit.

To fully understand the payday lending market, we are seeking input from relevant stakeholders. As you mentioned, we recently conducted a field hearing on this issue in Birmingham, Alabama, which provided us the opportunity to hear directly from payday lenders, consumers, and others. While in Birmingham, I also met with Alabama's State Banking Superintendent, John Harrison, to hear about the state's supervision and regulation of payday lending.

As you point out, some states have more robust payday loan statutes than others. As a former state Attorney General myself, I have great respect for the work that is being done by leaders at the state level. We are working closely with state and local leaders around the country to ensure coordination of consumer protection efforts. Over the past year, we have successfully laid the groundwork for coordination through information sharing Memoranda of Understanding with virtually every state.

Holding banks and nonbanks accountable for compliance with federal consumer financial laws is another key goal of the Bureau. We recently released our *Short-Term, Small-Dollar Lending Procedures*, the field guide for our examiners across the country who will be visiting both banks and nonbanks, like payday lenders, to see first-hand how they conduct business. Our examination authority is an important tool that will allow us to better understand the business model of short-term loans, weed out the predatory bad actors, and assess compliance with federal financial consumer laws.

Thank you again for your letter. I look forward to working together to achieve our shared goals of educating, assisting, and protecting American consumers.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

February 29, 2012

The Honorable Steve Pearce
2432 Rayburn House Office Building
Washington, DC 20515

Dear Representative Pearce:

Thank you for your letter about Regulation Z, which as you know was adopted by the Federal Reserve Board to implement the Truth in Lending Act before it was transitioned over to us at the new Consumer Bureau. We are happy to provide clarification on the issues you have raised on behalf of your community banks.

As you indicate, the Board promulgated amendments to Regulation Z that took effect on April 6, 2011 to protect consumers from certain unfair practices related to loan originator compensation. The final rules prohibit a party other than the consumer from paying compensation to a loan originator that is based on the terms or conditions of the loan other than the amount of credit extended. When a consumer pays the loan originator compensation directly, the final rules also prohibit parties other than the consumer from paying any compensation to a loan originator in the transaction.

You requested clarification on whether loan originators may participate in bank-wide profit-sharing plans or 401(k) match programs. The official staff commentary on Regulation Z provides that the compensation subject to these restrictions "includes salaries, commissions, and any financial or similar incentive provided to a loan originator that is based on any of the terms or conditions of the loan originator's transactions," for example, an "annual or other periodic bonus." The Board's language can be interpreted to suggest that loan originator participation in profit-sharing plans is prohibited, including 401(k) match programs where an employer's contribution is tied to profitability. You have expressed concern about how this provision may adversely affect the ability of the community banks to recruit talent and compete for long-term employees.

We understand and appreciate these concerns. In particular, we recognize the possibility that the Board's rules and commentary may create unintended consequences that are unrelated to the problem of loan originator incentives. As you noted, the Consumer Financial Protection Bureau must publish additional rules on mortgage loan originator compensation in order to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act. We anticipate publishing a proposed rule in the future, on which we will invite public comment. We will approach this task with an eye to providing the clarification that is needed about the issues you have raised.

We appreciate your taking the time to share your views on these important matters. Please contact us further if we can be of additional assistance.

Sincerely,

[illegible]

Richard Cordray
Director
Consumer Financial Protection Bureau

[illegible]

SPENCER BACHUS, AL, CHAIRMAN

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

BARNEY FRANK, MA, RANKING MEMBER

March 6, 2012

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

Dear Mr. Cordray:

It has come to my attention that the House Committee on Appropriations Subcommittee on Financial Services and General Government has invited you to testify at a hearing about the Consumer Financial Protection Bureau's past and planned expenditures. I believe it is important for the members of the Appropriations Committee, which has special expertise in these matters, to have an opportunity to examine CFPB expenditures, and I welcome their concomitant oversight.

Sincerely,

SPENCER BACHUS
Chairman

cc: The Honorable Barney Frank
The Honorable Harold Rogers
The Honorable Norman D. Dicks
The Honorable Jo Ann Emerson
The Honorable José E. Serrano

CAPAC

CONGRESSIONAL
ASIAN
PACIFIC
AMERICAN
CAUCUS

Rep. Judy Chu, Chair • 1520 Longworth HOB • Washington, D.C. 20515 • 202.225.5464 • http://capac.chu.house.gov

March 12, 2012

Director Cordray
1500 Pennsylvania Avenue, NW
Attn: 1801 L Street
Washington, DC 20220

Dear Director Cordray:

As Chair of the Congressional Asian Pacific American Caucus, I would like to cordially request a meeting with you and our caucus to discuss pertinent financial service issues affecting the Asian American and Pacific Islander (AAPI) community. AAPIs were hit especially hard by the recent crisis and continue to face challenges in accessing financial products and services.

The Congressional Asian Pacific American Caucus, also known as CAPAC, was founded in 1994 and is composed of Members of Congress who are of Asian and Pacific Islander heritage and representatives who uphold the progress and well-being of the Asian Pacific American community. CAPAC establishes legislation and policies that address the needs of people of Asian and Pacific Islander descent. The caucus ensures that these policies work to protect and advance the civil and constitutional rights of minority communities and all Americans.

A meeting to come together and discuss critical issues would be vitally beneficial for both the communities that CAPAC represents and the Consumer Financial Protection Bureau. As such, our Members would like to invite you to one our caucus meetings on any of the following dates: March 21st; March 28th; April 25th; or May 16th.

Please contact CAPAC Executive Director Gene Kim at (202) 225-5464 or gene.kim@mail.house.gov with any questions or to confirm your availability. Thank you for your consideration, and I look forward to hearing from you.

Sincerely,

Judy Chu

JUDY CHU, PhD
Member of Congress
CAPAC Chairwoman

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

March 15, 2012

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

Dear Mr. Cordray:

The Committee on Oversight and Government Reform continues to examine the nature and scope of the Consumer Financial Protection Bureau's (CFPB) role in negotiating the recently announced mortgage settlement.[1] We write again to reiterate our nearly nine-month-old request for the production of all documents and communications relevant to this inquiry.

In June 2011, we wrote to Treasury Secretary Timothy Geithner to request all documents and communications relating or referring to the CFPB's role in mortgage settlement negotiations with federal entities and state attorneys general.[2] Although the CFPB has produced some responsive documents, the CFPB has withheld over 200 additional documents that are also responsive to our request. Your staff has represented to the Committee that the CFPB withheld these documents for "law enforcement" purposes at the behest of the Department of Justice (DOJ).[3]

On February 14, 2012, we wrote to you to request the production of these withheld documents.[4] As we explained, the contradictory accounts given about the CFPB's role in these negotiations make the entirety of the responsive documents essential for the Committee to fully understand the precise nature and scope of the CFPB's involvement.[5] Moreover, as we informed you, the CFPB's insistence on withholding the documents at the behest of the DOJ did not

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[1] *See* Letter from Darrell Issa and Patrick McHenry, Committee on Oversight and Government Reform, to Richard Cordray, Consumer Financial Protection Bureau (Feb. 14, 2012); Letter from Spencer Bachus, Committee on Financial Services, and Darrell Issa, Committee on Oversight and Government Reform, et al., to Timothy Geithner, Department of the Treasury (June 20, 2011).

[2] Letter from Spencer Bachus, Committee on Financial Services, and Darrell Issa, Committee on Oversight and Government Reform, et al., to Timothy Geithner, Department of the Treasury (June 20, 2011).

[3] *See* Phone call with Consumer Financial Protection Bureau staff (Jan. 31, 2012).

[4] Letter from Darrell Issa and Patrick McHenry, Committee on Oversight and Government Reform, to Richard Cordray, Consumer Financial Protection Bureau (Feb. 14, 2012).

[5] *Id.* at 2.

relieve the CFPB of its responsibility to comply with our request.[6] We asked that you produce all withheld documents by February 24, 2012.[7]

The CFPB did not produce the withheld documents as requested. Instead, Lisa Konwinski of your staff responded on your behalf on February 24, 2012, offering about 180 documents for *in camera* review by Committee staff.[8] Without relinquishing its right to possession of all responsive documents, the Committee agreed to review this subset of responsive documents *in camera* as a next step to accommodate the CFPB.[9] The *in camera* review of this 180-document subset occurred on March 7, 2012, and March 9, 2012.

We have thus far been disappointed by the CFPB's apparent disregard for the Committee's constitutional oversight duties. As you should know, the congressional investigative power is "an essential and appropriate auxiliary to the legislative function."[10] This broad authority "is as penetrating and far-reaching as the potential power to enact and appropriate under the Constitution."[11] In particular, under the rules of the House, this Committee may "at any time" investigate "any matter."[12] Any individual's intentional obstruction of a congressional investigation is a crime.[13]

The Committee hereby renews its request for all documents and communications responsive to the June 20, 2011, letter to Secretary Geithner. However, as means to accommodate the CFPB, the Committee will accept, in unredacted form, production of the following documents that have been identified by the Committee as particularly relevant during the *in camera* review:

CFPB-3 000001	CFPB-3 000094-96	CFPB-3 000188-89
CFPB-3 000012-13	CFPB-3 000097-99	CFPB-3 000200-02
CFPB-3 000018-19	CFPB-3 000100-02	CFPB-3 000203-13
CFPB-3 000032	CFPB-3 000107-08	CFPB-3 000226-29
CFPB-3 000043-47	CFPB-3 000109-11	CFPB-3 000244-46
CFPB-3 000052-60	CFPB-3 000112-17	CFPB-3 000251-52
CFPB-3 000063-65	CFPB-3 000118-19	CFPB-3 000255-58
CFPB-3 000066	CFPB-3 000120-23	CFPB-3 000270-74
CFPB-3 000067	CFPB-3 000124-26	CFPB-3 000281-83
CFPB-3 000070-71	CFPB-3 000127	CFPB-3 000318-19
CFPB-3 000072-73	CFPB-3 000133-37	CFPB-3 000357-59

[6] *Id.*
[7] *Id.* at 3.
[8] Letter from Lisa Konwinski, Consumer Financial Protection Bureau, to Darrell Issa and Patrick McHenry, Committee on Oversight and Gov't Reform (Feb. 24, 2012).
[9] Email from David Brewer, Committee on Oversight and Government Reform, to Chloe Cabot, Consumer Financial Protection Bureau (Feb. 28, 2012).
[10] *McGrain v. Daugherty*, 273 U.S. 135, 151 (1927).
[11] *Eastland v. United States Servicemen's Fund*, 421 U.S. 491, 504 n.14 (1975).
[12] House of Representatives Rule X, cl. 4(c)(2).
[13] *See* 18 U.S.C. § 1505; 18 U.S.C. § 1001.

CFPB-3 000074	CFPB-3 000143-47	CFPB-3 000365-67
CFPB-3 000076	CFPB-3 000148-52	CFPB-3 000369
CFPB-3 000078	CFPB-3 000153-58	CFPB-3 000370-71
CFPB-3 000080-81	CFPB-3 000159-64	CFPB-3 000382-85
CFPB-3 000082-83	CFPB-3 000165	CFPB-3 000388-89
CFPB-3 000084-86	CFPB-3 000166-70	CFPB-3 000391-97
CFPB-3 000087-89	CFPB-3 000171-73	CFPB-3 000398-401
CFPB-3 000090-93	CFPB-3 000186	CFPB-3 000402

Given your previous pledge to ensure the Committee "know[s] exactly what [the CFPB] is] doing,"[14] we expect your complete compliance with our longstanding requests. Although we continue to assert our right to all responsive documents withheld by the CFPB, we offer this accommodation as a final attempt to secure the CFPB's voluntary cooperation. If the CFPB does not produce the documents identified in this letter in unredacted form by March 19, 2012, the Committee will have no choice but to use compulsory process to obtain all documents withheld by the CFPB. 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

[14] *"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 Government Reform*, 112th Congress (2012) (question and answer with Rep. Guinta).

March 19, 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 regarding the Committee's examination of the role of the Consumer Financial Protection Bureau (the "Bureau") in the recently-announced mortgage servicing settlement. In your letter, you request production of certain documents that the Bureau provided to your staff for *in camera* review on March 7 and March 9, 2012.

The Bureau remains committed to accommodating the Committee's oversight needs consistent with important law enforcement interests. Accordingly, enclosed are the documents viewed *in camera* by your staff and identified in your letter.

The Department of Justice, however, has advised that disclosure of certain information regarding other agencies would impair ongoing law enforcement activities. As the Bureau has previously advised, the Department of Justice and other agencies continue to conduct law enforcement activities to address mortgage servicing deficiencies, including ongoing discussions with additional financial institutions related to the recently announced settlement. The enclosed materials contain sensitive deliberative information regarding the positions and equities of these other agencies. Accordingly, limited redactions have been made to protect the law enforcement interests of agencies other than the Bureau.

We hope this information will assist the Committee in its assessment of the Bureau's role in the mortgage servicing settlement. Please contact me at (202) 435-7960 if you have any questions.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

Enclosures

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

March 26, 2012

The Honorable Randy Neugebauer
1424 Longworth House Office Building
Washington, DC 20515

The Honorable Michael Fitzpatrick
1224 Longworth House Office Building
Washington, DC 20515

The Honorable James Renacci
130 Cannon House Office Building
Washington, DC 20515

Dear Chairman Neugebauer, Vice-Chairman Fitzpatrick, and Representative Renacci:

Thank you for your recent letter requesting additional budget information from the Consumer Financial Protection Bureau (CFPB or Bureau). I appreciated the opportunity to testify before the Committee on the CFPB's budget, and have enclosed the additional budget details you requested. The CFPB is committed to fulfilling our statutory responsibilities and delivering value to American consumers, which means being accountable and using our resources wisely and carefully.

In your letter, you requested a commitment to provide the Committee with copies of spending plans and forecasts, and more information with regard to FY 2013 budget estimates, including a detailed construction and rehabilitation budget. We welcome the opportunity to help inform Congress of our spending plans, and as such, the Bureau has provided Congress with its Budget Justification for FY 2013, which is also published on our website. Congress – and, indeed, the public – therefore has the Bureau's most current budget information. We have had no cause to revise our budget plans for FY 2012 or FY 2013, which we updated and shared with you last month.

Our FY 2013 Budget Justification identifies revised spending and staffing estimates for FY 2012 and projections for FY 2013 across CFPB's core programs, and further delineates spending by salaries, benefits, travel, supplies, contractual services, equipment and headquarters renovation for FY 2011 through FY 2013. The Budget Justification also identifies where the incremental growth from FY 2012 to FY 2013 is concentrated with accompanying narrative explaining the reasons for the increases. This presentation is substantially similar to other non-appropriated banking regulators and provides more detail than the CFPB FY 2012 Budget Justification. As we grow as an agency and build capacity, we will continue to provide additional budget and performance information in our budget documents.

The Budget Justification introduced preliminary strategic goals for the Bureau and a list of organizational priorities that help us achieve those goals. The Bureau also introduced several new performance measures and indicators, which will be used to assess progress made toward achieving our preliminary strategic goals. The Bureau intends to publish its draft strategic plan for public comment this summer, which will include new and additional goals, objectives, and performance measures. We intend to share the draft plan with the Committee and look forward to hearing your thoughts about our goals and measures at that time.

Per your request, attached please find a detailed listing of items funded in the "Other Services" category in FY 2011 and FY 2012 (as of March 19, 2012). The estimates for FY 2013 assume a similar set of items. In brief, this category of spending supports interagency agreements and contractual services for the critical operations infrastructure of the Bureau, including financial management, procurement, travel and human resource systems; development and implementation of supervision systems that enable CFPB to meet statutory objectives to monitor and enforce consumer financial laws; services to support intake and resolution of consumer complaints; and technology investments necessary for the operation of the Bureau in a 21st Century marketplace.

You also requested a detailed construction and rehabilitation budget for our offices located at 1700 G Street NW. The Bureau is currently in the design and development phase of the building renovation project. Once a design plan is finalized, the Bureau will seek competitive proposals from industry. The Bureau's cost estimates for the renovation project in the 2013 Budget are informed by a previous assessment performed by the Office of Thrift Supervision. The Bureau intends to update cost estimates as part of the initial design phase. We are happy to share additional information on the Bureau's building renovation project as it becomes available.

In addition, you requested that the Bureau send a copy of the quarterly Federal Reserve Board transfer request to the Committee 48 hours before the letter is sent to the Board. While it is not our practice to share the transfer requests before they are ready to be sent to the Federal Reserve Board, we will soon be making our quarterly transfers request letters available on the Bureau's website.

Finally, you requested additional information about workforce requirements, including an estimate of the target steady-state staff level for the Bureau. As stated in the Budget Justification, we anticipate supporting approximately 1,360 full-time equivalents by the end of FY 2013. This estimate was developed with input from program offices and the leadership of CFPB in consideration of statutory requirements and priorities of the Bureau, which are also identified in the Budget Justification, and of the size of comparable functions at other banking regulators. The Bureau is assessing performance against these estimates on a quarterly basis and will continue to update resource allocations and staffing projections as we learn more.

Thank you for your letter. At the CFPB, we are working to make consumer financial products and services work better for consumers and the honest businesses that serve them. We look forward to continuing to work with you and other members of Congress as we continue our important work.

Sincerely,

Richard Cordray
Director

Enclosures
cc The Honorable Spencer Bachus
The Honorable Barney Frank
The Honorable Michael Capuano

Consumer Financial
Protection Bureau

1801 L Street NW Washington DC 20036

March 28, 2012

The Honorable Judy Chu
1520 Longworth House Office Building
Washington, DC 20515

Dear Congresswoman Chu,

Thank you for the kind invitation for the Director of the Consumer Financial Protection Bureau (CFPB), Richard Cordray, to meet with the Congressional Asian Pacific American Caucus (CAPAC).

Director Cordray will be pleased to attend your May 16th caucus meeting to discuss the work of the CFPB and issues of importance to the communities that CAPAC represents.

Please contact the Office of Legislative Affairs at 202-435-7960 if we can be of additional assistance.

Sincerely,

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

March [illegible]

Dear Rep. Welch,

Thank you SO MUCH for the recent Vermont maple syrup, which is a special treasure of your congressional domain. We are seeing to it that the enjoyment of the product is spread widely here at the Bureau. In this regard, consumers in Vermont appear to be well served!

Yours,

Richard

SPENCER BACHUS, AL, CHAIRMAN

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

BARNEY FRANK, MA, RANKING MEMBER

March 29, 2012

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

Dear Mr. Cordray:

I am writing to better understand how the Consumer Financial Protection Bureau ("CFPB") will draft rules using its authority under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111-203). On March 29, 2012, you testified to the Committee about the CFPB's semi-annual report to the President and Congress, and on February 15, 2012, you testified about the budgetary costs of the CFPB's operations. Less certain than the CFPB's budgetary costs are the economic and compliance costs that the American people will bear as the result of the CFPB's rulemaking, and whether these costs will be offset by quantifiable benefits. I would like your assurance that the CFPB will conduct rigorous, transparent cost-benefit analysis whenever it drafts a new rule. To this end, please respond to the following questions within 21 days from the date of this letter:

(1) Section 1022 of the Dodd Frank Act establishes rulemaking standards that supplement the basic requirements of the Administrative Procedure Act (Pub. L. No. 79-404). Among other things, Section 1022 requires the CFPB to "consider" the "potential benefits and costs" of a proposed rule. Does Section 1022 of the Dodd Frank Act give rise to a "statutory obligation" for the CFPB "to determine as best it can the economic implications of [any] rule" that it is considering?[1] In other words, in light of Section 1022, would a rule be "arbitrary and capricious" if the CFPB failed to quantify the costs and benefits of a rule, or to state why it could not quantify those costs and benefits?

(2) Is the CFPB an "independent regulatory agency" for purposes of Executive Order 12866? E.O. 12866 establishes principles of regulation and a framework for the coordination and review of an agency's regulatory activity, but independent regulatory agencies need not comply with certain of its provisions. If the CFPB has concluded that it is an independent regulatory agency, please state the reasons why and please detail the provisions of E.O. 12866 that the CFPB must follow and those that it need not follow. Finally, if the CFPB is not obliged to follow all or some part of E.O. 12866, will the CFPB nevertheless commit to conducting rulemakings that are fully consistent with E.O. 12866?

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1 *Business Rountable v. Securities and Exchange Comm'n*, 647 F.3d 1144, 1148 (D.C. Cir. 2011) (holding that SEC's organic statute imposed requirement to quantify costs and benefits to the extent possible) (citing *Chamber of Commerce v. SEC*, 412 F.3d 133, 143 (D.C. Cir. 2005).

(3) In a series of Executive Orders, President Obama reaffirmed the regulatory principles enumerated in E.O. 12866 and directed independent regulatory agencies to follow those principles "to the extent permitted by law."[2] What does the CFPB understand those principles to be, and which of them, if any, does the CFPB intend to follow? Are there legal impediments to following all or some of the regulatory principles set forth in E.O. 12866?

(4) Given the requirements imposed, at a minimum, by Section 1022 of the Dodd Frank Act, will the CFPB commit to soliciting, in the notice of proposed rulemaking for any proposed rule, public comments on the adequacy of the data, methodologies, and assumptions used by the CFPB in carrying out any cost-benefit analysis in support of the proposed rule? The weighing of the relative benefits and costs of a new rule is not meaningful if the measures used to make the comparison are not sound. If the CFPB were to explicitly encourage interested parties to examine its cost-benefit analysis, it would be more likely that any deficiencies in that analysis would be brought to light and addressed before a rule becomes final.

(5) In cases where the CFPB can determine the costs and benefits of a rule, will the CFPB commit to adopting that rule only if it determines that the rule's economic benefits outweigh its costs?

(6) What is a "significant rule" for purposes of the Dodd Frank Act? Section 1022(d) of the Act requires the CFPB to evaluate the effectiveness of a "significant rule" five years after the rule's effective date, but the Dodd Frank Act does not on its face define what rules are "significant" and what are not. Executive Order 12866, however, defines a "significant regulatory action." Is a "significant rule" for purposes of Section 1022(d) the same thing as a "significant regulatory action" under the E.O. 12866?

(7) The Congressional Review Act (Pub. L. No. 104-121) requires that agencies submit certain information about a regulation to Congress and establishes a 60-day waiting period before a "major" rule can take effect. What policies and procedures does the CFPB have in place to comply with the Act in general, and to ensure that a regulation is properly reviewed for classification as a "major" rule in particular?

Following your controversial recess appointment, the CFPB launched its non-bank supervision program and it moved to amend a regulation implementing the Electronic Fund Transfer Act. These actions suggest that the CFPB views your appointment as (1) constitutional and (2) as sufficient to activate rulemaking and other authorities pursuant to Section 1066 of the Dodd Frank Act, even though that provision on its face conditions the exercise of those authorities on Senate confirmation of a director.

The actions that the CFPB undertakes now—even though the CFPB may not have the legal authority to take them—will directly affect consumers and businesses across the country. It is therefore critical that Congress, and the American public, be assured that

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2 *See* Executive Orders 13579 and 13563.

the CFPB will carefully consider the costs and benefits of its actions. Thank you in advance for your prompt attention to this important matter.

Sincerely,

Randy Neugebauer

RANDY NEUGEBAUER
Chairman,
Subcommittee on Oversight and Investigations

Shelley Moore Capito

SHELLEY MOORE CAPITO
Chairman,
Subcommittee on Financial Institutions and Consumer Credit

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

April 2, 2012

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

Dear Chairman Bachus,

Thank you for your letter requesting that the Consumer Financial Protection Bureau (CFPB or Bureau) clarify whether states may, consistent with the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act), permit transitional licensing of mortgage loan originators. Efficient implementation of the SAFE Act is a high priority for the Bureau, and I agree that offering transitional licenses can be an effective way of keeping experienced people working. You raised questions about state reciprocity and whether a state may provide for transitional licenses for loan originators.

Nothing in the SAFE Act or Regulation H prohibits a state, if it chooses, from relying on another state's loan originator license and granting a temporary transitional license to an individual with a valid state license. The SAFE Act and Regulation H allow states to provide a transitional license to a licensed loan originator who holds a valid license from another state, and they permit state reciprocity with respect to transitional licensing. The Bureau will be happy to communicate this clarification in more detail to the states.

Unfortunately, Regulation H currently does not allow states to provide for transitional licensing for registered loan originators who leave federally-regulated institutions to act as loan originators while pursuing a state license. We recognize that this can create impediments to job changes, and we are committed to working with the states, industry, and the National Mortgage Licensing System and Registry (NMLSR) to facilitate transitional licensing going forward, consistent with the statutory language of the SAFE Act.

Please let me know if I can be of further assistance.

Sincerely,

Richard

Richard Cordray
Director

Mr. Chairman —
This was similar to various transitional licensing issues that I worked to fix for Ohio law enforcement officials when I was the Ohio AG. Thank you for helping bring them to our attention.
Rich

CHARLES J. "CHUCK" FLEISCHMANN
3RD DISTRICT, TENNESSEE

COMMITTEE ON
NATURAL RESOURCES

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE

COMMITTEE ON
SCIENCE, SPACE, AND TECHNOLOGY

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April 4, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G St., NW
Washington, DC 20552-0003

Dear Director Cordray:

We are currently living in tough economic times, and many American families are struggling to make ends meet. All consumers deal with their personal financial situations in their own way, and many of my constituents utilize a variety of short-term credit products to meet their financial demands. While consumers use these different services to meet the same demand, it is important – especially with a tightening credit market – that these options remain available to consumers so that they can have the ability to choose the product that best fits their situation.

As the representative of a district that is home to one of these providers, Check Into Cash Inc., I recognize that short-term loans can be important to meeting the financial needs of many consumers. Payday advance providers in Tennessee are subject to significant state regulations, which ensure that consumers are offered a safe and transparent product. In Tennessee, these regulations have been very effective as evidenced by the fact that there have been few complaints filed against the industry with our Department of Financial Institutions.

When access to these short-term credit options is restricted, consumers can often turn to unlicensed offshore Internet lenders. These lenders do not adhere to the same standards and business practices as payday lenders. As a result, consumers who use these products can find themselves victim to hidden fees and exorbitant charges. Tennessee's state legislature has taken note of this growing problem of unlicensed online lenders and recently enacted legislation prohibiting payday lenders from making loans in Tennessee if they are not licensed in the state.

I believe that regulation of payday lenders has been effective at the state level in Tennessee, and I look forward to working with the Consumer Financial Protection Bureau to help make our financial markets safe, fair and transparent for all Americans.

Sincerely,

Chuck Fleischmann

Chuck Fleischmann
Member of Congress

CF/av

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

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051

http://oversight.house.gov

April 17, 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 May 1, 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

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

KATHY CASTOR
11TH DISTRICT, FLORIDA

COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEE ON ENERGY AND POWER
SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS

COMMITTEE ON THE BUDGET

DEMOCRATIC STEERING AND
POLICY COMMITTEE

ASSISTANT WHIP

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www.castor.house.gov

April 27, 2012

The Honorable Richard Cordray
Director, U.S. Consumer Financial Protection Bureau
1500 Pennsylvania Ave., NW
Attn: 1801 L St., NW
Washington, DC 20220

Dear Director Cordray:

Congratulations on your recent appointment to the Consumer Financial Protection Bureau (CFPB), and thank you for your dedication to protecting American consumers. It has come to my attention that you and your colleagues are beginning to examine the payday lending industry and short-term insured depository loan products. I welcome this news and would like to respectfully offer some insight as you embark on this process. Specifically, I would suggest a balanced approach to new rulemaking, one that fosters a regulatory environment that carefully balances meaningful safeguards for consumers of payday loans, overdraft protection, and bounced-check products with the continued access to these services that consumers require.

I suggest a balanced approach because, in my home state of Florida, we have a payday loan statute that protects consumers while simultaneously guaranteeing an individual's right to decide whether or not to use these services. Difficult economic times sometimes require American families to resort to short-term loans and other products, and their access to these available sources of money ensures that some of the hardest hit in our society have the resources to support themselves and their families. However, the necessity of making these high-interest loans and other services available does not mitigate the importance of regulating the institutions that stand to profit from tough economic times. The Florida law has struck the proper balance by maintaining access to payday lenders, while capping the maximum loan amount, limiting the loan period, and restricting the allowable fees.

As you may be aware, short-term loans are both unique and necessary. As demands for short-term and small-dollar loans continue to increase as a result of economic hardship, non-traditional and non-bank lenders have filled an important role for American consumers with severely limited credit options. Lenders in this space often offer convenient and less expensive products and services to these consumers. Because of this, I do not believe that further restricting options or eliminating products from the market would be useful. Instead, we should work to ensure access for consumers who want and need payday loans or similar short-term credit products.

But doing so requires balance. Therefore, I suggest that the CFPB treat similar products with uniformity in its approach to regulations, regardless of whether products are offered by banks or non-banks. This also includes aggressively weeding out lenders operating offshore and outside the law. Together, these actions will help make sure American consumers are not being preyed on—a central goal of the Wall Street reform Law.

As you investigate and consider best-practices to incorporate in new regulations, I hope that the CFPB will continue to ensure the ability of consumers to make informed choices and to encourage lending practices that are fair and transparent. As is the mission of the CFPB, we should look for effective ways to educate and assist consumers, allowing them to make choices between products that are accessible, transparent, and evenly regulated.

I commend your continued efforts to protect consumers, and I look forward to working together and discussing best-practices and models that will ensure the well being of American consumers. Thank you for your time and consideration.

Sincerely,

Kathy Castor

Kathy Castor
U.S. Representative
Florida—District 11

[illegible] Street NW Washington DC [illegible]

April 27, 2012

The Honorable Randy Neugebauer
1424 Longworth House Office Building
Washington, DC 20515

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

Dear Chairmen Neugebauer and Capito:

Thank you for your letter about the Consumer Financial Protection Bureau's rulemakings and our consideration of costs and benefits.

As an evidence-based agency, we take the assessment of the potential benefits, costs, and impacts of our regulatory actions seriously.

Please find attached our responses to your specific questions. Do not hesitate to contact me if I can be of further assistance.

Sincerely,

LISA M KONWINSKI

Lisa Konwinski
Assistant Director for Legislative Affairs

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

Enclosure

April 30, 2012

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

Dear Chairman McHenry:

I am writing in response to your recent questions for the Director of the Consumer Financial Protection Bureau, Richard Cordray, following his appearance before your Subcommittee on January 24, 2012. Enclosed please find Director Cordray's responses to your questions. Please contact me at 202-435-7960 if you have any questions.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative 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

May 2, 2012

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

Dear Mr. Cordray:

We are in receipt of your March 26, 2012 response to our February 22, 2012 written request for follow up information from your testimony before the Subcommittee on Oversight and Investigations on February 15, 2012. In your letter, you state the Consumer Financial Protection Bureau (CFPB or "Bureau") is committed to ". . . delivering value to American consumers, which means being accountable and using our resources wisely and carefully." While we appreciate and applaud your sentiment, CFPB has been wholly unresponsive to our requests for additional budget information.

Mr. Cordray, you run a bureau, still in its infancy, being funded solely by the Federal Reserve Board ("Fed"). In the first six months of the current fiscal year, the government has added $778,988,000,000 to the national debt.[1] Every dollar the Fed sends to CFPB is one less dollar that can be used toward deficit reduction. It is therefore imperative we monitor CFPB's budget to ensure the Bureau is, in fact, being held accountable for its spending decisions. To that end, please provide the following information, along with any supporting documentation, originally requested on February 22, 2012, by May 16, 2012:

1. We requested "copies of any financial operating plans and forecasts." Your response referred to CFPB's FY 2013 Budget Justification. A financial operating plan and a budget justification are two separate documents that are not used interchangeably. Does CFPB have a financial operating plan that states with particularity what the Bureau plans on spending during the current fiscal year, that includes, for example, anticipated spending for the third and fourth quarters of the current fiscal year? If it does, please provide a copy of the plan.

2. We expressed our view that CFPB's FY 2013 Budget Justification lacks sufficient details and is unnecessarily vague. CFPB responded that its justification was "substantially similar to other non-appropriated banking regulators." Any comparison of CFPB to non-appropriated banking regulators is inapposite, as their budgets do not affect the national debt. Will you be providing a more detailed Fiscal Year 2013 Budget Justification?

3. As the CFPB's Fiscal Year 2013 Budget Justification lacked a meaningful performance plan, we requested the Bureau release its performance measures on or before July 21, 2012, the second anniversary of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the one-year anniversary of the date on which CFPB began operating as an independent bureau. You responded that CFPB will publish a draft strategic plan for public

[1] U.S. Department of Treasury, Financial Management Service's Monthly Treasury Statement, Deficit through March 31, 2012, available at http://www.fms.treas.gov/mts/mts0312.pdf

comment this summer. Will you commit to releasing CFPB's written performance measures on or before July 21, 2012?

4. You state that it is not CFPB's practice to provide transfer requests to Congress 48 hours prior to officially requesting a transfer of funds from the Fed.

   a. How can the Bureau, at less than a year old, have established set practices that prevent it from providing information to Congress?

   b. Will you commit to providing transfer requests in the timeframe we requested, so that we can assure the public that CFPB is avoiding unnecessary spending?

5. Given that CFPB set aside an estimated $55 million for "land and structures," we requested a detailed construction and rehabilitation budget for your offices located at 1700 G Street, N.W. You responded that the Bureau is in the design and development phase of the building renovation project. We question how CFPB can develop a design plan without a more detailed budget.

   a. Former Treasury Department Official, Elizabeth Warren, stated that CFPB desires a headquarters that is a tourist destination, similar to the White House, with a lobby and adjacent patio open to the public.[2] That vision leaves open a wide range of possibilities. Is Ms. Warren's objective being integrated into the design phase of the Bureau's headquarters? If so, how?

   b. Will you commit to providing a detailed construction and rehabilitation budget, including, but not limited to, any artist renderings and designs currently under consideration by the Bureau?

6. On February 15, 2012, you testified that there is a "detailed process" CFPB uses to determine employment needs, which requires the Bureau's departments to scrutinize their needs and consult with the Chief Financial Officer. Based on this testimony, we understood CFPB to have a written process for hiring. The high level narrative provided in your response was not instructive. Will you commit to providing, in writing, specifics on CFPB's "detailed process" for determining employment needs?

Please provide two sets of your response and any responsive documents. The documents should be delivered to the Majority Staff at B-303 Rayburn House Office Building and the Minority Staff at B-371-A in Rayburn House Office building, respectively.

Finally, CFPB should be prepared to provide, on an ongoing basis, any additional materials responsive to this request after its receipt. We also request you make available the appropriate individuals to brief Committee staff on these documents.

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[2] CFPB Consumer Finance Blog by Elizabeth Warren, Feb. 18, 2011 Available at: http://www.consumerfinance.gov/blog/2011/02/

We appreciate your prompt attention to this matter. If you have questions regarding this request, please contact Anne Marie Turner of the Committee staff at (202) 226-3027.

Sincerely,

RANDY NEUGEBAUER	MICHAEL FITZPATRICK	JAMES RENACCI
Chairman	Vice-Chairman	Member of Congress
Subcommittee on Oversight and Investigations	Subcommittee on Oversight and Investigations	

cc:

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

CHARLES A. GONZALEZ
MEMBER OF CONGRESS
20TH DISTRICT, TEXAS

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Congress of the United States
House of Representatives
Washington, DC 20515–4320

COMMITTEE ON
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MANUFACTURING AND TRADE
SUBCOMMITTEE ON
ENERGY AND POWER
SUBCOMMITTEE ON HEALTH

COMMITTEE ON
HOUSE ADMINISTRATION
SUBCOMMITTEE ON ELECTIONS
SUBCOMMITTEE ON OVERSIGHT

CHAIR
CONGRESSIONAL HISPANIC CAUCUS
SENIOR WHIP

May 4, 2012

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, Nw
Washington, D.C. 20552-0003

Dear Mr. Cordray:

It has recently come to my attention that there is a tax preparation issue of which the Consumer Financial Protection (CFPB) Bureau should be aware.

A fraud investigator at a local credit union contacted my office to share information about an issue of great concern to him. The fraud investigator was monitoring a tax preparation company's account and noticed a very large balance in the account in a short amount of time once tax season arrived. He believes this tax preparation company is targeting low-income families and charging them exorbitant fees to provide them tax advances. The fraud investigator informed a member of my staff that he believes these tax preparers are targeting low-income families because they are eligible for the Earned Income Tax Credit (EITC), and thus more profitable as clients. While the EITC is designed to make it so families are able to get ahead in these tumultuous economic times, these tax preparers are targeting families that qualify for these very same tax credits to extract fees via the preparation service and tax return advances.

The whole purpose of the EITC is undermined by taking large fees from low-income families that receive the EITC for tax return advances. I am greatly concerned about this practice, and ask that you consider tax preparation companies as an industry regulated under your jurisdiction.

Sincerely,

Charles A. Gonzalez
Member of Congress

CAG: in7

May 9, 2012

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

Dear Mr. Cordray:

We are alarmed by recent reports of lavish spending on conference planning by the federal government. According to the Department of Treasury, in the first six months of the current fiscal year, the government has added $778,988,000,000[1] to the national debt. There has never been a more important time to identify and curb the waste, fraud, and abuse of tax dollars.

We believe it is imperative that the Consumer Financial Protection Board (CFPB or "Bureau") be transparent in its accounting of conference related spending for several reasons. One, CFPB was created by Congress. It is part and parcel of honoring the public trust to ensure CFPB is executing its mission faithfully and is a good steward of resources. Additionally, every dollar the Federal Reserve Board sends to OFR is one less dollar that can be used toward deficit reduction. Therefore, there is an expectation that your budget be put to the best use.

To assist the Committee, and American taxpayers, to understand how CFPB is seeking to guard against wasteful spending pertaining to conference planning, we request you provide the following information by May 23, 2012:

1. CFPB's internal written policies for planning and conducting conferences.

2. A list of all conferences held by/on behalf of CFPB since its creation. For each conference, provide the following information:

    a. The date, site, and topic;
    b. The number of participants;
    c. The complete and total budget, including, but not limited to, the cost of food, beverage, themed breaks, favors, programs, event space, rentals, lodging, hotel service fees, and transportation;
    d. The complete and total budget for any event planning services utilized;
    e. All documentation related to the solicitation of bid;
    f. An itemized list of indirect costs charged to CFPB by any event planning services;
    g. The complete and total budget for any cooperative agreement recipients;
    h. An itemized list of indirect costs charged to CFPB by any cooperative agreement recipients;

[1] U.S. Department of Treasury, Financial Management Service's Monthly Treasury Statement, Deficit through March 31, 2012, available at http://www.fms.treas.gov/mts/mts0312.pdf

i. The complete and total budget for any pre-conference planning travel; and
j. Documentation of any senior level approval for conference spending that exceeded the per diem rate for the chosen locality.

3. CFPB's internal guidelines for soliciting bids for event planning services.

4. CFPB's internal guidelines for overseeing and approving indirect costs incurred by event planning services, including whether the Bureau requires event planning services to solicit bids from external vendors for specialized support.

5. CFPB's internal guidelines for overseeing and approving indirect costs incurred by cooperative agreement recipients, including whether the Bureau requires said recipients to solicit bids from external vendors for specialized support.

6. A list of all conferences, not sponsored by CFPB, attended by Bureau personnel, including name of conference/sponsor, number of personnel who attended and aggregate cost.

Please provide two sets of your response and any responsive documents. The documents should be delivered to the Majority Staff at B-303 Rayburn House Office Building and the Minority Staff at B371-A in Rayburn House Office building, respectively.

CFPB should be prepared to provide, on an ongoing basis, any additional materials responsive to this request after its receipt. We also request you make available the appropriate individuals on your staff to brief Committee staff on these documents.

We appreciate your prompt attention to this matter. If you have questions regarding this request, please contact Anne Marie Turner of Committee staff at (202) 226-3027.

Sincerely,

SPENCER BACHUS
Chairman

RANDY NEUGEBAUER
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Barney Frank
The Honorable Michael Capuano

Consumer Financial
Protection Bureau

May 2012

Dear Rep. Emerson,

Thank you again for having us in to see you and your colleagues. I very much appreciate your interest and look forward to working with you.

Yours,

Richard

Consumer Financial
Protection Bureau

May 2012

Dear Rep. McHenry,

Thank you and your staff for coming by to see us the other day. I look forward to continuing to work with you and your colleagues. See you soon.

Yours,
Richard

Consumer Financial
Protection Bureau

May 10, 2012

The Honorable Barney Frank
2252 Rayburn House Office Building
Washington, DC 20515

Dear Representative Frank:

Thank you for your letter highlighting the effectiveness of in-person contact from third party practitioners, like HUD-approved housing counselors, for struggling homeowners. I appreciate knowing that you support such targeted assistance to troubled mortgage borrowers as a requirement prior to pursuing foreclosure.

The Consumer Financial Protection Bureau has heard from a variety of stakeholders on this issue, including from associations that represent the broader housing counseling community. The CFPB will take your input into consideration as we continue our work to improve the mortgage market and seek ways to assist struggling homeowners.

Again, thank you for reaching out to me on this issue.

Sincerely,

Richard

Richard Cordray
Director
Consumer Financial Protection Bureau

— I have a personal interest in this from seeing the effectiveness of homeowner counseling in Ohio — and with the servicing rules we will see what we can do — Rich

Consumer Financial
Protection Bureau

May 23, 2012

The Honorable Spencer Bachus
2129 Rayburn House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Randy Neugebauer
1424 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairmen Bachus and Neugebauer:

I write in response to your inquiry about conference-related spending. The CFPB understands and appreciates the importance of being a good steward of the resources entrusted to the Bureau. Enclosed is a copy of the CFPB policy on conference and meeting planning and attendance, which we have recently finalized to ensure that we justify and contain costs.

As you know, Congress created the CFPB in the wake of the worst financial crisis since the Great Depression. Our statute requires us to perform an array of consumer financial protection functions, including conducting financial education programs; collecting, investigating, and responding to consumer complaints; collecting, researching, monitoring, and publishing information relevant to the functioning of markets for consumer financial products and services to identify risks to consumers and the proper functioning of such markets; supervising covered persons for compliance with Federal consumer financial law, taking appropriate enforcement action to address violations of Federal consumer financial law; and issuing rules, orders, and guidance implementing Federal consumer financial law.

Many of the consumer protection functions require the CFPB to engage directly with consumers, industry, stakeholders, and members of the public on consumer financial issues in external meetings or events. In response to your inquiry, we reviewed the types of external events convened by the CFPB to date. These include statutorily-required meetings to solicit small business perspectives on potential rule-makings; a forum to discuss financial challenges faced by Servicemembers and their families; a conference with academics, industry leaders, consumer advocates, and others on the implementation of the Credit Card Accountability Responsibility and Disclosure Act ("CARD Act"); and field hearings and roundtables around the country to receive input on student financial aid disclosure, model credit card agreements, payday loans, as well as other financial issues and CFPB priorities. We are committed to providing the Committee with the information necessary to complete its oversight work. We would like to work with your staff to have a better understanding of which types of these external events are the subject of your inquiry so that we may provide the information that you need for this matter.

In addition, the Committee posed questions about the vendors used by CFPB to plan any conferences. Shortly after CFPB became operational, we entered into an interagency agreement with the Department of the Treasury to procure the services of the Office of Conference. Event and Meeting Services. The Office of Conference, Event, and Meeting Services solicits bids from external vendors for specialized support, in which those vendors may be used for CFPB events, as needed. The CFPB pre-approves the costs for planned events prior to the Office of Conference, Event, and Meeting Services finalizing the event arrangements.

In furtherance of the CFPB's commitment to excellence and employee development, members of our staff attend conferences and specialized training to enhance their skill sets and expand their knowledge base on current consumer financial issues. This is critical to our mission of protecting consumers. A list of conferences not sponsored by CFPB, but attended by CFPB personnel, will be sent to you under separate cover.

The vast majority of CFPB's regional employees are examiners who have home duty stations but will spend most of their time working at exam sites. This distributed work force allows CFPB to maximize financial resources by minimizing long-term leasing commitments in the regions in which we operate. We periodically hold region-wide employee meetings to facilitate the sharing of information, to conduct training, and to address operational issues. Because the Bureau's centralized regional office space is limited, CFPB leverages the expertise of the Department of the Treasury, Office of Conference, Event and Meeting Services to plan and facilitate these meetings as well. These meetings are not considered conferences, but we wanted to advise you of them, in the interests of our commitment to transparency.

We are proud of our service to the general public and will continue to work toward accomplishing our mission of consumer financial protection while demonstrating our own commitment to financial management discipline.

Sincerely,

Timothy Sheehan
Deputy Assistant Director for Legislative Affairs

Enclosure

cc: The Honorable Barney Frank
The Honorable Michael Capuano

Consumer Financial
Protection Bureau

May 14, 2012

The Honorable Randy Neugebauer
1424 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Michael Fitzpatrick
1224 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable James Renacci
130 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairman Neugebauer, Vice-Chairman Fitzpatrick, and Representative Renacci:

I appreciate your ongoing interest in the Consumer Financial Protection Bureau, and fully support your continued oversight of the Bureau's operations and budget. I testified before your Subcommittee about our budget in February, and more recently before the House Financial Services Committee on our operations, which included questions on the Bureau's budget. I have also met at length with many of your colleagues in both the House and Senate to discuss our budget and answer any questions. These hearings and discussions have helped inform Members and staff about the Bureau's important work, provided insight into our performance-based budget process, and demonstrated our shared commitment to use resources wisely and carefully. At the same time, your oversight efforts are helping to inform and improve the Bureau's work as a start-up agency. We now have a budget-specific webpage which is updated regularly to ensure that information about our budget, including each of our transfer requests, is readily available to you and to the public: www.consumerfinance.gov/budget. I hope you will find it helpful.

In your most recent letter, you requested information on the Bureau's anticipated spending for the third and fourth quarters of the current fiscal year. For FY 2012 Q1 and Q2, the CFPB has requested $158.2 million in total funding from the Federal Reserve. Subtracting this from the estimated total spending for FY 2012 in the FY 2013 Budget Justification ($356.4 million), the CFPB anticipates approximately $198.2 million in spending for the third and fourth quarters of this fiscal year. This funding will be used to carry out the five statutory objectives that Congress established for the CFPB in the Dodd-Frank Wall Street Reform and Consumer Protection Act: (1) to ensure that consumers are provided with timely and understandable information to make responsible decisions about financial transactions; (2) to protect consumers from unfair, deceptive, or abusive acts and practices, and from discrimination; (3) to reduce outdated, unnecessary, or unduly burdensome regulations; (4) to promote fair competition by consistent enforcement of Federal consumer financial law; and (5) to encourage markets for consumer financial products and services to operate transparently and efficiently to facilitate access and innovation.

In addition to the information on the website about the Bureau's budget, we are getting ready to begin posting information about our major procurements, as they are finalized, on the CFPB's procurement website. This is part of our Procurement Transparency Initiative, and we know that the Committee will recognize that this represents a meaningful commitment to transparency. In addition, our procurement staff announced as part of our transparency initiative that projected opportunities to do business with the Bureau will be on the website in our procurement forecast.

In your letter, you requested a more detailed FY 2013 Budget Justification and additional performance measures. Our Budget Justification explains in detail the Bureau's current multi-year goals, annual priorities, resource requirements and staffing levels necessary to achieve those goals and priorities, along with an initial set of performance measures that allow all stakeholders to assess CFPB's progress toward achieving goals and priorities. We understand your interest in additional detail, and will be happy to respond to specific questions you may have about particular spending items. In addition, CFPB personnel would be pleased to brief you on our draft strategic plan later this summer, which will include new performance measures and indicators that link to our strategic goals. We look forward to discussing the draft plan and performance measures in more detail with you at that time.

You also requested more information about the plan to renovate the CFPB's headquarters located at 1700 G Street NW. I would like to invite you to meet at our headquarters so that you can see the current condition of the premises first-hand. We are currently in the architectural and engineering phase of our renovation project. An initial statement of work for the architectural and engineering phase was made publicly available on fbo.gov in February, but a final determination about the scope of the project has not yet been made. Cost will certainly be a significant factor in making that determination. After the ongoing procurement is completed and a firm is awarded a contract, we will have more information to share with you about the renovation project.

We will continue to share all quarterly Federal Reserve Board transfer requests with you and the public on our website. Copies of all quarterly transfer requests are currently on our website for review by anyone.

Finally, you requested that we provide additional information about our workforce planning process. Staffing estimates were developed with input from program offices and the leadership of the CFPB in consideration of statutory requirements and priorities of the Bureau, which are also identified in the Budget Justification, and of the size of comparable functions at other banking regulators. The Bureau anticipates approximately 1,360 full-time equivalents by the end of FY 2013. As of the end of the second quarter of FY 2012, the Bureau has hired a total of 828 employees, and continues to assess organizational performance against statutory requirements on a quarterly basis to ensure the Bureau is operating and staffed efficiently. We will continue to update resource allocations and staffing projections as we mature as an agency.

Thank you for your letter. We look forward to continuing to work with you and other members of Congress as we continue our important work.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

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) 226-3717 Fax

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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 16, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G St., NW
Washington, DC 20006

Director Cordray:

It has been very encouraging to see that not only has your agency been active in Washington, but that you and your staff have been travelling around the country to hear directly from the communities about the most pressing consumer protection issues that my constituents are facing today. I was especially pleased that you chose to hold your recent town hall and roundtable on bank overdraft practices at Hunter College in New York City, and that you are holding a field hearing this month on prepaid cards. Access to credit and the payment system are vital issues for my constituents and merit CFPB's attention. While overdraft protection services provide many consumers with valuable access to credit, they can also cause financial harm when the rates and terms that come along with the product are not clearly disclosed. Likewise, as the Congress recognized during Dodd-Frank, prepaid cards play an important role in creating a bridge to main stream banking services for millions of under banked Americans.

Many of my constituents use overdraft protection, in addition to a number of other types of short-term loans, in order to make ends meet. While these products are often helpful to consumers who are short on funds, there are still too many occasions where customers are hurt by these services due to confusing or hidden fees. In order to prevent consumers from falling victim to these practices, it is important that these short-term credit services are held to a uniform standard of transparency and disclosure that makes prices and risks abundantly clear to all consumers.

However, it is also important that consumers maintain access to safe, regulated short-term credit options, including overdraft protection. Especially with a credit market that is becoming less and less available to hard-working Americans, many of these consumers could ill afford to lose any of those options. I commend your view that CFPB should encourage competition in the market place to foster innovative and lower cost high-demand products such as overdraft, and cash advance.
Likewise, I am disappointed when entrepreneurs, particularly minorities, are criticized for offering low cost alternatives to high demand products such as overdraft. A recent example is the Urban Trust prepaid card which appears to offer one of the most consumer friendly overdraft options available. In fact, it appears to be a model of clarity, lower cost, and customer driven credit attached to a prepaid card.

As you stated in your remarks at the February roundtable event, one of your central goals is "to help educate consumers so they are able to make responsible, informed decisions." I could not agree more with this mission. In order to establish a safer financial environment, consumers must be given the tools that they need to make to make informed financial decisions. I am confident that if my constituents are provided with clear, transparent and unambiguous financial documentation, then they will be able to evenly compare different short-term credit options and ultimately decide what fits their financial situation the best.

The CFPB has certainly taken steps in the right direction with your recent request for public comments concerning overdraft practices as well as the release of your model "penalty fee box." I applaud the CFPB for adhering to your commitment to listen to input from both consumers and industry members alike in striving to create a better functioning financial services marketplace.

I look forward to working with the CFPB in continuing these efforts to provide all consumers with a fair, competitive, and transparent marketplace. Please feel free to contact me or my staff with any questions or concerns.

Sincerely,

Wm. Lacy Clay

Wm. Lacy Clay
Member of Congress

Consumer Financial
Protection Bureau

May 18, 2012

The Honorable Henry Waxman
2322A Rayburn House Office Building
Washington, DC 20515

Dear Representative Waxman:

Enclosed is the Semiannual Report for the Office of Inspector General for the Consumer Financial Protection Bureau (CFPB or Bureau), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from October 1, 2011 through March 31, 2011.

During this period, the Office of Inspector General completed an audit of the CFPB's information security program, and initiated evaluations of the Bureau's Contract Solicitation and Selection Processes, the Bureau's Consumer Response Center, the Bureau's Annual Budget Process, and the Bureau's Controls over Sensitive and Proprietary Information Collected and Exchanged with the Financial Stability Oversight Council.

Should you have any questions concerning this report, please contact me at 202-435-7960 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

cc: Office of Inspector General

Consumer Financial
Protection Bureau

May 18, 2012

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

Dear Chairman Bachus:

Enclosed is the Semiannual Report for the Office of Inspector General for the Consumer Financial Protection Bureau (CFPB or Bureau), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from October 1, 2011 through March 31, 2011.

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Should you have any questions concerning this report, please contact me at 202-435-7960 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

cc: Office of Inspector General

LLOYD DOGGETT
25TH DISTRICT, TEXAS

COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON
HUMAN RESOURCES
RANKING MEMBER

SUBCOMMITTEE ON
TRADE

SUBCOMMITTEE ON
SOCIAL SECURITY

COMMITTEE ON THE BUDGET

Congress of the United States
House of Representatives

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(202) 225-4865

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LLOYD.DOGGETT@MAIL.HOUSE.GOV
www.house.gov/doggett
1-866-916-5921

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

RE: Women-Owned and Minority-Owned Business Lending

Dear Director Cordray:

As you know, the Dodd-Frank Wall Street Reform and Consumer Protection Act requires financial institutions to collect and report information regarding lending to women- or minority-owned businesses and small businesses. I understand the Consumer Financial Protection Agency has authority to enforce these requirements. However, I am told that CFPB will not ask financial institutions to report such small business lending data until 2013 -- three years after Dodd-Frank's enactment.

Women-owned businesses, minority-businesses, and small businesses are crucial to the American economy. However, minority-owned firms, for example, are more likely to be denied loans and are more likely to receive smaller loans than other small businesses. For many women-owned and minority-owned small businesses, access to capital is one of the biggest obstacles to growth. It is vital that we correct access to capital to such small businesses.

Could you please provide to my office a timeline for enforcing the requirement that creditors collect and report information regarding lending to women- or minority-owned businesses and small businesses? If CFPB will not begin enforcing these provisions in 2012, could you please explain the delay?

Thank you for your service and consideration of my concerns.

Sincerely,

Lloyd Doggett

Lloyd Doggett

ALCEE L. HASTINGS
23RD CONGRESSIONAL DISTRICT
FLORIDA

RULES COMMITTEE
SUBCOMMITTEE ON LEGISLATIVE
AND BUDGET PROCESS
RANKING MEMBER

UNITED STATES
HELSINKI COMMISSION
RANKING DEMOCRATIC MEMBER

FLORIDA DELEGATION
DEMOCRATIC CHAIRMAN

SENIOR DEMOCRATIC WHIP

Congress of the United States
House of Representatives
Washington, DC 20515-0923

PLEASE RESPOND TO:

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FAX: (202) 225-1171

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100 NW 1ST AVENUE
DELRAY BEACH, FL 33444
TELEPHONE: (561) 243-7042
FAX: (561) 243-7327

www alceehastings.house gov

May 22, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Cordray,

It has come to my attention that you will be holding a field hearing on the prepaid card industry in Durham, North Carolina on Wednesday, May 23rd. I have become increasingly disheartened that while much of the debate regarding these products has focused on the appropriate level of regulation, very little is said of the need to increase access to payment vehicles and to opportunities to gain and enhance credit.

Frankly, the needs and concerns of millions of under-banked Americans have thus far been overlooked in this conversation. In my home state of Florida alone, seven percent of households do not have a bank account – a figure that is much higher in the lower income, minority areas that I represent. Furthermore, American consumers are currently suffering in an environment of skyrocketing costs of credit and severely limited credit options. Now is not the time to further restrict options or eliminate products from the market.

While I have heard much criticism of new products which provide a bridge for unbanked or under-banked Americans, I see an unsettling lack of alternatives. In fact, in discussing the need for greater regulation, the availability and accessibility of options for under-banked individuals are often overlooked. It is therefore vital to recognize and foster innovation, as well as support and encourage those who provide more convenient and less expensive financial products.

I would also encourage you to take note of companies that are proactively ensuring fairness, transparency, and ease of use for their consumers. For example, Urban Trust of Florida offers a prepaid card, backed by a bank deposit, with a 24-hour grace period to bring the balance current should a customer overdraw his/or her card. Their overdraft fees are also proportionate to the amount overdrawn, unlike many traditional banks.

Products such as this have grown out of the innovation that is founded in private sector competition and the accompanying companion risk of the entrepreneurs in the small loan sector. We ought to be fostering such competition and attitudes as well as applauding those who bring forward innovative and less expensive new products, not squelching innovation with the unintended consequences of well-meaning regulations. Ultimately, it is the very individuals you are trying to help who suffer.

I commend your continued efforts to safeguard consumer interests, and encourage you to consider holding a field hearing in South Florida to observe the positive measures my state has taken to protect the needs of average consumers. I 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

Alcee L. Hastings
Member of Congress

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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http://oversight.house.gov

May 22, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordray:

The work of the Consumer Financial Protection Bureau (CFPB) has wide-ranging consequences for the United States economy and for American financial consumers. For this reason, I write to you regarding the CFPB's anticipated regulatory action on prepaid cards and the Bureau's upcoming field hearing in my home state of North Carolina.

Millions of American consumers and small businesses utilize prepaid cards as secure and convenient forms of payment. Although the use of prepaid cards has grown as a result of consumer and business demand, regulatory overreach potentially threatens to diminish the availability of these products. Overregulation also discourages continued innovation in certain financial products that may provide better functions and features to underserved consumers. With limited access to credit, these unbanked and underbanked consumers may turn to costlier and more dangerous financial options.

During your appearance before the Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs on January 24, 2012, the Subcommittee discussed the impact of the CFPB's actions on access to credit.[1] You agreed with the Subcommittee's concerns that overregulation by the CFPB could decrease credit availability and you stated your intention not to restrict credit for consumers or small businesses.[2] As the CFPB considers regulations on prepaid cards, I urge you to remain faithful to these concerns and to keep in mind the potential adverse affects of overregulation.

---

[1] *See "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. Walsh).
[2] *Id.*

As you hear from consumers, industry representatives, and North Carolinians during your upcoming field hearing, bear in mind that the current economic environment in the United States necessitates a conscientious and carefully calibrated regulatory agenda. I encourage the CFPB to consider its anticipated regulatory action on prepaid cards in a manner that maintains credit availability for consumers and small businesses. Thank you for your attention to this matter.

Sincerely,

Patrick T. McHenry

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

PLEASE RESPOND TO:

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Congress of the United States
House of Representatives

GREGORY W. MEEKS
6TH DISTRICT, NEW YORK

COMMITTEES:
FOREIGN AFFAIRS
SUBCOMMITTEES:
RANKING MEMBER,
EUROPE AND EURASIA
ASIA AND THE PACIFIC

FINANCIAL SERVICES
SUBCOMMITTEES:
FINANCIAL INSTITUTIONS
AND CONSUMER CREDIT
DOMESTIC MONETARY POLICY
AND TECHNOLOGY

May 22, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20006

Dear Director Cordray:

I applaud the efforts of you and your staff in recent months to work with companies in the non-bank financial services sector to gather information and learn about their business models and customers. I am also encouraged that you have been holding field hearings and roundtables in communities around the country to hear directly from the consumers and our constituents who use these products and services.

Creating a level playing field in the financial services arena for consumer financial products and services is of critical importance, and I believe that part of that effort requires analyzing these products and services through the eyes of the consumers that use them so that like products are treated and regulated in a similar manner to the ultimate benefit of the consumer.

Prepaid debit cards have emerged as a highly versatile and popular product across many user groups from consumers at all socio economic levels, to small and large businesses and governments including the federal government. I believe it is important to encourage this type of innovation while not allowing these and other non -bank products to be viewed or characterized as second tier, lower level or unsavory. Gaps in the market, changes in technology, and consumer financial needs and preferences are the drivers behind many of these emerging financial products.

Prepaid debit cards are a clear example of innovators meeting very specific consumer needs in myriad ways. Consumers should have the choice of products that best meet their needs, and I will continue to push for clear, simple disclosures and strong consumer protections in this area. While I certainly believe that innovation should not outpace regulation, I also hope that regulation will not stifle innovation or competition, and I am encouraged that the Consumer Financial Protection Bureau is demonstrating a desire to foster competition and innovation.

Many of the financial services products offered by non-banks are viewed very favorably by my constituents, the vast majority of whom are minority consumers, who regularly choose them over bank products for any number of reasons. Again, this is not always a second choice, but more often a first choice. Because of this, I am concerned by the criticisms that have been directed at minority banks that are developing, offering, and partnering with prepaid debit card programs to meet consumer needs and increase choice.

While the CFPB should ensure robust consumer protections in the prepaid space, it should do so while maintaining a light-touch of regulation so as not to impair or impede world-class innovation and product development, especially in a market segment like prepaid debit where companies are striving to meet their customer's payment needs, cash flow needs, and short-term credit needs – all of which are critical to our nation's economy. Regardless of the product or manner in which a consumer chooses to address these needs – bank or non-bank – it is imperative that these products are not singled out or demonized, but are carefully and fairly examined and are all held to high and uniform standards. I agree wholeheartedly that consumers must be able to easily compare prices, terms, risks, and conditions through simple, transparent and meaningful disclosures in order to choose the best products and services for them.

I commend your work to date, and appreciate the open and honest dialogue I have experienced with you and your staff, and look forward to our continued collective efforts to strengthen and support a healthy and competitive financial services marketplace for American consumers.

Sincerely,

Gregory W. Meeks
Member of Congress

Consumer Financial
Protection Bureau

May 23, 2012

The Honorable Spencer Bachus
2129 Rayburn House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Randy Neugebauer
1424 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairmen Bachus and Neugebauer:

I write in response to your inquiry about conference-related spending. The CFPB understands and appreciates the importance of being a good steward of the resources entrusted to the Bureau. Enclosed is a copy of the CFPB policy on conference and meeting planning and attendance, which we have recently finalized to ensure that we justify and contain costs.

As you know, Congress created the CFPB in the wake of the worst financial crisis since the Great Depression. Our statute requires us to perform an array of consumer financial protection functions, including conducting financial education programs; collecting, investigating, and responding to consumer complaints; collecting, researching, monitoring, and publishing information relevant to the functioning of markets for consumer financial products and services to identify risks to consumers and the proper functioning of such markets; supervising covered persons for compliance with Federal consumer financial law, taking appropriate enforcement action to address violations of Federal consumer financial law; and issuing rules, orders, and guidance implementing Federal consumer financial law.

Many of the consumer protection functions require the CFPB to engage directly with consumers, industry, stakeholders, and members of the public on consumer financial issues in external meetings or events. In response to your inquiry, we reviewed the types of external events convened by the CFPB to date. These include statutorily-required meetings to solicit small business perspectives on potential rule-makings; a forum to discuss financial challenges faced by Servicemembers and their families; a conference with academics, industry leaders, consumer advocates, and others on the implementation of the Credit Card Accountability Responsibility and Disclosure Act ("CARD Act"); and field hearings and roundtables around the country to receive input on student financial aid disclosure, model credit card agreements, payday loans, as well as other financial issues and CFPB priorities. We are committed to providing the Committee with the information necessary to complete its oversight work. We would like to work with your staff to have a better understanding of which types of these external events are the subject of your inquiry so that we may provide the information that you need for this matter.

In addition, the Committee posed questions about the vendors used by CFPB to plan any conferences. Shortly after CFPB became operational, we entered into an interagency agreement with the Department of the Treasury to procure the services of the Office of Conference, Event and Meeting Services. The Office of Conference, Event, and Meeting Services solicits bids from external vendors for specialized support, in which those vendors may be used for CFPB events, as needed. The CFPB pre-approves the costs for planned events prior to the Office of Conference, Event, and Meeting Services finalizing the event arrangements.

In furtherance of the CFPB's commitment to excellence and employee development, members of our staff attend conferences and specialized training to enhance their skill sets and expand their knowledge base on current consumer financial issues. This is critical to our mission of protecting consumers. A list of conferences not sponsored by CFPB, but attended by CFPB personnel, will be sent to you under separate cover.

The vast majority of CFPB's regional employees are examiners who have home duty stations but will spend most of their time working at exam sites. This distributed work force allows CFPB to maximize financial resources by minimizing long-term leasing commitments in the regions in which we operate. We periodically hold region-wide employee meetings to facilitate the sharing of information, to conduct training, and to address operational issues. Because the Bureau's centralized regional office space is limited, CFPB leverages the expertise of the Department of the Treasury, Office of Conference, Event and Meeting Services to plan and facilitate these meetings as well. These meetings are not considered conferences, but we wanted to advise you of them, in the interests of our commitment to transparency.

We are proud of our service to the general public and will continue to work toward accomplishing our mission of consumer financial protection while demonstrating our own commitment to financial management discipline.

Sincerely,

Timothy Sheehan
Deputy Assistant Director for Legislative Affairs

Enclosure

cc: The Honorable Barney Frank
The Honorable Michael Capuano

Consumer Financial
Protection Bureau

June 7, 2012

The Honorable Kathy Castor
137 Cannon House Office Building
Washington, DC 20515

Dear Representative Castor:

Thank you for your letter about payday loans and similar types of short-term, small-dollar credit offered by depository institutions. Through our field hearing on payday lending in Birmingham, Alabama and feedback provided to us by consumers, industry, and other stakeholders, we have heard a great deal about the need for small-dollar credit, and recognize the demand for it.

Our examination authority includes the ability to examine nonbank payday lenders as well as the largest banks, thrifts, and credit unions in connection with short-term, small-dollar loans. We have taken the approach you suggest to treat products offered by banks and nonbanks consistently. Our *Short-term, Small-Dollar Lending Examination Procedures*, the field guide for our examiners across the country, allows us to evaluate compliance with the law and assess risks to consumers to both banks and non-banks.

You also mention that some payday lenders operate off-shore and may potentially fail to comply with Federal law. We have heard a great deal from state Attorneys General and regulators about this issue as well, and share your concern that consumers of small-dollar credit should be provided with the full protections of Federal law.

Finally, we share your vision of helping consumers make informed choices and encouraging institutions to offer products in a fair and transparent way. In addition to ensuring compliance with Federal consumer financial laws, we also aim to better understand the degree to which consumers fully comprehend the features and pricing of various forms of small-dollar credit and, with that information, what role we might play in efforts to educate consumers and increase transparency.

Thank you again for your letter. I look forward to continuing to work together to achieve our shared goals of educating and protecting American consumers.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director
Consumer Financial Protection Bureau

Congress of the United States
Washington, DC 20515

June7, 2012

The Honorable Kathleen Tighe
Inspector General
U.S. Department of Education
Office of Inspector General
400 Maryland Avenue, SW
Washington, DC 20202

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Inspector General Tighe and Director Cordray:

The U.S. Public Interest Research Group (U.S. PIRG) Education Fund recently released the results of an investigation into the use of debit cards to disburse federal financial aid to students.[1] The report identified nearly 900 partnership agreements between colleges and financial institutions that offer debit cards for students to withdraw the balance of their student aid in excess of tuition and fees in order to purchase books or for other educational expenses. If managed and used appropriately, debit cards can be an effective way to disburse student aid. However, much to our concern, U.S. PIRG asserts that more than 9 million students across the country are at risk because these debit cards may come with high user fees, hidden transaction costs and insufficient consumer protections. Accordingly, we respectfully request that you carefully examine the full-range of bank-affiliated student debit card practices at participating schools and ask that you coordinate your work with each other as appropriate.

As you know, when eligible students are awarded federal aid in excess of tuition and fees, institutions are required to disburse these funds directly to students. Often, this disbursement takes the form of a check or a direct deposit into a student's existing bank account. However, as the U.S. PIRG report reveals, at an increasing number of institutions, these funds are deposited into newly-created debit card accounts that may not provide sufficient consumer protections to students. In addition, students may be automatically and unwittingly enrolled in a debit-card program and must affirmatively "opt-out" to receive payment by other means.

[1] U.S. PIRG Education Fund, The Campus Debit Card Trap: Are Bank Partnerships Fair to Students? (May 2012).

The U.S. PIRG report identifies many troubling practices with campus-based debit cards. For example, the report highlights how debit card partnerships can deplete students' financial aid by charging numerous, opaque fees and subjecting students to aggressive and misleading marketing. As the total of student loan debt reaches the $1 trillion mark and students and their families struggle to repay the cost of a college education, they should not be burdened further by having to pay unnecessary, costly, and unknown bank fees.

Banks may, for example, charge students per-swipe fees to use foreign ATMs, make balance inquiries, or make PIN debit purchases. At some campuses, institutions may even enter into arrangements with one bank to handle financial aid disbursements and simultaneously hold an exclusive on-campus ATM agreement with another bank. In these instances, on-campus access for students to ATMs that hold their financial aid funds may not exist, which results in students paying unnecessary and burdensome fees.

Further, according to the report, students are also often pressured into registering for additional financial services, such as overdraft protection, that can incur additional, excessive fees. For many college students, the complex financial packages and fee structures offered by these debit cards may not be fully understood, resulting in a further loss of student aid dollars for educational expenses.

Students have also reported that ATMs often carry insufficient funds or are not accessible 24 hours a day, seven days a week, giving students no option but to use foreign ATMs, often resulting in charges averaging $5 per transaction. The U.S. PIRG report highlights one financial institution – Higher One – that serves 520 campuses nationwide, but has only about 600 ATMs in service. One student reported a line over 50 students long in the days after financial aid funds were disbursed to the cards.

We are also concerned by the close relationship between institutions and banks through co-branding of financial products. As we discovered in the 2007 investigation of prohibitive student lender practices, co-branding can mislead students to believe that their school has endorsed the banker and its products and creates, at a minimum, the appearance of a conflict of interest. On some campuses student ID cards also serve as their debit card with their financial aid disbursement accessed through their joint ID-debit card. These relationships give the appearance of institutional endorsement, and may result in students failing to appropriately assess the individual benefits of the card.

We have opened an inquiry into the use of bank-sponsored debit cards to disburse federal student aid. As part of your examinations, we ask that you determine the following and provide your results to our offices as soon as practicable.

1. How much the fees and penalties associated with campus-based debit cards cost a student, on average;

2. How much Title IV funding is devoted each year to fees and penalties associated with campus-based debit cards;
3. Whether a conflict of interest exists when schools enter into partnerships with a financial institution and default students into products from those institutions or fail to disclose the terms of the partnership to students;
4. Whether students are sufficiently aware of all features of the financial products they are offered by their campuses and are given sufficient opportunity to opt-out of them;
5. Whether campus-based debit cards provide adequate consumer protections to students;
6. Whether the fees and penalties associated with these debit cards violate any federal statutory or regulatory requirements;
7. Whether the Department of Education is adequately ensuring that partnership agreements between schools and financial institutions comply with federal law;
8. Whether the contractual agreements between schools and financial institutions violate the privacy rights of students; and
9. To the extent applicable, whether the Department of Education is appropriately pursuing enforcement action.

We appreciate your attention to this matter and ask that you keep us apprised of your efforts. Please contact me directly or direct your staff to contact Kate Ahlgren (202-225-3725) of Congressman Miller's staff and Joanna Serra (202-224-2152) of Senator Durbin's staff.

Sincerely,

George Miller

GEORGE MILLER
Senior Democratic Member
Committee on Education and the Workforce
United States House of Representatives

Dick Durbin

RICHARD J. DURBIN
United States Senator
Assistant Majority Leader

Richard Conway

Consumer Financial
Protection Bureau

June 15, 2012

The Honorable Alcee Hastings
2353 Rayburn House Office Building
Washington, DC 20515

Dear Representative Hastings:

Thank you for your letter about the Consumer Financial Protection Bureau's (CFPB or Bureau) field hearing on prepaid cards. You raised concerns about the potential impact of prepaid card regulation on innovation, competition, access to payment vehicles, and the ability to obtain credit.

We are committed to approaching our regulatory role thoughtfully and with a focus on the potential impact of any regulatory actions we may take, both with respect to consumers and issuers. We held our field hearing to ensure that industry, consumers, and other stakeholders had a chance to engage directly with the CFPB on this issue. To make sure that all parties have the opportunity to weigh in more formally with the Bureau on a range of topics related to consumer protection in the prepaid card market, at the hearing we announced an advance notice of proposed rulemaking (ANPR), requesting comment on a number of specific policy issues related to these products. The information we receive in response will help us formulate policy on prepaid cards.

As the Bureau proceeds to rulemaking in this area, we will conduct an open process that includes further opportunities for comment and input when actual rules are proposed. I assure you that our rulemaking will be transparent, thoughtful, and fact-based, with an eye on preserving innovation, facilitating access, and establishing a level playing field for all market competitors.

Thank you for sharing your views. If I can be of further assistance, please feel free to contact me.

Sincerely,

Richard Cordray
Director
Consumer Financial Protection Bureau

Consumer Financial
Protection Bureau

June 15, 2012

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

Dear Chairman McHenry,

Thank you for your letter about the Consumer Financial Protection Bureau's (CFPB or Bureau) field hearing on prepaid cards in Durham, NC on May 23. You expressed concerns about the potential impact of prepaid card regulation on innovation, competition, access to payment vehicles, and ability to obtain credit.

We share your view that regulation should be approached thoughtfully and with a focus on thoroughly appreciating the potential impact of any regulatory actions the CFPB may take, both with respect to consumers and issuers. We held our field hearing to ensure that industry, consumers, and other stakeholders had a chance to engage directly with the CFPB on this issue. To make sure that all parties have the opportunity to weigh in more formally with the Bureau on a range of topics related to consumer protection in the prepaid card market, at the hearing we announced an advance notice of proposed rulemaking (ANPR), requesting comment on a number of specific policy issues related to these products. The information we receive in response will help us formulate policy on prepaid cards.

As the Bureau proceeds to rulemaking in this area, we will conduct an open process that includes further opportunities for comment and input when actual rules are proposed. I assure you that our rulemaking will be transparent, thoughtful, and fact-based, with an eye on preserving innovation, facilitating access to financial services, and establishing a level playing field for all market competitors.

Thank you for sharing your views. If I can be of further assistance, please feel free to contact me.

Sincerely,

Richard Cordray

Hope the summer is going well for you —
Rich

Richard Cordray
Director
Consumer Financial Protection Bureau

Consumer Financial
Protection Bureau

June 15, 2012

The Honorable Gregory Meeks
2234 Rayburn House Office Building
Washington, DC 20515

Dear Representative Meeks,

Thank you for your letter about the Consumer Financial Protection Bureau's (CFPB or Bureau) field hearing on prepaid cards. You raised concerns about the potential impact of prepaid card regulation on innovation, competition, access to payment vehicles, and the ability to obtain credit.

We share your view that regulation should be approached thoughtfully and with a focus on the potential impact of any regulatory actions we may take, both with respect to consumers and issuers. We held our field hearing to ensure that industry, consumers, and other stakeholders had a chance to engage directly with the CFPB on this issue. To make sure that all parties have the opportunity to weigh in more formally with the Bureau on a range of topics related to consumer protection in the prepaid card market, at the hearing we announced an advance notice of proposed rulemaking (ANPR), requesting comment on a number of specific policy issues related to these products. The information we receive in response will help us formulate policy on prepaid cards.

As the Bureau proceeds to rulemaking in this area, we will conduct an open process that includes further opportunities for comment and input when actual rules are proposed. I assure you that our rulemaking will be transparent, thoughtful, and fact-based, with an eye on preserving innovation, facilitating access, and establishing a level playing field for all market competitors.

Thank you for sharing your views. If I can be of further assistance, please feel free to contact me.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

Consumer Financial
Protection Bureau

June 19, 2012

The Honorable Wm. Lacy Clay
2418 Rayburn House Office Building
Washington, DC 20515

Dear Representative Clay:

Thank you for your letter about overdraft practices and prepaid cards. As you may know, in February, the Consumer Financial Protection Bureau (CFPB or Bureau) launched an inquiry to better understand overdraft practices. We issued a Request for Information (RFI) in the Federal Register seeking input about how overdraft programs are impacting consumers. The comment period for this RFI, originally set to expire on April 30, 2012, has been extended to June 29, 2012.

The Bureau is also working to make it easier for consumers to understand the costs and risks of overdraft programs. As you mentioned, we are seeking public feedback on a prototype "penalty fee box" that would appear prominently on the statements of consumers who overdraw their accounts. This prototype would detail how much was overdrawn and what fees were incurred so that consumers can clearly see how much overdrafts are costing them.

Separately, the CFPB has sought comment on prepaid cards through an Advance Notice of Proposed Rulemaking (ANPR) published in the Federal Register on May 24, 2012. The ANPR requests information on potential consumer benefits and harms associated with various prepaid card features, including the availability of overdraft and other short-term credit features. We are aware that prepaid cards are becoming an important product, particularly for lower-income consumers who may not have access to, or prefer not to use, traditional bank accounts. We are particularly sensitive to how prepaid cards will meet the needs of this population as these products evolve. As we look at overdraft practices and prepaid cards, rest assured that we are also focused on preserving market innovation and facilitating access to credit. Our requests for comment and our research will help us to determine to what extent such products can be offered safely, whether "guard rails" should be put in place to protect consumers, and how best to proceed with formulating policy in these areas.

Thank you for sharing your views on our work. Please feel free to contact me on this or other issues in the future.

Sincerely,

Richard Cordray

Thanks for your interest in our work — Rich

Richard Cordray
Director

Consumer Financial
Protection Bureau

June 20, 2012

The Honorable Richard Durbin
711 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable George Miller
2205 Rayburn House Office Bldg.
Washington, DC 20515

Dear Senator Durbin & Representative Miller:

Thank you for your recent letter about the market for debit cards and deposit accounts on college campuses. The Consumer Financial Protection Bureau shares your commitment to protecting consumers and to helping students across this country avoid excessive fees that can lead to further indebtedness.

Unfortunately, there is a history of questionable marketing practices for financial products on college campuses. While Congress provided new protections and sunshine provisions on preferred lender arrangements in the student loan market (in the Higher Education Opportunity Act) and on credit card marketing agreements (in the CARD Act), similar specific guidelines do not yet exist for deposit accounts with debit cards.

In February, our staff raised the issues of financial aid disbursement cards and other student banking products in briefings with each of your offices, and we continue to closely monitor these markets. We have also been working with the Federal Deposit Insurance Corporation and other agencies on our shared efforts to ensure compliance in this market. We have also been developing consumer information materials to help students better understand their choices and rights.

Since many of these concerns relate to disbursement of federal financial aid funds under Title IV of the Higher Education Act, we have also been collaborating with the Department of Education staff over the last several months. They have published a notice indicating that they plan to consider this issue in their upcoming negotiated rulemaking process, and we will continue to provide expertise and assistance to further our shared goal of protecting student consumers.

Thank you again for your letter. I welcome the opportunity to work with you on these issues.

Sincerely,

Richard Cordray

Richard Cordray
Director

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Rob Andrews
2265 Rayburn House Office Building
Washington, DC 20515

Dear Representative Andrews:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

I am pleased to inform you that today, the Consumer Financial Protection Bureau – joined by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency – announced the publication of interagency guidance focusing on mortgage-servicing practices affecting servicemembers with PCS orders. The guidance describes the challenges that servicemembers face in connection with PCS orders, notifies the mortgage-servicing industry of our intent to review industry practices, and highlights specific practices that we will be monitoring with respect to mortgage servicers' treatment of military homeowners.

Also today, the Acting Director of the Federal Housing Finance Authority announced that PCS orders are a qualifying hardship for a short sale, even if the servicemember is current on the mortgage, and released guidance that a servicemember with a loan held by Fannie Mae or Freddie Mac will not be asked to make a financial contribution to receive the short sale, or be liable for the difference between the short sale amount and the original mortgage amount.

Today's announcements represent a coordinated interagency effort to provide needed guidance about the proper treatment of homeowners with PCS orders. Thank you again for your attention to this matter, and for your ongoing commitment to the well-being of America's servicemembers and their families.

Sincerely,

Holly K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Bruce Braley
2232 Rayburn House Office Building
Washington, DC 20515

Dear Representative Braley:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Wm. Lacy Clay
2418 Rayburn House Office Building
Washington, DC 20515

Dear Representative Clay:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Gerry Connolly
424 Cannon House Office Building
Washington, DC 20515

Dear Representative Connolly:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Jim Cooper
1536 Longworth House Office Building
Washington, DC 20515

Dear Representative Cooper:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Today's announcements represent a coordinated interagency effort to provide needed guidance about the proper treatment of homeowners with PCS orders. Thank you again for your attention to this matter, and for your ongoing commitment to the well-being of America's servicemembers and their families.

Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Elijah Cummings
2471 Rayburn House Office Building
Washington, DC 20515

Dear Representative Cummings:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Today's announcements represent a coordinated interagency effort to provide needed guidance about the proper treatment of homeowners with PCS orders. Thank you again for your attention to this matter, and for your ongoing commitment to the well-being of America's servicemembers and their families.

Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Danny Davis
2159 Rayburn House Office Building
Washington, DC 20515

Dear Representative Davis:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

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

Dear Representative Kucinich:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Today's announcements represent a coordinated interagency effort to provide needed guidance about the proper treatment of homeowners with PCS orders. Thank you again for your attention to this matter, and for your ongoing commitment to the well-being of America's servicemembers and their families.

Sincerely,

Hollister K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Stephen Lynch
2348 Rayburn House Office Building
Washington, DC 20515

Dear Representative Lynch:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

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

Dear Representative Maloney:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Chris Murphy
412 Cannon House Office Building
Washington, DC 20515

Dear Representative Murphy:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Eleanor Holmes Norton
2136 Rayburn House Office Building
Washington, DC 20515

Dear Representative Norton:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Mike Quigley
1124 Longworth House Office Building
Washington, DC 20515

Dear Representative Quigley:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Adam Smith
2402 Rayburn House Office Building
Washington, DC 20515

Dear Representative Smith:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Jackie Speier
211 Cannon House Office Building
Washington, DC 20515

Dear Representative Speier:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable John Tierney
2238 Rayburn House Office Building
Washington, DC 20515

Dear Representative Tierney:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Edolphus Towns
2232 Rayburn House Office Building
Washington, DC 20515

Dear Representative Towns:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable Peter Welch
1404 Longworth House Office Building
Washington, DC 20515

Dear Representative Welch:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

Consumer Financial
Protection Bureau

June 21, 2012

The Honorable John Yarmuth
435 Cannon House Office Building
Washington, DC 20515

Dear Representative Yarmuth:

Thank you for the interest that you have shown in mortgage servicing practices that affect servicemembers with Permanent Change of Station (PCS) orders. As you may know, every year approximately one-third of the active-duty military population receives PCS orders. These orders direct the servicemember to report to a new duty station, and may only provide a few months' notice. For military homeowners, especially those whose homes are "underwater," PCS orders present unique challenges.

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Sincerely,

Hollister K. Petraeus

Hollister K. Petraeus
Assistant Director
Office of Servicemember Affairs

SHELLEY BERKLEY
1st District, Nevada

405 Cannon House Office Building
Washington, DC 20515
(202) 225-5965
Fax: (202) 225-3119
shelley.berkley@mail.house.gov

2340 Paseo Del Prado
Suite D106
Las Vegas, Nevada 89102
(702) 220-9823
Fax: (702) 220-9841
http: berkley.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515–2801

WAYS AND MEANS
Subcommittee on Select Revenue Measures
Subcommittee on Social Security
Co-Chair, Taiwan Caucus
Co-Chair, Gaming Caucus
Co-Chair, Osteoporosis Caucus
Co-Chair, Stop DUI Caucus

June 26, 2012

The Hon. Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, D.C. 20052

Dear Director Cordray:

I want to inform you of my concern over a banking industry practice that is impacting middle-class families across Nevada and the nation. Currently, many banks are engaging in predatory tactics by taking advantage of a seemingly innocent program, overdraft protection.

In 2010, the Federal Reserve put into place rules that required banks to obtain their customers' permission before enrolling them in costly overdraft "protection" programs that account holders often didn't need or want in the first place. These "protections" can cost consumers a fee of up to $35 each time their debit cards are used to overdraw their accounts.

However, an alarming study by Pew Charitable Trusts now finds that banks often skirt these rules by using confusing, misleading and overly lengthy language on their disclosure forms in order to sign-up customers for these programs. The median length of bank disclosure forms containing fee information now runs to 69 pages. To confuse the customer further, banks often use multiple different names when referring to overdraft fees. This is unacceptable.

I know the CFPB has put forth effort, under your direction, to deal with this issue. I now ask that the Bureau act as quickly as possible to crack down on confusing, misleading, and overly lengthy disclosure forms, and require banks to simplify disclosure forms and bring transparency to overdraft protection programs.

Thank you and I look forward to your prompt consideration of this issue of importance to the finances of middle-class families across Nevada and the country.

Sincerely,

Shelley Berkley

SHELLEY BERKLEY
Member of Congress

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Spencer Bachus
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20510

Dear Representative Bachus:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, United States Capitol
Washington, DC 20510

Dear Speaker Boehner:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Barney Frank
Ranking Member
House Committee on Financial Services
B301-C Rayburn House Office Building
Washington, DC 20510

Dear Representative Frank:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa W Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204, United States Capitol
Washington, DC 20510

Dear Leader Pelosi:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa R. Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Fred Upton
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20510

Dear Representative Upton:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Henry Waxman
Ranking Member
House Committee on Energy and Commerce
2322-A Rayburn House Office Building
Washington, DC 20510

Dear Representative Waxman:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

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

[illegible]

July 2, 2012

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Mr. Cordray:

The Consumer Financial Protection Bureau (CFPB) has broad regulatory authority over the financial products and services of the United States economy. Because some recent CFPB actions appear to raise concerns about the Bureau's commitment to regulatory independence, I write with questions about the Bureau's relationship with the political components of the executive branch.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") established the CFPB as an independent bureau within the Federal Reserve System to "regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws."[1] Like other independent agencies, the CFPB occupies a position within our government in which "[i]ts duties are performed without executive leave and … must be free from executive control."[2] Its design and structure are therefore "specifically crafted to prevent the President from exercising 'coercive influence.'"[3]

In the months since your appointment in January 2012, it appears from information available to the Subcommittee that the CFPB has maintained a close relationship with political components of the executive branch. On January 6, 2012, two days after your controversial and unprecedented recess appointment, President Obama visited the CFPB headquarters in what was described as a "victory lap" to celebrate your appointment.[4] Later that month, you attended the President's State of the Union address as the guest of First Lady Michelle Obama.[5] More recently, on May 10, 2012, you delivered remarks at the White House Summit on Financial Capability and Empowerment, along with several political appointees of the Obama

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[1] Pub. L. 111-203, § 1011(a), 124 Stat. 1376, 1964 (2010) (codified at 12 U.S.C. § 5491).
[2] *Humphrey's Executor v. United States*, 295 U.S. 602, 628 (1935) (holding that the Federal Trade Commission is an independent agency that "cannot in any proper sense be characterized as an arm or an eye of the executive").
[3] *Mistretta v. United States*, 488 U.S. 361, 411 (1989).
[4] Joseph Williams, *Consumer Financial Protection Bureau Gets a Visit from Obama*, Politico, Jan. 6, 2012.
[5] *See* Julie Pace, *Obama Guests Add Celebrity to State of the Union*, Wash. Times, Jan. 24, 2012.

Administration.[6] On that same day, Gail Hillebrand, the CFPB's Associate Director of Consumer Education and Engagement, authored a post on the official White House blog highlighting the CFPB's work on consumer financial education.[7] On June 5, 2012, you joined White House Press Secretary Jay Carney and Secretary of Education Arne Duncan in briefing members of the media on education costs and student loans in the White House Press Briefing Room.[8]

In addition, the "leadership calendar" feature on the CFPB website indicates that you and CFPB Deputy Director Rajeev Date have had repeated contacts with several high-ranking White House officials in the first four months of 2012. According to the monthly calendars, these contacts include a call between you and Nancy-Ann DeParle, the White House Deputy Chief of Staff for Policy and former White House health "czar," on January 17 and a meeting between you and Ms. DeParle on February 7; a phone call between Mr. Date and Brian Deese, the Deputy Director of the National Economic Council, on March 7, and a meeting between Mr. Date and Mr. Deese on March 19; and a lunch between you and Cass Sunstein, the Administrator of the Office of Information and Regulatory Affairs, on February 27, and a lunch between Mr. Date and Administrator Sunstein on April 11.[9] According to these calendars, you attended an event on April 3 entitled "White House Cabinet Affairs Chief of Staff Lunch" (the purpose of your attendance is unclear as you are neither a member of the President's cabinet, nor a chief of staff) and on April 9, you and Mr. Date held a meeting with Cecilia Munoz, the Director of the White House Domestic Policy Council.[10] Presently, the calendar entries for May and June 2012 are not yet public.

The White House visitor logs further show that members of your staff have met regularly with Administration officials at the White House.[11] For example, on January 10, 2012, CFPB General Counsel Leonard Kennedy met with White House Counsel Kathryn Ruemmler. On February 7, 2012, Meredith Fuchs, the CFPB's Chief of Staff, and Lisa Konwinski, the CFPB's Assistant Director of Legislative Affairs, met with Gene Sperling, the Director of the National Economic Council. On February 14, 2012, Rohit Chopra, the CFPB's Student Loan Ombudsman, met with Mark Zuckerman, the Deputy Director of the Domestic Policy Council. Although employees of other independent agencies meet with White House staff members and such meetings are not *per se* inappropriate, the frequency of the CFPB's visits and the CFPB's coordinated public events with the White House could suggest that the Bureau's regulatory actions are indirectly shaped by these interactions.

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[6] *See* Consumer Financial Prot. Bureau, Director Cordray Remarks at the White House Financial Summit, http://www.consumerfinance.gov/speeches/director-cordray-remarks-at-the-white-house-financial-summit/ (May 10, 2012).

[7] *See* Posting of Gail Hillebrand to the White House blog, http://www.whitehouse.gov/blog/2012/05/10/educating-and-empowering-american-consumers (May 10, 2012 19:20 EDT).

[8] The White House, Press Briefing by Press Secretary Jay Carney, Secretary of Education Arne Duncan, and Director of the Consumer Financial Protection Bureau Richard Cordray (June 5, 2012).

[9] *See* Consumer Financial Prot. Bureau, Leadership Calendar, http://www.consumerfinance.gov/leadership-calendar/ (last visited June 21, 2012) (view "April 2012," "March 2012," "February 2012," and "January 2012" calendars).

[10] *Id.* (last visited June 21, 2012) (view "April 2012" calendar).

[11] *See* The White House, Visitor Access Records, http://www.whitehouse.gov/briefing-room/disclosures/visitor-records (last visited June 21, 2012).

This apparent relationship with political components of the executive branch has dangerous ramifications for the Bureau's development as an independent regulatory entity. News reports indicate that the President's reelection campaign has trumpeted the CFPB and its work for pure political gain. *The Nation* opined that the President purposefully announced your appointment in a setting that amounted to a "campaign stop -- the first of the new year – and one where [the President] expanded on his populist message."[12] The President's reelection campaign has more recently focused on student lending,[13] an area where the CFPB has "work[ed] closely" with the President's Department of Education.[14] Additional reports indicate that the President will likely continue using the CFPB as a campaign tool in the coming months.[15] As summarized by one report, "President Obama has clearly taken steps to put the CFPB center stage in his battle to stay in the White House. . . . If [President] Obama continues to raise the agency's profile . . . the effort could significantly boost his campaign . . . ."[16] Accordingly, given the attention focused on your actions, I urge you to carefully evaluate the CFPB's relationship with political components of the executive branch to ensure that the Bureau is in fact "free from executive control."[17]

The perceived coordination and repeated contact with the White House raise questions about the CFPB's commitment to its regulatory independence. These actions also undermine the Bureau's ability to develop a reputation as a fair and impartial actor in the eyes of those regulated by the CFPB. To assist the Subcommittee in fully examining the extent and the nature of the CFPB's interactions with political components of the executive branch, I ask that you answer the following questions and provide the requested documents for the period July 21, 2011, through the present:

1. Has any official within the Executive Office of the President ever requested, suggested, or implied that the CFPB take a specified action? If yes, please explain these situations and provide documents sufficient to support your response.

2. Has any presidentially appointed, Senate-confirmed (PAS) official in a cabinet-level agency ever requested, suggested, or implied that the CFPB take a specified action? If yes, please explain these situations and provide documents sufficient to support your response.

3. Is the CFPB's regulatory agenda influenced in any way by the political directives or policy initiatives of the Obama Administration? If yes, please explain how the agenda is influenced and provide documents sufficient to support your response.

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[12] Janelle Bouie, *Obama Stakes His Claim to the Middle Class*, The Nation, Jan. 4, 2012.
[13] *See* Abby Ohlheiser, *Obama to Make Student Loans a Campaign Issue*, Slate, Apr. 20, 2012.
[14] Joseph Williams, *Consumer Bureau Targets Student Loan Abuses*, Politico, Mar. 5, 2012.
[15] Danielle Kurtzleben, *Debt, Baby, Debt: America's Newest Voting Bloc*, US News and World Report, Feb. 24, 2012; Rob Blackwell, *Why the CFPB Will Resonate on the Campaign Trail*, Am. Banker, Jan. 12, 2012.
[16] Rob Blackwell, *Why the CFPB Will Resonate on the Campaign Trail*, Am. Banker, Jan. 12, 2012.
[17] *Humphrey's Executor*, 295 U.S. at 628.

4. Are the CFPB's operational decisions – including but not limited to staffing determinations and funding levels – influenced in any way by the political directives or policy initiatives of the Obama Administration? If yes, please explain how these decisions are influenced and provide documents sufficient to support your response.

5. What steps have you taken since your appointment to protect the CFPB's regulatory independence from encroachment by the political components of the executive branch? Please explain these steps and provide documents sufficient to support your response.

6. What internal guidelines or operating procedures have you instituted since your appointment to ensure that CFPB personnel embrace and uphold the Bureau's regulatory independence? Please explain these guidelines or procedures and provide documents sufficient to support your response.

7. The CFPB has been soliciting public complaints on student lending, "work[ing] closely with the Department of Education to route complaints that fall under their purview as the overseer of federal student loans."[18] Given that the President has signaled that student loans will be a campaign issue in his reelection bid,[19] your briefing with Secretary Duncan and Rohit Chopra's meeting with Mark Zuckerman give the impression that the CFPB is coordinating its actions with the Administration.

    a. Has any official within the Executive Office of the President ever requested, suggested, or implied that the CFPB take a specified action with respect to student lending? Please explain fully.

    b. Has any official within the Department of Education ever requested, suggested, or implied that the CFPB take a specified action with respect to student lending? Please explain fully.

    c. How will you ensure that the CFPB's work on student lending is protected from political influences during the campaign season?

8. Please provide all documents and communications between or among CFPB employees and any employee of the Executive Office of the President.

9. Please provide all documents and communications between or among CFPB employees and any PAS official of a cabinet-level agency.

The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and may at "any time" investigate "any matter" as set forth in House Rule X. An attachment to this letter provides additional information about responding to the Committee's request.

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[18] Joseph Williams, *Consumer Bureau Targets Student Loan Abuses*, Politico, Mar. 5, 2012.
[19] *See* Abby Ohlheiser, *Obama to Make Student Loans a Campaign Issue*, Slate, Apr. 20, 2012.

I request that you provide the requested documents and information as soon as possible, but no later than 5:00 p.m. on **July 16, 2012**. Please directly respond to each question and request as numbered herein. When producing documents to the Committee, please deliver production sets to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

If you have any questions about this request, please contact David Brewer or Katelyn Christ of the Committee Staff at 202-225-5074. Thank you for your attention to this matter.

Sincerely,

Patrick T. McHenry

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

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

Responding to Committee Document Requests

1. In complying with this request, you are required to produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. You should also produce documents that you have a legal right to obtain, that you have a right to copy or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party. Requested records, documents, data or information should not be destroyed, modified, removed, transferred or otherwise made inaccessible to the Committee.

2. In the event that any entity, organization or individual denoted in this request has been, or is also known by any other name than that herein denoted, the request shall be read also to include that alternative identification.

3. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, or thumb drive) in lieu of paper productions.

4. Documents produced in electronic format should also be organized, identified, and indexed electronically.

5. Electronic document productions should be prepared according to the following standards:

   (a) The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.

   (b) Document numbers in the load file should match document Bates numbers and TIF file names.

   (c) If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.

   (d) All electronic documents produced to the Committee should include the following fields of metadata specific to each document;

   BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH, PAGECOUNT,CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE, SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM,

CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD, INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION, BEGATTACH.

6. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, box or folder is produced, each CD, hard drive, memory stick, thumb drive, box or folder should contain an index describing its contents.

7. Documents produced in response to this request shall be produced together with copies of file labels, dividers or identifying markers with which they were associated when the request was served.

8. When you produce documents, you should identify the paragraph in the Committee's schedule to which the documents respond.

9. It shall not be a basis for refusal to produce documents that any other person or entity also possesses non-identical or identical copies of the same documents.

10. If any of the requested information is only reasonably available in machine-readable form (such as on a computer server, hard drive, or computer backup tape), you should consult with the Committee staff to determine the appropriate format in which to produce the information.

11. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.

12. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) the privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author and addressee; and (e) the relationship of the author and addressee to each other.

13. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (stating its date, author, subject and recipients) and explain the circumstances under which the document ceased to be in your possession, custody, or control.

14. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, you are required to produce all documents which would be responsive as if the date or other descriptive detail were correct.

15. Unless otherwise specified, the time period covered by this request is from January 1, 2009 to the present.

16. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data or information, not produced because it has not been

located or discovered by the return date, shall be produced immediately upon subsequent location or discovery.

17. All documents shall be Bates-stamped sequentially and produced sequentially.

18. Two sets of documents shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building.

19. Upon completion of the document production, you should submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control which reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

Schedule Definitions

1. The term "document" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, inter-office and intra-office communications, electronic mail (e-mail), contracts, cables, notations of any type of conversation, telephone call, meeting or other communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.

2. The term "communication" means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, email (desktop or mobile device), text message, instant message, MMS or SMS message, regular mail, telexes, releases, or otherwise.

3. The terms "and" and "or" shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information which might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.

4. The terms "person" or "persons" mean natural persons, firms, partnerships, associations, corporations, subsidiaries, divisions, departments, joint ventures, proprietorships, syndicates, or other legal, business or government entities, and all subsidiaries, affiliates, divisions, departments, branches, or other units thereof.

5. The term "identify," when used in a question about individuals, means to provide the following information: (a) the individual's complete name and title; and (b) the individual's business address and phone number.

6. The term "referring or relating," with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with or is pertinent to that subject in any manner whatsoever.

7. The term "employee" means agent, borrowed employee, casual employee, consultant, contractor, de facto employee, independent contractor, joint adventurer, loaned employee, part-time employee, permanent employee, provisional employee, subcontractor, or any other type of service provider.

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 6, 2012

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

Dear Director Cordray:

I am writing to invite you to appear before the Committee on Small Business to provide testimony on the Consumer Financial Protection Bureau's (CFPB) implementation of Section 1100G of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The hearing will take place on Wednesday, August 1, 2012 at 1:00 P.M. in room 2360 of the Rayburn House Office Building.

The Committee on Small Business has jurisdiction over matters related to small business financial aid, regulatory flexibility, and paperwork reduction, including federal agency compliance with the Regulatory Flexibility Act, 5 U.S.C. §§ 601-612. Section 1100G of the Dodd-Frank Act added CFPB to the short list of agencies required to conduct Small Business Advocacy Review (SBAR) Panels under 5 U.S.C. § 609. The first CFPB regulatory proposal subject to the SBAR panel process, the integration of the Real Estate Settlement Procedures Act and Truth in Lending Act mortgage disclosure forms, is expected to be published by July 21, 2012. Accordingly, the Committee is interested in receiving testimony from you on CFPB's compliance with the RFA and implementation of Section 1100G.

You should be prepared to orally summarize your written testimony in a five-minute 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 Anna Lake with the Committee at 202-225-5821.

Sincerely,

Sam Graves
Chairman

Consumer Financial
Protection Bureau

July 6, 2012

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

The Honorable Randy Neugebauer
1424 Longworth House Office Bldg.
Washington, DC 20515

Dear Chairmen Bachus and Neugebauer:

The Consumer Financial Protection Bureau (CFPB) is pleased to provide the Committee with information on conference and other relevant spending. After additional consultation with your staff, and as a follow-up to our May 23, 2012 letter, we are providing summary lists of CFPB's expenses related to CFPB-sponsored external events and non-CFPB sponsored conferences attended by CFPB employees.

To achieve the mission outlined in our authorizing legislation, the CFPB must engage directly with consumers, industry, stakeholders, and members of the public on consumer financial issues in external meetings and events. We compiled a list of these CFPB-sponsored external events held from our date of inception, July 21, 2011, through May 30, 2012 (Enclosure A).

In addition, CFPB employees periodically attend externally sponsored conferences to enhance their skill sets and expand their knowledge of current consumer financial issues. A list of non-CFPB sponsored conferences attended by CFPB employees between July 21, 2011 and May 30, 2012 is attached (Enclosure B).

The CFPB has reduced the potential overall costs of bureau operations by minimizing the traditional regional offices and footprints typically used by other federal agencies including other federal financial regulators. The vast majority of CFPB's regional employees are examiners who have home duty stations but spend most of their time working at examination sites. Periodically, it is necessary for this distributed workforce to meet as a group to facilitate the sharing of information, to conduct training, and to address operational issues that are essential to CFPB achieving its mission and carrying out its responsibilities in a consistent and coordinated manner. These meetings are not considered conferences, but we wanted to advise you of them in the interest of our commitment to transparency. We will be happy to provide additional information to your staff if necessary.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Enclosures

cc: The Honorable Barney Frank
The Honorable Michael Capuano

Consumer Financial
Protection Bureau

July 6, 2012

The Honorable Joseph Lieberman
Committee on Homeland Security and Governmental Affairs
U.S. Senate
SD-340 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Darrell Issa
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairmen Lieberman and Issa:

I am writing on behalf of the Consumer Financial Protection Bureau (CFPB or Bureau) to summarize planned actions in response to the recommendations in the Government Accountability Office's (GAO) report, "Management Report: Opportunities for Improvement in the Bureau of Consumer Financial Protection's Internal Controls and Accounting Procedures," dated May 21, 2012 (GAO 12-528R). The report covers the CFPB's financial statement audit as of September 30, 2011.

As stated in our comments provided to the report, the CFPB is proud that in its first year of preparing financial statements, we received an "unqualified" or "clean" opinion of those financial statements and that the GAO noted that the CFPB's internal control was found to be effective, with no material weaknesses or significant deficiencies.

The recommendations were made for issues identified or for potential risks as of September 30, 2011. Over the last nine months, CFPB has implemented or is in the process of implementing actions that address the recommendations in the report. Such actions include developing and implementing policies and procedures, working closely with our service providers to ensure controls are complementary to those of CFPB, monitoring the timely correction of identified errors, and implementing additional information security controls.

We have reviewed the recommendations in the report and provide the following comments for each major recommendation.

Sincerely,

Stephen Agostini

Stephen Agostini
Chief Financial Officer

Cc: The Honorable Susan Collins, Ranking Member, Committee on Homeland Security and Governmental Affairs
The Honorable Elijah Cummings, Ranking Member, Committee on Oversight and Government Reform
Danny Werfel, U.S. Office of Management and Budget
Steven Sebastian, U.S. Government Accountability Office

Consumer Financial
Protection Bureau

July 9, 2012

The Honorable Charles A. Gonzalez
1436 Longworth House Office Building
Washington, D.C. 20515-4320

Dear Representative Gonzalez:

Thank you for your letter about a tax preparation company in your district that may be targeting low-income families for high-cost tax preparation services. As you may know, the Earned Income Tax Credit (EITC), which can be in excess of $3,000 for a family with children, helps to lift many households out of poverty. In 2010, the EITC provided nearly $57 billion to over 25 million lower-income working families. Many EITC recipients rely on commercial tax preparers to prepare their tax returns in order to receive this refund.

Tax preparation services are generally not within the Consumer Financial Protection Bureau's purview under the Dodd-Frank Wall Street Reform and Consumer Protection Act. However, the Bureau does have authority to address improper disclosures or unfair and deceptive acts and practices that may occur in the course of companies offering consumers financial products or services such as refund anticipation loans or refund anticipation checks as part of the facilitation of a tax refund.

I appreciate your bringing this matter to my attention. To the extent that you or your staff have additional information to share with the Bureau about this matter, please contact our Office of Legislative Affairs at 202-435-7590.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

JOE BACA
43RD DISTRICT, CALIFORNIA

WASHINGTON OFFICE:
2366 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0543
PHONE: (202) 225-6161
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DISTRICT OFFICE:
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SAN BERNARDINO, CA 92401
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FAX: (909) 888-5959

Congress of the United States
House of Representatives

July 12, 2012

COMMITTEES

AGRICULTURE COMMITTEE
RANKING MEMBER, SUBCOMMITTEE ON NUTRITION AND HORTICULTURE

FINANCIAL SERVICES COMMITTEE

CAUCUSES

CONGRESSIONAL HISPANIC CAUCUS
CHAIR, DIVERSITY TASK FORCE
CORPORATE AMERICA, FEDERAL GOVERNMENT AND WORKFORCE ON CAPITOL HILL

BLUE DOG COALITION

Mr. Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

I write regarding some recent press reports focusing on a bill I have introduced, H.R. 1909, the FFSCC Charter Act. These reports, like the one published on July 4, 2012 in the *St. Louis American* titled, "Nonbank lenders seek exemption from consumer protections," claim that my bill would strip the Consumer Financial Protection Bureau's consumer protection authority over small dollar loans made by nonbank lenders. I am writing to inform you that there is nothing in H.R. 1909 that would give the new charter holder any better status than banks or in any way limit the CFBP's status as an independent consumer advocate.

As you are no doubt aware, Americans are still struggling to gain access to credit that would allow them to stay on top of monthly commitments and survive this tough economic climate. In fact, last year, the National Bureau of Economic Research released a study finding that almost 50% of Americans could not raise $2,000 in liquid funds within thirty days absent some financial help. H.R. 1909 addresses this problem by creating a federal charter, under the Office of Comptroller of the Currency, for nonbank lenders that offer small dollar, short-term loans. My bill strives to give consumers access to innovative financial products nationwide, rather than the current fifty state patchwork of laws that allows some consumers more choices than others. It will also establish a regulatory framework within which nonbank lenders can be predictably regulated, allowing them to invest and innovate to better serve the growing needs of the underbanked in our country.

While the bill does establish the OCC as a primary regulator, it maintains the CFPB's role as an independent consumer watchdog over financial services and products. Just as the CFPB has investigated credit and debit cards, overdraft programs offered by banks, and mortgage servicing practices, it would be proper for the CFPB to review any product or service offered by a charted institution.

Despite the clear language in the bill, articles like the one in the *St. Louis American* continue to claim otherwise. My intent in this letter is to assure that you and your staff understand the facts. Furthermore, I welcome any comments or insights you may have on the bill and look forward to working together to serve the credit needs of hardworking Americans.

Sincerely,

Joe Baca

JOE BACA, Congressman
43rd Congressional District

Congress of the United States
Washington, DC 20515

July 12, 2012

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

Dear Director Cordray,

We are writing regarding the proposed ability to repay rule, originally published by the Federal Reserve Board, and currently being finalized by the Consumer Financial Protection Bureau (CFPB).

The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) includes provisions that establish minimum underwriting standards for mortgages. Specifically, the Act includes a provision that prohibits lenders from originating mortgages unless they make a determination – based on verified and documented information – that the consumer has a reasonable ability to repay the loan, including all applicable taxes, insurance and assessments. Mortgages that do not meet this important requirement will be liable for the life of the loan.

Congress, however, also recognized the need to ensure that properly underwritten loans are not weighed down by this additional liability. For this reason, Dodd-Frank allowed federal agencies tasked with implementing these provisions to define a class of Qualified Mortgages (QM). The rule proposed by the Federal Reserve laid out two vastly different alternatives for satisfying the ability to repay requirement: a "legal safe harbor" and a "rebuttable presumption of compliance." Responsibility for finalizing these provisions was transferred to the CFPB on July 21, 2011.

We believe that the final rule must structure the QM as a strong legal safe harbor, not a rebuttable presumption. Both could still be challenged in court. However, as the Federal Reserve correctly stated in its preamble to the rule, the "drawback of treating a 'qualified mortgage' as providing a presumption of compliance is that it provides little legal certainty for the creditor, and thus little incentive to make a 'qualified mortgage,' which limits loan fees and features."

Because of the strict and costly penalties associated with loans that don't meet the ability to repay requirements, lenders are highly unlikely to originate loans that don't meet the QM definition. This could lead to a restriction of credit accessibility for borrowers.

In a recent hearing before the House Financial Services Committee, you acknowledged the importance of striking an appropriate balance on the QM structure. In response to a question about the preference of the CFPB for a safe harbor or rebuttable presumption you said:

> *"What we have found as we've been working on this is you can -- you can have a sort of definitional safe harbor, a definitional rebuttable presumption. If you leave the standards vague and mushy, there's not a lot of difference between the two, because you can still litigate over whether you comply with the qualifications to get into the safe harbor. What's very important in this area, though, is that we try to create bright lines, so there will not be a lot of litigation. We don't want this to be punted into the courts and people not to be sure for years to come. And we're going to work to do that."*

We agree with you that this is not an issue that should be settled by the courts. Therefore, we urge the CFPB to craft a safe harbor that strikes the right balance between protecting consumers from poorly underwritten mortgages while ensuring they have access to safe and affordable mortgage products.

The ability to repay rule and its QM definition will define the mortgage market for years to come. We thank you for your work on this important rule and look forward to your response.

Sincerely,

Shelley Moore Capito

Rep. Shelley Moore Capito (WV-02)

Rep. Brad Sherman (CA-27)

Tom Cole

[illegible]

[illegible]

[illegible]

Mike Quigley

Scott Garrett

Charles F. Bass

[illegible]

Michael R. Turner

Jim Matheson

[illegible]

Walter B. Jones

Pete Sessions

Gary G. Miller

Todd R Platts

Joe Baca

Tom Latham

Judy Biggert

Marcy Kaptur

Ed [illegible]

Steve King

Lynn Jenkins

Geoff Davis

Jim [illegible]

Kenny Marchant

[illegible]

Devin Nunes

MSF

Vicky Hartzler

Jason Chaffetz

Tim Griffin (AR-02)

Mike [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Hansen Clarke

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Duane Black

[illegible]

Rick Crawford

Jim Himes

Jeff Fortenberry

Bill Posey

Mike R. Pompeo

[illegible]

Tim Huelskamp

Jeb Hensarling

Joe Heck

[illegible]

Bill Shuster

Robert J Dold

Vern Buchanan

David Scott

[illegible]

[illegible]

Sue Myrick

[illegible]

Denny Rehberg

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Lee Terry

[illegible]

NE-02

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Nan Hayworth

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Austin Scott

Mike Kelly

Patrick Meehan

Michael G. Grimm

Lou Barletta

Bobby Schilling IL-17

Paul A. Gosar DDS	Tom Marino
Adrian Smith	[illegible]
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[illegible]	Gerald E Connolly
Leonard Lance	Randy Hultgren
Joe Walsh	[illegible]
Kevin McCarthy	[illegible]
Kurt Schrader	Brett Guthrie

Pat Tiberi

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Erik Paulsen

Kevin Yoder

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Wally Herger

Bill Flores

Fred C. [illegible]

Marsha Blackburn

[illegible]

CAROLYN B. MALONEY
14TH DISTRICT, NEW YORK

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OVERSIGHT AND
GOVERNMENT REFORM

JOINT ECONOMIC COMMITTEE

Congress of the United States
House of Representatives
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July 12, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1801 L Street, N.W.
Washington, DC 20036

The Honorable Douglas H. Shulman
Commissioner
Internal Revenue Service
U.S. Department of the Treasury
1111 Constitution Ave NW
Washington, DC 20004

Dear Director Cordray and Commissioner Shulman,

I am writing to request that your agencies review the attached document laying the framework for regulation of "refund transfers" which is being proposed by the American Coalition for Taxpayer Rights (ACTR). As you are aware, ACTR members represent significant stakeholders in the tax preparation industry including software developers, tax preparation firms, and financial institutions.

Refund transfers are typically offered at the time a taxpayer seeks tax preparation services. This financial product provides a taxpayer with the choice of receiving income tax refund proceeds by paper check, debit card, or direct deposit in connection with the electronic filing of an income tax return. In the case of a refund transfer, the consumer is given access to a temporary bank account to access the amount of the refund. This provides an opportunity for millions of underbanked consumers to retrieve their finances electronically – where little choice existed before. Refund transfers cross issues of bank accounts, disclosures, protection of consumers' personal information, and their association with tax preparers. Thus, I believe any regulation of these practices would be jointly held by your two agencies.

The ACTR has proposed best practices guidelines regarding refund transfers to provide clear disclosures for consumers, while prohibiting certain provisions and practices by the signatories. Through these guidelines, the signatory companies agree to abide by and to encourage companies they work with, to adhere to these best practices for the offer of refund transfers to taxpayers.

It is unusual for an interested group such as ACTR to come forward and seek regulation. And I believe that thoughtful study should be given to this proposal for a regulatory framework. With the proper regulation through a collaborative regulatory approach, I believe refund transfers could benefit consumers who are looking for efficient ways to access their tax refunds in a timely way.

I would respectfully request and encourage your two agencies to collaboratively address this proposal. Please feel free contact me directly if you have any questions regarding this matter.

Sincerely,

Carolyn B. Maloney

CAROLYN B. MALONEY
MEMBER OF CONGRESS

Attachment

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FINANCIAL SERVICES
CAPITAL MARKETS AND
GOVERNMENT SPONSORED ENTERPRISES (GSEs)

INTERNATIONAL MONETARY POLICY AND TRADE

Congress of the United States
House of Representatives

July 13, 2012

Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray,

I write today to express my views on Sections 1411 and 1412 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) which create Section 129C of the Truth In Lending Act. Dodd-Frank establishes new "ability-to-pay" requirements and provides a presumption of compliance with those requirements if the mortgage loan is a "qualified mortgage."

The proposed rule as originally drafted by the Federal Reserve, requires all creditors or lenders to make a good faith estimate that a borrower has a reasonable ability to repay and establishes minimum mortgage underwriting standards. Lenders who originate loans that do not have certain features such as negative amortization, balloon payments, interest-only payments, or terms exceeding 30 years, will be considered to have met the "qualified mortgage" requirements. However, the CFPB must now finalize the rule and determine whether to implement a "safe harbor" or a "rebuttable presumption."

I support a "bright line" standard where both the lenders and borrowers clearly know the rules of the road. Lenders must now conduct extensive due diligence during the underwriting process to ensure borrowers receive loans they can afford and can repay. Lenders will be reluctant to make loans to individuals if they feel their decisions despite extensive due diligence can be challenged in the court of law.

Lenders must make the "ability-to-repay" determination based on the verified and documented information provided prior to the loan being consummated. Lenders can only use the financial information furnished to them by the borrower. Therefore, there should be no legal liability for lenders who follow the strict underwriting standards. Unfortunately, if a borrower's financial condition deteriorates at a later time due to an unexpected life event, the creditor should not be held liable.

A rebuttable presumption typically allows for the introduction of evidence and argument about the standards or factors not listed in the statute or regulation. However, when drafting Dodd-Frank Congress clearly articulated eight requirements to meet the ability-to-repay standard. These eight factors provide creditors the guidelines needed to meet the ability-to-repay standard. A rebuttable presumption may provide a borrower with the ability to vitiate a mortgage even if the eight criteria were followed.

Litigation that is resolved at the earliest stage of a case is less expensive for all parties involved, including the borrower. Proceeding to summary judgment or trial is likely to result in greater expense and attorneys fees regardless of the outcome of litigation.

Compliance with TILA Section 129C is likely to be cheaper, faster and more efficiently resolved if there is a safe harbor versus a rebuttable presumption for complying with the "qualified mortgage" ability to repay requirements. The goal of Dodd-Frank is to incentivize lenders to make Qualified Mortgages which have features inherently safer for borrowers.

Thank you for allowing me the opportunity to comment on this rule proposal.

Sincerely,

Ed Perlmutter
Member of Congress

Consumer Financial
Protection Bureau

July 16, 2012

The Honorable Patrick McHenry
Chairman
Subcommittee on TARP, Financial Services, and
Bailouts of Public and Private Programs
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Chairman McHenry:

I am writing in response to your July 2, 2012 letter about the regulatory independence of the Consumer Financial Protection Bureau (CFPB or Bureau). The CFPB obtained its full authorities as an independent agency only with the appointment of a Director on January 4, 2012. Prior to that time, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) authorized the Secretary of the Treasury to oversee the functions of the Bureau.

Since January 4, 2012, the CFPB has operated like other independent agencies. Bureau officials regularly meet and consult with local, state, and federal partners, regardless of their political affiliations. However, the CFPB directs and is responsible for its own actions.

We agree that Bureau employees' meetings with federal officials -- including those with the President, White House officials, and Senate-confirmed Executive branch political appointees -- are not "*per se* inappropriate." Indeed, they are entirely appropriate and essential to good government. Nowhere in the Dodd-Frank Act did Congress direct the Bureau not to communicate with White House officials or Senate-confirmed political appointees of the Executive branch. On the contrary: The Bureau's meetings, coordination, communications, and consultations with agency heads and employees of the Departments of Treasury, Defense, Education, HUD, Labor, OMB, and the SBA, among others, are not merely appropriate: they are expressly authorized by and, in many cases, required by law.[1] Similarly, the Dodd-Frank Act

[1] *See*, e.g., Dodd-Frank Act sections 1013(b)(3)(D) ("...the Bureau shall share consumer complaint information with prudential regulators, the Federal Trade Commission, other Federal agencies, and State agencies..." and "The prudential regulators, the Federal Trade Commission, and other Federal agencies shall share data relating to consumer complaints regarding consumer financial products and services with the Bureau..."); 1013(c)(2)(B) ("...coordinating fair lending efforts of the Bureau with other Federal agencies ..."); 1013(e)(1)(C) ("...coordinate efforts among Federal and State agencies, as appropriate, regarding consumer protection measures relating to consumer financial products and services offered to, or used by, service members and their families..."); 1013(e)(2)(B) ("The Director is authorized to enter into memoranda of understanding and similar agreements with the Department of Defense..."); 1013(g)(3)(E) "...coordinate consumer protection efforts of seniors with other Federal agencies ..."); 1015 ("The Bureau shall coordinate with the Commission, the Commodity Futures Trading Commission, the Federal Trade Commission, and other Federal agencies..."); 1017(a)(4) ("The Director shall provide to the Director of the Office of Management and Budget...); 1022(b)(2)(B) ("...the Bureau shall consult

requires that the Director submit certain reports to the President of the United States.[2] We trust that statutorily-authorized and required communications between the Bureau and the White House or Executive branch agencies are outside the scope of your inquiry and request, since those communications were expressly directed by or authorized by the Congress.

Your letter mentions meetings and events that Director Cordray and Bureau staff have attended and participated in at the White House – occasions when the Bureau provided updates on our work, discussed consumer protection issues, and worked with other policymakers. During the first six months of Director Cordray's appointment, CFPB officials have also readily accepted invitations from Congress – both Republicans and Democrats -- to provide similar updates on our work and hear from Congress. In addition to having testified before Congress 21 times – including nine times since January 4, 2012 -- Director Cordray and other Bureau staff also have met with you and your staff, as well as numerous other Congressional offices on both sides of the aisle. When we get a good suggestion that we are able to implement, we do so, as we did after you suggested that we post our regulatory agenda on our website. Such suggestions – whether they originate in the Legislative branch, the Executive branch, or from outside the government -- pose no threat to our independence.

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with the appropriate prudential regulators or other Federal agencies..."); 1022(c)(6)(B)(i) ("...the Bureau shall have access to any report of examination or financial condition made by a prudential regulator or other Federal agency..."); 1022(c)(6)(B)(ii) ("...a prudential regulator or other Federal agency having jurisdiction over a covered person or service provider may, in its discretion, furnish to the Bureau..."); 1022(c)(6)(C)(i) ("...any other Federal agency having jurisdiction over a covered person or service provider shall have access to any report of examination made by the Bureau..."); 1022(c)(6)(C)(ii) ("...the Bureau may, in its discretion, furnish to a prudential regulator or other agency ..."); 1024(c)(2) ("Any Federal agency authorized to enforce a Federal consumer financial law...may recommend in writing to the Bureau that the Bureau initiate an enforcement proceeding..."); 1025(c)(2) ("Any Federal agency...that is authorized to enforce a Federal consumer financial law may recommend, in writing, to the Bureau that the Bureau initiate an enforcement proceeding..."); 1027(g) ("In response to a request by the Bureau, the Secretary and the Secretary of Labor shall jointly issue a written response..."); 1033(e) ("The Bureau shall...consult with the Federal banking agencies and the Federal Trade Commission..."); 1034(a) ("The Bureau shall establish, in consultation with the appropriate Federal regulatory agencies..."); 1034(d) ("The Bureau shall enter into a memorandum of understanding with any affected Federal regulatory agency regarding procedures by which any covered person, and the prudential regulators, and any other agency having jurisdiction over a covered person, including the Secretary of the Department of Housing and Urban Development and Secretary of Education, shall comply..."); 1035(c)(1), (c)(4) and (d) (requiring the Private Education Loan Ombudsman to resolve borrower complaints in collaboration with the U.S. Department of Education, and to make recommendations and submit reports to the Secretary of the Treasury and Secretary of Education); 1052(a) (authorizing the Bureau to engage in joint investigations and requests for information with the Secretary of Housing and Urban Development, the Attorney General of the United States, or both); 1054(d)(1) and (d)(2)(A) ("...the Bureau shall notify the Attorney General..."); 1054(d)(2)(B) ("...the Attorney General and the Bureau shall consult..."); 1056 ("...the Bureau shall transmit such evidence to the Attorney General of the United States..."); 1077(a) ("...the Director and the Secretary of Education, in consultation with the Commissioners of the Federal Trade Commission and the Attorney General of the United States, shall submit a report..."); and 1094 (requiring the Bureau to consult with "other appropriate agencies"), *inter alia*. Additional requirements and authorities to coordinate stem from authorities outside the Dodd-Frank Act.

[2] *See*, e.g., Dodd-Frank Act sections 1016(b), 1017(e)(1)(B), and 1073(e).

Your letter noted that the President of the United States visited the CFPB's headquarters earlier this year. Indeed, the Bureau has opened its doors to many visitors; we were pleased that you and your staff were able to visit our headquarters and meet with our Director, Deputy Director, and other staff this year. Similarly, the Bureau has invited local, state and federal officials, regardless of political affiliation, to partner with us and join in CFPB events, like the Bureau's May 23, 2012 field hearing in Durham, North Carolina, to which we invited you and your staff and all Members of the North Carolina Congressional delegation.

As you note, Director Cordray was invited to attend the State of the Union address as one of many guests of the First Lady. As a citizen and as a public servant, he felt it was important to accept the invitation. Director Cordray is not the first head of an independent agency to attend a State of the Union address. Alan Greenspan, while serving as Chairman of the Federal Reserve Board of Governors, also attended a State of the Union address as a guest of the First Lady. In accepting that invitation, Chairman Greenspan explained at the time that protocol dictated that he say yes to such a request. Director Cordray believed that protocol dictated that he do the same.

When Richard Cordray was appointed to be the CFPB's first Director, one of his first acts was to reach out to Members of Congress on both sides of the aisle – including you – to express his interest in working together. That continues to be our goal. The Bureau's mission of consumer financial protection is not a political one; the Bureau works with those who stand up for protecting consumers and improving consumer financial markets, regardless of party. We will continue to work with federal, state, and local government colleagues, industry, and the public to help us deliver on the mission that Congress established for the Bureau.

We share your commitment to ensuring the Bureau's regulatory independence, and would be happy to meet with you and your staff as a next step in our effort to respond to your requests. In the meantime, please do not hesitate to contact me at 202-435-7590 if you or your staff have any questions. We look forward to working with the Committee to fulfill its oversight mission.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

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

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Congress of the United States
House of Representatives
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AVIATION
HIGHWAYS AND TRANSIT
WATER RESOURCES AND ENVIRONMENT

July 18, 2012

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray,

I am writing to recommend the Consumer Financial Protection Bureau (CFPB) observe how employers apply credit checks to hire or fire employees. I applaud the CFPB's recent rule to supervising the leading credit bureaus with more than $7 million in annual revenue.

Credit reports have increasing importance in consumers' lives because they are used in many kinds of lending, by landlords in renting a property and even as a way to screen job applicants. That's why I introduced H.R. 321, the Equal Employment for All Act which would amend the Fair Credit Reporting Act to prohibit the use of consumer credit checks in relation to current and prospective employees for the purposes of making employment decisions. Too many Americans are caught in a cycle of debt. They have fallen into bad credit and as a result they cannot do what they need to do to climb out: find a job, work hard, pay their bills, and earn a better credit score.

The Equal Employment for All Act, would give some of our most vulnerable, "credit challenged" citizens (students, recent college graduates, low-income families, senior citizens, and minorities) the opportunity to begin rebuilding their credit history by obtaining a job. Far too often, employers turn down "credit challenged" applicants because they have erroneously linked credit scores to potential job performance. Even worse, the "credit challenged" have fallen victim to deceptive marketing practices by credit report companies or credit counseling services that charge outlandish fees that supposedly rehabilitate credit scores to help with employment.

A person's credit history has no bearing on their job performance. We should continue to do everything in our power to help people land jobs during these tough economic times and not hinder them. I urge the Consumer Financial Protection Bureau to examine employers' use of consumer credit checks in relation to current and prospective employees for the purposes of making employment decisions and hope the CFPB will work with me to eliminate this practice.

As always, I remain,

Most sincerely,

Steve Cohen
Member of Congress

GARY G. MILLER
42ND DISTRICT, CALIFORNIA

ASSISTANT WHIP AT LARGE

COMMITTEE ON FINANCIAL SERVICES

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

BUILDING A BETTER AMERICA CAUCUS, CHAIRMAN

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HOUSE OF REPRESENTATIVES

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July 19, 2012

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

The Conference of State Bank Supervisors (CSBS) is currently in the process of approving lenders to provide in-house education courses to their own mortgage originators. This is contrary to the intent of the "Secure and Fair Enforcement for Mortgage Licensing Act of 2008" (SAFE Act), because it undermines the independence and integrity of pre-licensing and continuing education courses for mortgage originators. As you are the ultimate authority on policy matters under the SAFE Act, it is critical that you immediately direct the CSBS to prohibit lenders from providing these courses to their own employees.

On March 29, 2012, in response to my questions during your appearance before the House Financial Services Committee, you shared my concerns with the practice of in-house training of mortgage originators and said that the CFPB would be reviewing this issue. I would like to reinforce my concerns and ask for an update about the CFPB's findings. Following our dialogue, my Financial Services Committee colleagues joined me in sending a letter to the CSBS asking the CSBS to suspend any approvals of this type pending further guidance from the CFPB. We copied you on this letter. The CSBS response to our letter indicates that absent CFPB action there will be no change to the current practice, allowing for the conflict of interest from lenders providing education courses to their own employees to continue.

Allowing lenders to provide these courses to their own personnel is an inherent conflict of interest and significantly raises the potential of inadequately trained mortgage originators being licensed under the SAFE Act. All of the most comparable professions that are state licensed (real estate brokers, home inspectors, title insurers, and insurance brokers) generally have pre-licensing and continuing education requirements. Yet with a very few rare exceptions, none permit companies to provide these courses to their own employees. It is hard to understand why the CFPB would permit treatment substantially inconsistent with these professions for the very activity – mortgage origination – that was a major cause of the economic crisis.

The CSBS response letter defends its position by citing "end of course surveys and staff auditing" as their primary method of monitoring course providers. But any end of course survey of an employee taking a course by their employer perpetuates the very conflict of interest that is created, since it relies on employees being critical of their employer.

A critical purpose of the SAFE Act course requirements is to address predatory lending practices, in which unqualified individuals were rushed into underwriting positions as loan volume increased. Lenders expanding their business have a clear financial interest in their employees completing the courses and being licensed quickly and at a high rate. This is a clear conflict with the goal of broad educational training and creates the very real threat of corporate biases entering into the training of employees. I urge you to direct the CSBS to immediately change its policy and practice and I look forward to an update about the CFPB's actions regarding this issue.

Sincerely,

GARY G. MILLER
Member of Congress

Congress of the United States
Washington, DC 20515

July 19, 2012

The Honorable Richard Cordray
Director, U.S. Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, Northwest
Attn: 1801 L Street, Northwest
Washington, DC 20220

Dear Director Cordray:

It is our understanding that you and your colleagues are in the process of examining short-term insured depository loan products and the payday lending industry, and we would like to respectfully offer some insight from our knowledge of the industry in Florida. Particularly, we suggest a balanced approach to new rulemaking, based on successful measures in Florida, that would balance meaningful safeguards for consumers of payday loan, overdraft, and bounced-check products with needed access for these services.

Having all served in the Florida legislature, we are familiar with our state's balanced approach to payday loans. In fact, Florida's payday loan statute is among the most progressive and effective in the nation, and has become a national standard for balancing strong consumer protections with necessary access to credit. We believe that the CFPB will find tremendous benefit in Florida's best practices, which have been implemented along with reforms that many lenders offering these services have made themselves. These measures, such as extended repayment plans, along with common-sense features of the law, like placing caps on loan amounts and limiting loan periods, encourage the responsible use of short-term loans. We encourage you to take a close look at how these reforms may benefit the CFPB's work.

Short-term loans are products that have an important place in the current economic landscape. As demand for short-term and small-dollar loans continues during this time of economic hardship, non-traditional lenders have filled an important role for American consumers with severely limited credit options and who traditional lending institutions do not adequately serve. Lenders in this space often offer convenient and less expensive products and services to these consumers, and we want to ensure that the CFPB will continue to give consumers the freedom to access these services in the marketplace.

In reaching this common-sense balance between protections and access for consumers, we suggest that the CFPB treat similar lending products, from both traditional banks and legitimate non-banks, with uniformity in its approach to regulations, while working to exclude lenders operating offshore and outside the law. These actions will help ensure that American consumers have adequate protections.

As you work on new regulations, we hope that the CFPB will continue to ensure that consumers may make informed choices and continue to have access to short-term credit, while encouraging lending practices that are fair and transparent.

We look forward to working together and discussing successful models – like Florida's – that are in the best interest of American consumers. Thank you for your time and consideration.

Sincerely,

Debbie Wasserman Schultz
Member of Congress

Bill Posey
Member of Congress

Daniel Webster
Member of Congress

Theodore E. Deutch
Member of Congress

Consumer Financial
Protection Bureau

July 20, 2012

United States Congress
Washington, D.C.

Dear Member of Congress:

We are pleased to transmit the attached report on private student loans as required by Section 1077 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

If you or your staff has any questions please contact: Gabriella Gomez in the Office of Congressional and Legislative Affairs at the Department of Education at 202-401-0020 or Lisa Konwinski in the Office of Legislative Affairs at the CFPB at 202-435-7960.

Thank you,

Gabriella Gomez, Assistant Secretary
Office of Congressional and Legislative Affairs
Department of Education

Lisa M Konwinski

Lisa Konwinski, Assistant Director
Office of Legislative Affairs
Consumer Financial Protection Bureau

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Spencer Bachus
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20510

Dear Representative Bachus:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, United States Capitol
Washington, DC 20510

Dear Speaker Boehner:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204, United States Capitol
Washington, DC 20510

Dear Leader Pelosi:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Barney Frank
Ranking Member
House Committee on Financial Services
B301-C Rayburn House Office Building
Washington, DC 20510

Dear Representative Frank:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa K Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Fred Upton
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20510

Dear Representative Upton:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Henry Waxman
Ranking Member
House Committee on Energy and Commerce
2322-A Rayburn House Office Building
Washington, DC 20510

Dear Representative Waxman:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 24, 2012

The Honorable Carolyn B. Maloney
2332 Rayburn House Office Building
Washington, D.C. 20515-3214

Dear Representative Maloney:

Thank you for your letter about tax refund transfer products. Under Section 1027(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, tax preparation services are generally not within the Consumer Financial Protection Bureau's purview. However, the Bureau does have authority to address improper disclosures or unfair and deceptive acts and practices that may occur when tax preparation companies offer consumers financial products or services such as refund transfers.

The Bureau is currently gathering information about transparency and comparability in refund transfers. We are looking at the timing of and format in which fees are disclosed to the consumer in the tax preparation process, and would be happy to work with the Internal Revenue Service to address the issues raised in your letter.

I appreciate your bringing this matter to my attention. To the extent that you or your staff have additional information, please contact our Office of Legislative Affairs at 202-435-7590.

Sincerely,

Richard Cordray

Richard Cordray
Director

CC: Commissioner Douglas H. Shulman, Internal Revenue Service

5TH DISTRICT, MISSOURI
FINANCIAL SERVICES COMMITTEE
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CHAIR
CONGRESSIONAL BLACK CAUCUS

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Emanuel Cleaver, II

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http://www.house.gov/Cleaver

July 26, 2012

The Honorable Richard Cordray,
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray,

The proposed rulemaking which included the definition of a qualified mortgage that was started by the Federal Reserve and taken up by the Consumer Financial Protection Bureau is of great concern to me. I have heard from both consumer groups, like the Center for Responsible Lending, the National Consumer Law Center, and the Clearinghouse as well as industry participants like mortgage bankers, realtors, homebuilders, and securities firms regarding the definition of a qualified mortgage. The consumer group favors a "rebuttable presumption" the financial services group a "safe harbor."

Let me encourage you and your staff to thoroughly review this issue analyzing it from all sides to balance the needs of the financial services industry with the needs of the consumer. Whether you will use a "safe harbor" or a "rebuttable presumption" or not will be something you and your staff will carefully need to examine and balance.

Please take the time to carefully vet this issue.

Your consideration of my concerns is deeply appreciated.

Sincerely,

Emanuel Cleaver, II
Member of Congress

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Spencer Bachus
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Representative Bachus:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, United States Capitol
Washington, DC 20515

Dear Speaker Boehner:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Barney Frank
Ranking Member
House Committee on Financial Services
B301-C Rayburn House Office Building
Washington, DC 20515

Dear Representative Frank:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204, United States Capitol
Washington, DC 20515

Dear Leader Pelosi:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Fred Upton
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Dear Representative Upton:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Henry Waxman
Ranking Member
House Committee on Energy and Commerce
2322-A Rayburn House Office Building
Washington, DC 20515

Dear Representative Waxman:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 31, 2012

The Honorable Norman Dicks
Ranking Member
U.S House Committee on Appropriations
H-307 Capitol Building
Washington, DC 20515

Dear Representative Dicks:

I am pleased to present the Annual Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 31, 2012

The Honorable Harold Rogers
Chairman
U.S House Committee on Appropriations
H-307 Capitol Building
Washington, DC 20515

Dear Representative Rogers:

I am pleased to present the Annual Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

CC: The Honorable Jo Ann Emerson

Senate

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

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

United States Senate

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.

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

United States Senate

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.

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

Consumer Financial Protection Bureau

January 20, 2012

The Honorable Jeff Merkley
313 Hart Senate Office Building
Washington, DC 20510

Dear Senator Merkley,

Thank you for your recent letter concerning implementation of new consumer protections for remittance transfers to foreign countries under Section 1073 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). Your letter will be made part of the public rulemaking docket for the final rules to implement Section 1073.

As you note in your letter, Section 1073 provides important new protections for consumers' remittance transfers. Consumers send billions of dollars of transfers abroad each year, yet these transactions have historically been excluded from coverage by existing federal consumer protection regulations. The new regime ensures that consumers will receive reliable, consistent disclosures before they pay for a transfer and requires providers to investigate and remedy errors when transfers go wrong. The statute also requires the Bureau to issue rules defining cancellation and refund rights and standards for when remittance transfer providers can be held liable for the acts of their agents.

The Bureau has carefully considered how to provide the protections mandated by the Dodd-Frank Act while minimizing burden on remittance transfer providers. This includes the issues that your letter raises concerning burden on depository institutions and credit unions, implementation of statutory exceptions permitting the use of estimates in certain disclosures, and distinguishing between consumer and commercial transactions.

Today the Bureau is releasing the final rule to implement Section 1073. It will take effect one year after publication in the *Federal Register*. The Bureau is also releasing a Notice of Proposed Rulemaking to seek comment on a few possible additional changes to the final rule to clarify application of the new requirements to certain remittance transfer providers and transaction types. One of these possible changes is to consider establishing minimum thresholds that take appropriate recognition of the different circumstances of community banks and credit unions, as mentioned in your letter. The full text of the documents can be found on our website at www.consumerfinance.gov.

Thank you again for your comments on this important rulemaking.

Sincerely,

[illegible signature]

Richard Cordray
Director
Consumer Financial Protection Bureau

P.S. [illegible]

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

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

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

February 28, 2012

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

Dear Mr. Cordray:

As part of the Subcommittee's ongoing oversight of public relations and advertising contracts, we are writing to ask for information regarding the Consumer Financial Protection Bureau's contracts for the acquisition of public relations, publicity, advertising, communications, or similar services. Please provide a list of all the Bureau's contracts for these types of services awarded on or after October 1, 2008. Please submit your response using the spreadsheet provided with the following information for each contract:

(1) The contract number;

(2) The date of contract award;

(3) The name of the contractor and any subcontractors;

(4) The type of competition;

(5) The cost of the contract, including the base and options value, as well as the obligated amount of the contract;

(6) A brief description of the contract scope and the work performed; and

(7) The agency initiative, project, or policy supported by the contract.

We request that you provide information to the Subcommittee by **March 16, 2012.**

The jurisdiction of the Subcommittee on Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108th Congress); and Senate Resolution 73 (111th Congress). An attachment to this letter provides additional information about how to respond to the Subcommittee's request.

We appreciate your assistance. Please contact Rafael Roman with Senator Portman's Subcommittee staff at (202) 228-5512 or Sarah Garcia with Senator McCaskill's Subcommittee staff at (202) 224-1014 with any questions. Please send any official correspondence relating to this request to kelsey_stroud@hsgac.senate.gov.

Sincerely,

Claire McCaskill
Chairman
Subcommittee on Contracting Oversight

Rob Portman
Ranking Member
Subcommittee on Contracting Oversight

Enclosures

Request for Publicity-Related Contract Information

The following nineteen (19) North American Industry Classification System (NAICS) Codes identify publicity-related categories. For the purposes of your response, please treat this list as illustrative, but not exhaustive:

512	Motion Picture and Sound Recording Industries
51219	Postproduction Services and Other Motion Picture and Video Industries
512110	Motion Picture and Video Production
512199	Other Motion Picture and Video Industries
515111	Radio Networks
515120	Television Broadcasting
515210	Cable and Other Subscription Programming
519130	Internet Publishing and Broadcasting and Web Search Portals
541430	Graphic Design Services
541613	Marketing Consulting Services
541810	Advertising Agencies
541820	Public Relations Agencies
541840	Media Representatives
541850	Display Advertising
541860	Direct Mail Advertising
541890	Other Services Related to Advertising
541910	Marketing Research and Public Opinion Polling
711320	Promoters of Performing Arts, Sports and Similar Events without Facilities
711519	Independent Artists, Writers and Performers

March 2, 2012

The Honorable Timothy Geithner
Secretary
The Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

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

The Honorable Ben Bernanke
Chairman
The Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551

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

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

The Honorable Jon Leibowitz
Chairman
Federal Trade Commission
600 Pennsylvania Ave., NW
Washington, DC 20580

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

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

The Honorable John Walsh
Acting Comptroller
Office of the Comptroller of the Currency
250 E Street, SW, Room 9048
Washington, DC 20219

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1500 Pennsylvania Ave., NW
Washington, DC 20220

The Honorable Edward DeMarco
Acting Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

The Honorable S. Roy Woodall
Independent Member with Insurance Expertise
Financial Stability Oversight Council
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Secretaries Geithner and Donovan, Chairmen Bernanke, Gensler, Gruenberg, Leibowitz, Matz and Schapiro, Comptroller Walsh, Directors Cordray and DeMarco, and Mr.Woodall:

It has been almost two years since the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act") was enacted. Therefore, I believe it is an appropriate time to undertake a review of the Act and its implementation.

The Act is more than 2,000 pages and contains many overlapping provisions that, at times, conflict with each other. The Act also contains a number of technical errors that should be corrected. In addition, the Act directs financial regulators to undertake an unprecedented number of rulemakings within a very short timeframe. Because many of these new rules are very complex and require careful coordination among regulators, several deadlines have already been missed leaving many regulators in violation of the law. Consequently, I am compiling a list of possible amendments to the Act to rectify these problems.

As part of this effort, I am requesting that you provide:

a. a detailed list of each technical correction to the Act your agency has identified as being necessary or desirable, including:
    i. any instances in which there are inconsistencies within and across titles of the Act;
    ii. any instances in which there are inconsistences with the Act and other laws or regulations;
b. a detailed list of specific statutory provisions of the Act that require clarification or guidance from Congress, particularly with respect to Congressional intent;
c. a detailed list of implementation dates that must be statutorily amended to ensure that you are no longer in violation of the law, or that need to be changed because you reasonably believe that you will not be able to meet the statutory deadline;
d. a detailed list of process changes that you believe will improve your rulemaking, your ability to coordinate with other agencies, and the substance of your agency's final rules. In particular, take into consideration the time required for rigorous cost-benefit and economic impact analyses and the need for due consideration of public comments;
e. recommendations for any statutory amendments that would enhance your ability to promulgate less costly rules while achieving the same statutory directive; and
f. a detailed list of any provisions within the Act that you believe will not achieve their intended results, or that you believe are not necessary or contradictory to your agency's overall mission.

Please provide recommended legislative language with each submission. Thank you for your attention and I look forward to your response by April 1, 2012.

Sincerely,

Richard C. Shelby
U.S. Senator

United States Senate

WASHINGTON DC 20510

March 5, 2012

Richard Cordray
Director, Consumer Financial Protection Bureau
1801 L St. NW
Washington DC 20220

Director Cordray,

We applaud you for tackling the issue of short-term, small dollar lending early in your term as the Director of the Consumer Financial Protection Bureau (the "Bureau"). Congress created the Bureau to protect Americans from unfair, deceptive and abusive lending practices. We are glad to see the Bureau started with payday lending.

We have fought tirelessly to protect borrowers from abusive payday lending. Payday lenders prey on desperate individuals who find themselves in need of quick cash—often for things like a necessary car repairs or medical care.

Lenders market payday loans as short-term advances, but triple digit interest rates have been shown to trap borrowers in a long-term cycle of debt that can extend beyond a single pay period. Payday lenders recognize that their products are meant to be short-term and acknowledge that repeated or frequent use can create financial hardship for borrowers. Industry data, however, shows that payday loans rarely remain short-term. According to the Center for Responsible Lending, over 60 percent of payday loans go to borrowers with 12 or more transactions per year and 24 percent of payday loans go to borrowers with 21 or more transactions per year.

During the 111th Congress, we introduced the Payday Lending Limitation Act of 2010 (S.3245) to tackle the debt spiral that frequent or repeated use of payday loans can trigger. The bill limited rollovers and prohibited creditors from issuing new payday loans to borrowers with six loans in the previous 12 months or 90 days aggregate indebtedness. It would have ensured that payday loans are consistent with its marketing–"short term."

We appreciate that the Bureau's examination guidance raised the issue of "sustained use."[1] However, the examination guidance took a disclosure-based approach to "sustained use," instead of adopting more stringent measures that would reduce the prevalence of rollovers that trap borrowers in a spiral of debt. The Bureau has broad authority over financial institutions, and yet the Bureau did not bar this unfair, deceptive and abusive practice.

While we applaud you for tackling this issue, we would urge the Bureau to take steps to address the practice of sustained use in a more robust fashion or, in the event that statutory limitations prevent you from doing so, to provide Congress with guidance as to authorities the Bureau needs to more robustly regulate short-term, small dollar loans. It is imperative that we protect consumers from taking on endless, long-term debt that can cause immense financial hardship as a result of loans that were sold as short-term.

Sincerely,

Kay R. Hagan
United States Senator

Richard Durbin
United States Senator

Charles Schumer
United States Senator

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[1] The examination guidance defined sustained use as follows: "When a borrower cannot repay a loan by its due date, lenders may allow the borrower to modify or "roll over" the loan by paying an additional fee to extend the loan term. A lender may also engage in a transaction in which a borrower uses the proceeds from a new loan to satisfy and pay off an older loan. If these transaction types are prohibited by state law, a borrower may be asked to repay one loan before opening a new loan. This is often called a back-to-back transaction. All of these borrowing patterns may constitute sustained use. Note that in some instances, lenders may allow borrowers to convert a balloon payment into an installment plan.

United States Senate

WASHINGTON, DC 20510

March 12, 2012

Hon. Richard Cordray
Director
Consumer Financial Protection Bureau
Washington, DC

RE: Payday and Other High-Cost, Small-Dollar Lending

Dear Director Cordray:

Every year, millions of Americans are taken advantage of by payday, auto title, and other high-cost, small-dollar lenders. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 established the Consumer Financial Protection Bureau (CFPB), giving it strong authorities to bring order to this Wild West lending market. We write today to urge you to use that authority vigorously and, in particular, in a manner that supports the efforts of states which have already acted to establish basic rules of the road in this area.

Payday and other high-cost, small-dollar loans are marketed as ways to cover short-term credit needs. However, the loans are often structured to trap borrowers in long-term debt. These loans have high fees and automatic roll-overs, which, as research by the Consumer Federation of America has shown, combine with other practices to make the effective annual interest rates 400 percent APR or more.

If consumers in need of short-term borrowing turn to these lenders, they are likely to find themselves worse off than if they had never used them. According to the Center for Responsible Lending, over 75 percent of payday loans are the result of repeat borrowing on the same principal, and an estimated 12 million Americans are annually caught in long-term debt from loans that were marketed as quick and easy short-term solutions. These loans generate $4.2 billion in fees and trap borrowers in debt, which in turn limits access to mainstream banking, harms credit scores, undermines employment prospects, and ultimately can lead to bankruptcy. The industry also fuels a number of abusive debt collection practices. It would not be a stretch to say that payday and similar small-dollar lending, as currently conceived, impoverishes many American families every year.

Without a doubt, the CFPB must act soon to establish strong national rules to stop unfair, deceptive, and abusive practices. As part of that effort, the CFPB should partner with the states and implement rules that will enhance states' consumer protection efforts. State attorneys general and state consumer departments act as the "50 cops" on the beat, and the states' consumer lending laws provide valuable tools, including usury caps, to complement CFPB authority. In addition, sixteen states and the District of Columbia have passed specific state laws to rein in some of the worst practices.

While the states can play the important role of first responder, there are important things that the CFPB can do to support and enhance those efforts. We below highlight three areas where CFPB action can meaningfully protect consumers and enhance strong steps already taken by states.

First, there has been a troubling increase in the use of Internet-based "lead generators," which are web sites that front as web lenders but only collect data on potential customers for payday lenders and others. Such websites mask the identity and nature of the true lender, who may be separated by several levels of front operations, obstructing state law enforcement. Violators may ultimately be caught and subjected to state law enforcement, but the process can be costly, draining state resources, and leaving consumers subject to illegal predatory lending in the meantime. The CFPB should vigorously address the problem of lead generators collecting bank accounts and sensitive personal information. In addition, the CFPB should also immediately take steps to stop those that violate privacy laws or otherwise engage in deceptive or abusive practices, such as providing data to debt collectors that defraud people into paying debts they do not owe.

Second, offshore Internet lenders are a particular problem. They avoid state laws by relying on loopholes in the rules covering debit transactions and remotely-created checks, and can drain bank accounts without the consumer having the ability to stop those transactions, even when the loans are illegal. These rogue websites make it difficult and costly for states to enforce against them by locating (or appearing to locate) offshore. In fact, some U.S. lenders are structuring their operations to appear to be offshore, even though the vast majority of their activities are U.S.-based. The CFPB should close loopholes around debit transactions and remotely-created checks, as well as other measures to rein in these offshore lenders. In addition, the CFPB can use its examination authority to identify Internet lenders that are making loans in violation of state law. The CFPB can also identify which banks are processing those transactions, and use the payments system to stop those illegal loans.

Third, after exiting the business only a few years ago, some insured depository institutions (including national banks) have begun to return to the high-cost, small-dollar lending space. In contrast to many credit unions and community banks, which have been pioneering ways to offer affordable loans to people in need, these insured depository institutions have begun providing "check advance" services that increasingly resemble payday loans. Federally chartered institutions then rely on overbroad preemption interpretations or other loopholes to avoid the constraints of state lending law limits. The CFPB should close loopholes that obstruct the application of state lending laws and also consider rules to ensure our insured depository institutions are supporting healthy banking practices.

We believe each of the problems above should be addressed through strong cooperation between state enforcement and the CFPB, as well as with other banking regulators where necessary. The practices should be addressed soon, before they spread beyond further. Fortunately, the Dodd-Frank Act gave the CFPB powerful tools that we believe can address these challenges. To the extent that legal authorities are needed to augment your efforts, we stand ready to work with you.

In conclusion, it is critically important that we expand access to affordable credit and the mainstream banking system, as well as strengthen financial literacy across the board. The Dodd-Frank Act included important tools in these areas as well, and they should be fully funded, strengthened, and expanded.

Of course, the first step is to move forward with your rulemaking to provide for supervision of payday and other small-dollar lenders, supported by good research and data collection. We hope you will act quickly and look forward to your speedy response.

Sincerely,

Jeffrey A. Merkley

Jeff Merkley
U.S. Senator

Daniel K. Akaka

Daniel Akaka
U.S. Senator

1801 L Street NW, Washington, DC 20036

March 13, 2012

The Honorable Claire McCaskill
506 Hart Senate Office Building
Washington, DC 20510

Dear Senator McCaskill:

Thank you for your letter on the Ability to Repay requirement in the Dodd-Frank Act as it relates to Qualified Mortgages (QM). We appreciate your feedback on this important issue and have added your comments to the public record.

As your letter mentions, the Consumer Financial Protection Bureau (CFPB or Bureau) inherited a proposed rule from the Federal Reserve Board which the Bureau must finalize by January 2013. The Federal Reserve Board proposed two alternatives for the kind of legal protection that making a QM would provide. Under the "safe harbor" approach, a loan that meets the QM standard would meet the ability to repay standard. Under the "rebuttable presumption" approach, a lender who has made a QM would be presumed to comply with the ability to repay standard, but a borrower may seek to overcome the presumption that the ability to repay requirements have been met based on the particular facts and circumstances of the borrower.

The CFPB is in the process of developing a final rule and is carefully considering the diverse views of many commenters on this issue. The Bureau will weigh the costs and benefits of these approaches in our effort to ensure that consumers have access to responsible, affordable mortgage credit. Please be assured that the Bureau will take your concerns into consideration as we work to finalize the rule.

Again, thank you for your letter.

Sincerely,

Lisa M. Konwinski
Assistant Director
Office of Legislative Affairs

March 13, 2012

The Honorable Claire McCaskill
613B Hart Senate Office Building
Washington, DC 20510

The Honorable Robert Portman
605 Hart Senate Office Building
Washington, Dc 20510

Dear Senators McCaskill and Portman:

This letter is in response to your request for information about the Consumer Financial Protection Bureau's (CFPB) contracts for public relations and advertising.

The CFPB opened on July 21, 2011 with contracting beginning in Fiscal Year 2011. We have identified one contract for public relations and advertising that meets your criteria, which is listed on the attached spreadsheet. The contract was in the amount of $5,999.88, and provided general media training for CFPB executives, unrelated to any specific agency initiative or policy.

I hope this information is useful.

Sincerely,

Richard Cordray
Director
Consumer Financial Protection Bureau

Consumer Financial
Protection Bureau

1700 G Street NW, Washington, DC 20552

March 13, 2012

The Honorable Claire McCaskill
613B Hart Senate Office Building
Washington, DC 20510

The Honorable Robert Portman
605 Hart Senate Office Building
Washington, Dc 20510

Dear Senators McCaskill and Portman:

This letter is in response to your request for information about the Consumer Financial Protection Bureau's (CFPB) contracts for public relations and advertising.

The CFPB opened on July 21, 2011 with contracting beginning in Fiscal Year 2011. We have identified one contract for public relations and advertising that meets your criteria, which is listed on the attached spreadsheet. The contract was in the amount of $5,999.88, and provided general media training for CFPB executives, unrelated to any specific agency initiative or policy.

I hope this information is useful.

Sincerely,

Richard Cordray
Director
Consumer Financial Protection Bureau

March 20, 2012

The Honorable Tim Johnson
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Johnson:

Enclosed please find the first annual report summarizing the Consumer Financial Protection Bureau's activities to administer the Fair Debt Collection Practices Act. This report was previously prepared by the Federal Trade Commission until authority over the Act was transferred to the Bureau on July 21, 2011.

Should you have any concerns regarding this report, please contact Lisa Konwinski at 202-435-7960.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

March 22, 2012

The Honorable Kay Hagan
521 Dirksen Senate Office Building
Washington, DC 20510

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

The Honorable Charles Schumer
322 Hart Senate Office Building
Washington, DC 20510

Dear Senators Durbin, Schumer, and Hagan:

Thank you for your letter on payday loans and the financial hardships that their frequent use and repeated rollovers can pose to consumers. The Consumer Financial Protection Bureau (CFPB or Bureau) is currently seeking input from stakeholders to better understand short-term, small-dollar loan products provided by both banks and nonbanks. In January of this year, for example, we conducted our very first field hearing on the topic of payday lending in Birmingham, Alabama, where we gathered information from consumers, payday lenders, and others to help inform our approach to these issues.

Significantly, the CFPB has now launched its nonbank and large bank supervision programs. We are underway examining nonbank payday lenders as well as large banks, thrifts, and credit unions in connection with small-dollar, short-term loans to assess compliance with federal consumer financial laws, obtain information about their activities and compliance systems or procedures, and detect and assess risks to consumers and markets. Our examination authority is an important tool that will allow us to better understand how these lenders operate and require them to correct any violations of law we find.

Holding banks and nonbanks accountable for compliance with federal consumer financial laws is a key goal of the Bureau. As you know, before this year the federal government did not, as practical matter, examine nonbank payday lenders with respect to the Federal consumer financial laws. A lack of supervision at the federal level means there is a lot we do not know about the risks associated with payday products. We plan to gather information on the issue of repeated long-term use of payday loans to understand what consumers know when they take out a loan and how they are affected by long-term use of these products. This assessment will allow us to better choose among the tools we have available at the

Bureau to protect consumers, including regulation and enforcement in addition to supervision.

Thank you again for your letter. I look forward to continuing to work together to achieve our shared goals of educating, assisting, and protecting American consumers.

Sincerely,

Richard Cordray
Director
Consumer Financial Protection Bureau

April 10, 2012

The Honorable Jeff Merkley
313 Hart Senate Office Building
Washington, DC 20510

The Honorable Daniel Akaka
141 Hart Senate Office Building
Washington, DC 20510

Dear Senators Merkley and Akaka:

Thank you for your letter about payday loans and other types of short-term, small-dollar loans. In January, we conducted the Consumer Financial Protection Bureau's first field hearing in Birmingham, Alabama on payday lending, which was a forum we employed to gather information from consumers, payday lenders, and others to help inform how we approach these issues. We have posted the transcript of that hearing on our website at consumerfinance.gov. In addition, we continue to seek additional input from a wide variety of stakeholders in order to better understand the kinds of short-term, small-dollar loan products that are being offered to the public by both banks and nonbanks.

Significantly, the CFPB has now launched its nonbank and large bank supervision programs. Our examination authority includes the ability to examine nonbank payday lenders as well as large banks, thrifts, and credit unions in connection with short-term, small-dollar loans. The goals of these examinations are assessing compliance with Federal consumer financial laws, obtaining information about the activities and compliance systems or procedures of those being examined, and detecting and assessing risks to consumers and markets for consumer financial products and services. These examinations will allow us to better understand how these lenders operate and how their products work, as well as providing us with the opportunity to require them to correct any legal violations that we find.

Holding banks and nonbanks accountable for compliance with Federal consumer financial laws is a key goal of the CFPB. Before this year, the federal government did not have a program to examine any of the nonbank payday lenders. We are working closely with our colleagues in state government and at the Federal Trade Commission to inform our work as we assess the risks associated with payday products. We also are working closely with the states to minimize burden and maximize the efficient use of their – and our – supervisory resources.

In particular, you point out three problems for us to consider, all of which are of interest and pose varying degrees of concern. The first is lead generators and the manner in which they amass and handle sensitive personal information. The second is offshore Internet lenders, about which we hear a great deal from the state attorneys general, who are frustrated just as I was when I was in their shoes by the difficulties of enforcing the law against such activity. The third is the deposit advance products being offered now by some depository institutions, products that in many respects resemble payday loans. We will take up these concerns as we gather data and experience with the short-term, small-dollar loan market through our supervisory and other tools, and we appreciate your thoughts and comments on these issues.

Thank you again for your letter. I look forward to continuing to work together to achieve our shared goals of educating, assisting, and protecting American consumers.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

RICHARD J. DURBIN

ILLINOIS

ASSISTANT MAJORITY LEADER

United States Senate

WASHINGTON, DC 20510-1304

COMMITTEE ON APPROPRIATIONS

COMMITTEE ON FOREIGN RELATIONS

COMMITTEE ON THE JUDICIARY

COMMITTEE ON RULES AND ADMINISTRATION

April 27, 2012

The Honorable Richard Cordray
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

Today, the President issued an executive order that will help protect veterans and service members from the deceptive and abusive practices used by some institutions of higher education. While this is an important step forward, I believe we must protect all students. I urge the Consumer Financial Protection Bureau (CFBP) to warn consumers about the risks of enrolling in a for-profit college.

The Senate Health Education Labor and Pensions (HELP) Committee has undertaken extensive research documenting the deceptive marketing and recruitment practices used by many for-profits colleges. For-profit colleges account for only 13 percent of college students, receive almost 25 percent of federal financial aid dollars, and are responsible for more than half of the federal student loan defaults. For-profit colleges aggressively recruit veterans and service members, but also prey on some of the most vulnerable populations. Recruiters for many for-profit colleges urge prospective students to enroll on the spot for programs that often are over-priced and worth very little to employers. Worse yet, these schools often encourage students to take out massive amounts of debt that they may never be able to repay.

Many of us in Congress are working to help raise the standards of postsecondary education and make sure families can make educated decisions about their future. We have limited federal resources for student financial aid, making it imperative that participating institutions offer their students a quality education. I applaud the work the CFPB has initiated to educate students and their families about private student loans.

I encourage CFBP to lead this effort to educate students and their families about the career and personal risks of enrolling in a for-profit college.

Sincerely,

Richard J. Durbin
United States Senator

711 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510-1304
(202) 224-2152
TTY (202) 224-8180

230 SOUTH DEARBORN, 38TH FLOOR
CHICAGO, IL 60604
(312) 353-4952

525 SOUTH EIGHTH STREET
SPRINGFIELD, IL 62703
(217) 492-4062

1504 THIRD AVENUE
SUITE 227
ROCK ISLAND, IL 61201
(309) 786-5173

PAUL SIMON FEDERAL BUILDING
250 W. CHERRY STREET
SUITE 115-D
CARBONDALE, IL 62901
(618) 351-1122

durbin.senate.gov

Consumer Financial
Protection Bureau

May 2012.

Dear Senator Johnson,

I just wanted to say — belatedly — how much I enjoyed the trip to South Dakota and the chance to get to know both you and your family better. I have always felt blessed in my choice of my wife, and with our children. You are definitely blessed. Tell your son, in particular, how much I enjoyed meeting him and hope to work with him. See you soon.

Your friend,

Richard

Consumer Financial
Protection Bureau

May 14, 2012

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

Dear Senator Durbin:

Thank you for your recent letter about students and for-profit colleges, and for the leadership that you have shown in bringing attention to these important issues. The Consumer Financial Protection Bureau (CFPB) shares your commitment to protecting consumers and helping students and their families make smart decisions when choosing to finance higher education.

As we've previously discussed, we have taken a number of steps to help students make better choices about college and student loans. In October 2011, in coordination with the U.S. Department of Education, we released a Know Before You Owe project focused on student loans – a prototype "financial aid shopping sheet." This model financial aid award letter presents, in plain language and on a single page, the true costs and risks associated with financing a higher education.

We also launched the Student Debt Repayment Assistant, an online application that helps borrowers better understand their options once they have graduated and are in repayment. In March, we launched a student-loan complaint system to help ensure that private student lenders and servicers are responsive to mistakes and problems that borrowers may encounter. This month, we began testing a new online tool – the Financial Aid Comparison Shopper – at ConsumerFinance.gov. This tool helps people compare their financial aid options at different colleges, and explore graduation, retention, and default rates at those schools.

At the CFPB, we believe that we must arm consumers with clear information to make informed choices when it comes to financing college. This is particularly important in the context of institutional lending at for-profit colleges. Many of these loans do not use traditional underwriting standards or borrower safeguards, and generally do not have the repayment protections that are available for federal student loans. Consequently, default rates for some of these products are very high.

The CFPB will continue to build on the substantial work we have done on behalf of students. We are coordinating closely with the Department of Education, the Department of Defense, the Department of Justice, the Department of Veterans Affairs, the Federal Trade Commission, and state attorneys general on these issues.

I remain committed to ensuring that the college-financing marketplace works for consumers, and that the decision to borrow for college is the best investment students and their families will ever make. Thank you again for your letter, and I welcome the opportunity to work together on these issues in the future.

Sincerely,

Richard

Richard Cordray
Director
Consumer Financial Protection Bureau

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

May 15, 2012

Ms. Camille Busette
Assistant Director
Office of Financial Education
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Ms. Busette:

Thank you for testifying at the Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia hearing (*Financial Literacy: Empowering Americans to Prevent the Next Financial Crisis*) on April 26, 2012. I appreciate your willingness to appear before the Subcommittee to present your views on the importance of financial literacy to our Nation's long-term economic prosperity.

Enclosed with this letter is a copy of the hearing transcript. Please follow the attached directions and return the corrected transcript to:

> Aaron Woolf, Chief Clerk
> Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia
> Committee on Homeland Security and Governmental Affairs
> 601 Hart Senate Office Building
> Washington, DC 20510

The Subcommittee would appreciate receiving your corrected transcript and answer by **Tuesday, June 19, 2012**. Due to security processing mail, it would be best if the corrected pages were faxed, hand delivered, or scanned and emailed. The Subcommittee's fax number is (202) 224-2271. If corrections are not necessary, please return the original transcript to the Subcommittee. If you have any questions, please contact Aaron Woolf at (202) 224-4551 or aaron_woolf@hsgac.senate.gov.

Thank you very much for your continued assistance.

Sincerely,

Daniel K. Akaka

Daniel K. Akaka
Chairman
Subcommittee on Oversight of
Government Management, the Federal
Workforce, and the District of Columbia

To: **Ms. Camille Busette**
Attn: Erika Moritsugu

From: Aaron Woolf
Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia

Date: May 15, 2012

Re: Testimony on **"Financial Literacy: Empowering American to Prevent the Next Financial Crisis" on April 26, 2012**

These hearing transcript pages are furnished to you so that you may review your testimony and make necessary typographical and grammatical corrections. Other minor clarifying changes are acceptable provided that they do not change the context of your original testimony. Changes in substance are not permitted and excessive editing will be ignored.

Please **mark your corrections in ink** and return the original transcript to the committee even if you have made no corrections.

To assure that your corrections appear in the final print, this transcript must be returned to the committee by: **Tuesday, June 19, 2012.**

Please return (via mail, e-mail, or fax) to:

Aaron Woolf
Chief Clerk
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Room 601, Hart Senate Office Building
Washington, DC 20510

aaron_woolf@hsgac.senate.gov
202-224-2271 (fax)
202-224-9199 (desk)

May 16, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordray:

I am writing in regard to a recent study by the Pew Charitable Trusts concerning overdraft practices for debit card purchases and ATM withdrawals. Despite Federal Reserve's efforts to reform these practices, it appears that many consumers are still being directed unknowingly into overdraft programs that carry high fees.

The Federal Reserve issued a rule in May 2010, requiring banks to have their customers "opt-in" if they charge a penalty for overdraft protection. These penalties can be significant; in Pennsylvania the median penalty fee is $35 per overdraft.

According to the study by the Pew Charitable Trusts, the majority of those who overdrafted were not aware that they had opted into the coverage. The study also found that this protection is often unwanted; 75 percent of survey respondents indicated that they would prefer that a debit or ATM transaction be declined rather incurring an overdraft fee. Further, their research indicates that consumers are often confused by the terms and conditions banks use to describe their overdraft coverage. Different banks use different terms for their overdraft options the result of which is customers unwittingly signing up for overdraft protection that may involve a large fee.

While the overdraft protection plans offered by banks can serve as a valuable service, it is important that customers have a clear understanding of the plans they are signing up for. I urge the Consumer Financial Protection Bureau to examine these practices and establish a simple notification standard to inform consumers of the overdraft coverage provided with their accounts.

Thank you for your consideration of my views.

Sincerely,

Bob Casey, Jr.

Robert P. Casey, Jr.
United States Senator

United States Senate

May 17, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I write to respectfully ask that you consider conducting a study on the need for better access to capital by the Hispanic community and other underserved communities, as well as the availability of data related to Hispanic and minority business lending, and issue a report detailing your findings as soon as practicable. These conclusions could serve as a starting point to develop new policies across all financial regulators that would better serve the Hispanic business community, which has been struggling due to the deterioration of credit and financing opportunities. Given that Hispanics are now the largest minority group in the nation at more than 50 million, it is imperative that the capital access needs of the Hispanic business community be addressed.

Previously, in October 2011, I wrote to the Federal Reserve to ask them to conduct this study, and was informed that under Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the responsibility to collect small business data was explicitly given to the CFPB. I would appreciate an update on where the CFPB is in the process of implementing this provision, and I would encourage you to take into account the special needs within the Hispanic and other underserved communities to ensure that the system you setup provides the data needed to address their unique situations.
The CFPB should play an important role in ensuring that Hispanic communities are properly served by the financial services industry. Policies should help all users of our financial system, and Hispanics need to be taken into consideration when such policies are created and implemented. The financial crisis greatly exacerbated the growing disparities in wealth among whites and communities and color, which are due in part to the fact that people of color are frequently excluded from the financial mainstream. This is indeed a disservice to the economic prosperity of our nation.

In fact, from 2002-2007, Hispanic-owned firms have outpaced the growth of non-minority-owned firms in terms of gross receipts (58% Hispanic growth), employment (24% Hispanic growth), and number of firms (44% Hispanic growth). However, this growth is still a small dent in the overall small business market. In 2007, Hispanic-owned firms accounted for only $351 billion in gross receipts, whereas all minority-owned firms accounted for $1.0 trillion in gross receipts, and non-minority firms accounted for $9.8 trillion in gross receipts. According to the Minority Business Development Agency, had Hispanic firms' gross receipts reflected the 2007 adult population share at the time, receipts would have amounted to more than $1.4 trillion, approximately $1.1 trillion more than the actual figure of $351 billion. Clearly, these disparities should be corrected.

However, there is very little research available that can help us to better understand the disparities related to lending and equity for Hispanic firms and facilitate the creation of workable solutions, which is why this study is of such importance. Promising entrepreneurs cannot continue their growth without the right financing, and a financial system that does not offer capital and financing solutions for all creates an enormous vacuum and a loss of talent and job creation, which harms the economic development of our country.

Thank you for your kind attention to this important issue. I look forward to your response and welcome the opportunity to meet with you in the near future. Please do not hesitate to contact my staff or me if we can be of assistance or if you have any questions.

Sincerely,

Robert Menendez

ROBERT MENENDEZ
United States Senator

CC: Stuart Ishimaru, Director, OMWI

CHARLES E. SCHUMER
NEW YORK

BANKING
DEMOCRATIC POLICY & COMMUNICATIONS
FINANCE
JUDICIARY
RULES

United States Senate

WASHINGTON, DC 20510

May 18, 2012

Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordray:

As you know, the Flood Disaster Protection Act of 1973 requires property owners to purchase flood insurance for buildings located within a designated Special Flood Hazard Area when owners utilized Federal financial assistance to acquire the property.

While this statute makes clear the requirement to purchase flood insurance, the level of insurance coverage mortgage holders must possess to protect properties in flood zones is not. For example, the U.S. Department of Housing and Urban Development (HUD) provides flood insurance coverage guidance and technical assistance to property owners. This guidance states, "For loans, loan insurance or guarantees, the amount of flood insurance coverage need not exceed the outstanding principal balance of the loan." In other words, HUD is very clear that flood insurance coverage does not need to exceed the balance of one's mortgage. However, New Yorkers from Syracuse to Long Island have been told by their lenders that flood insurance must be purchased not just to cover the balance of the mortgage, but coverage must also be high enough to cover the cost to completely replace a home.

The discrepancy between flood insurance coverage levels as outlined by HUD's flood insurance coverage guidance and those coverage levels required by federal lenders is confusing and can be very costly. At this time, I ask that you investigate lender flood insurance practices and take action to ensure that consumers are not forced to purchase more flood insurance than is needed to repay the balance of a mortgage.

Thank you for your attention to this very important request. Please do not hesitate to contact me or my staff at 202-224-6542 should you have any questions.

Sincerely,

Charles Schumer

Charles E. Schumer

Consumer Financial
Protection Bureau

May 18, 2012

The Honorable Kay Bailey Hutchison
560 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Hutchison:

Enclosed is the Semiannual Report for the Office of Inspector General for the Consumer Financial Protection Bureau (CFPB or Bureau), as required under Section 5 of the Inspector General Act, as amended. This report covers the six-month period from October 1, 2011 through March 31, 2011.

During this period, the Office of Inspector General completed an audit of the CFPB's information security program, and initiated evaluations of the Bureau's Contract Solicitation and Selection Processes, the Bureau's Consumer Response Center, the Bureau's Annual Budget Process, and the Bureau's Controls over Sensitive and Proprietary Information Collected and Exchanged with the Financial Stability Oversight Council.

Should you have any questions concerning this report, please contact me at 202-435-7960 or at Lisa.Konwinski@cfpb.gov.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs
Consumer Financial Protection Bureau

cc: Office of Inspector General

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

May 24, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

On behalf of the Senate Committee on Banking, Housing and Urban Affairs, I am writing to confirm that you will testify before the Committee at our hearing entitled "Implementing Wall Street Reform: Enhancing Bank Supervision and Reducing Systemic Risk." The hearing is scheduled for Wednesday, June 6th, at 10:00 A.M., in Room 538 of the Dirksen Senate Office Building.

As the Committee continues its oversight of the implementation of the Wall Street Reform and Consumer Protection Act (the Act), we request that you provide an update on actions taken and rules proposed and finalized by the Consumer Financial Protection Bureau (CFPB) since your last appearance before the Committee in January. In particular, the Committee would like to hear about the CFPB's progress in carrying out its bank supervision responsibilities with respect to Title X of the Act. The Committee is also interested in hearing about the CFPB's contributions to the Financial Stability Oversight Council. Please comment on any other provisions in the Act that you believe enhance the supervision of banks, increase financial stability and protect consumers from systemic risk. The Committee would also like to hear from you how the Act has impacted your agency's regulation of community banks, especially when compared to the Act's requirements imposed on the largest U.S. financial firms. Please also detail efforts your agency has made to administer a bank examination process that is consistent and ensures the safety and soundness of all banks while encouraging prudent lending.

While the primary focus of this hearing will be about the implementation of the reforms to enhance bank supervision and reduce systemic risk, given the recent trading loss by JPMorgan Chase & Co. (JPMorgan), the Committee also requests as appropriate, you provide a summary of any efforts the CFPB is undertaking, either independently or in coordination with other regulators, to review this matter.

For purposes of the Committee Record and printing, your written statement must be submitted in electronic form by e-mail to laura_swanson@banking.senate.gov and dawn_ratliff@banking.senate.gov, or on a CDRW in WordPerfect (or other comparable program) format, double spaced. Also, two ORIGINAL copies of the statement must be included for the printers, along with 73 copies for the use of Committee members and staff. Your statement should be sent no later than 24 hours prior to the hearing. Your oral statement should be approximately 5 minutes in duration. Your full statement will be made part of the hearing record.

If you have any questions regarding the hearing, please contact Laura Swanson at (202) 224-1646.

Sincerely,

TIM JOHNSON
Chairman

Senator Tim Johnson
South Dakota
May 24, 2012

The Honorable Richard Cordray
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Richard:

I am writing to express my gratitude for your visit to South Dakota and for spending so much time with my constituents, consumer advocates and industry leaders.

Thank you as well for rolling out the next phase of the "Know Before You Owe" initiative and unveiling the Financial Aid Comparison Shopper website. These tools have certainly leveled the playing field for students and parents, and a perfect example of the great work being done at the Consumer Financial Protection Bureau (CFPB) under your leadership.

Your engaging discussions with advocates for consumers and seniors provided a valuable opportunity for them to learn about your work at the CFPB and your plans for future efforts to ensure consumers have the information they need to make smart choices. I also appreciate the time you took out of your busy schedule to hear from South Dakota bankers and credit union members and to answer their questions regarding the structure of the CFPB, the agency's plans for community banks, credit unions, large banks and non-depository competitors, and potential CFPB rulemakings. I hope you found the input from South Dakotans to be beneficial.

Thanks again for visiting the great state of South Dakota and for your devotion to public service. It is clear that you are passionate about the work you do, and I know that the public will be well-served by your dedication.

Sincerely,

Tim Johnson

TPJ/jbs

NOT PRINTED AT GOVERNMENT EXPENSE

June 5, 2012

Mr. Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

We write to request information on how the Bureau of Consumer Financial Protection ("CFPB") will address the problems with the CFPB's internal controls and accounting procedures identified by a recent Government Accountability Office (GAO) report.

On May 21, 2012, the GAO issued a report entitled "*Management Report: Opportunities for Improvement in the Bureau of Consumer Financial Protection's Internal Controls and Accounting Procedures*." In that report, the GAO describes the internal control and accounting procedure issues it identified during its audit of the CFPB's 2011 financial statements. The GAO lists seven issues that it believes warrant attention by the management of the CFPB, including the lack of fully documented and finalized accounting policies and procedures; an insufficient process for assessing the effectiveness of the CFPB's internal controls over financial reporting; and the absence of an agency-wide information security program. The GAO warns that "these issues increase the risk of the CFPB not preventing or promptly detecting and correcting (1) misappropriation of assets because of reliance on insufficient internal controls; (2) unauthorized access, modification, or both of its data; and (3) misstatements in its financial statements." The GAO also provides ten recommendations on how the CFPB should strengthen its internal controls and accounting procedures.

We believe the CFPB should promptly address the issues identified by the GAO. The CFPB will have unprecedented access to confidential data, including private, personally identifiable consumer information and commercially sensitive information. Accordingly, the CFPB needs to have the strongest possible information security systems in place to protect data provided to it by market participants and consumers. In addition, effective internal controls and accounting procedures guard against the misallocation of government resources.

Given the risks created by the issues identified by the GAO, we request that the CFPB provide us with a written plan to promptly remedy the problems with its internal controls and accounting procedures. The plan should describe in detail how the CFPB plans to address each issue identified by the GAO and specify when the CFPB expects each issue to be resolved. In addition, please indicate which of the GAO's recommendations the CFPB will implement and, for any recommendation that the CFPB will not implement, the reasons it has decided not to follow the GAO's recommendation.

Please provide the requested information no later than July 6, 2012. We appreciate your attention to this matter, and we look forward to your response.

Sincerely,

Senator Mike Johanns

Senator Richard C. Shelby

Senator Mike Crapo

Jerry Moran

Senator Jerry Moran

Senator David Vitter

United States Senate

June 6, 2012

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

Dear Mr. Cordray:

For many elderly veterans and their families, understanding, planning, and paying for long-term care has become a tremendous challenge. The Department of Veterans Affairs' (VA) pension program, which provides monthly benefits to eligible low-income wartime veterans and their surviving spouses, can help in meeting basic financial needs. Pension recipients may also be eligible for additional aid if they require assistance with activities of daily living. For eligible veterans and survivors, these benefits may allow them to receive necessary quality care in their own homes, assisted living facilities, or nursing homes.

Over the past several months, our offices have received a number of complaints from veterans and their family members about companies that may be inappropriately marketing and selling financial services and products to elderly veterans. We are deeply troubled because such practices may adversely impact eligibility for both VA and other Federal benefits, such as Medicaid. Often these financial services and products may involve substantial fees and may not be properly suited for elderly veterans. Further, some of these companies fail to offer accurate advice on other available benefits, often to the detriment of the veteran or survivor.

We have also encountered companies that grant veterans deferred payments on assisted living facility costs for either a certain time period or until receipt of VA pension benefits. However, because of the method by which VA computes pension eligibility, such practices may in fact negatively impact a veteran's eligibility for pension benefits. The Senate Committee on Veterans' Affairs has provided assistance to a number of veterans who found themselves facing eviction from assisted living facilities at the end of the deferral period because VA had not completed adjudication of their claim or they were ultimately found ineligible for pension benefits.

We believe the Consumer Financial Protection Bureau (CFPB) and specifically the Office for Older Americans and the Office of Servicemember Affairs are in a unique position to assist us in educating elderly veterans and family members and stopping improper practices that may be occurring. For this reason, we request that you investigate these practices to determine the feasibility of enforcement actions within CFPB's authority. We also request that you assist us in gathering information related to these companies and practices and the impact they are having on our nation's veterans. Finally, we ask that you work with us to better educate veterans, their families and veteran advocates about VA's pension program and the practices of certain companies.

The Committee on Veterans' Affairs and the Special Committee on Aging will continue to review these issues and work to ensure eligible veterans and survivors receive the benefits they have earned. We appreciate your attention to this request and look forward to your participation in serving our veterans and their families.

Sincerely,

Patty Murray
Chairman

Herb Kohl
Chairman

Jon Tester
Senator

Ron Wyden
Senator

Consumer Financial
Protection Bureau

June 6, 2012

The Honorable Richard Shelby
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Johanns
404 Russell Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jerry Moran
354 Russell Senate Office Building
Washington, DC 20510

The Honorable David Vitter
516 Hart Senate Office Building
Washington, DC 20510

Dear Senators:

Thank you for your letter about the Consumer Financial Protection Bureau's work with the Government Accountability Office (GAO). Attached please find the Bureau's May 10, 2012 response to GAO expressing appreciation for its cooperation during our first financial statement audit and concurring with the GAO's draft recommendations. Our response identified actions, policies, and procedures which the CFPB has been implementing on these issues.

We are proud that in our first year of preparing financial statements, we received an "unqualified" or "clean" opinion of those financial statements, and that the GAO found the CFPB's internal controls to be effective, with no material weaknesses or significant deficiencies. This is a significant accomplishment, because the CFPB did not even receive its authorities from transferor agencies until July 21, 2011, approximately two months before the end of the fiscal year.

The Bureau has found the GAO audit process especially helpful and important to our work. We are committed to continuing to work cooperatively with GAO to improve our performance and accountability, which we take very seriously. Please do not hesitate to contact me in the future if I can be of further assistance.

Sincerely,

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

Consumer Financial Protection Bureau

1700 G Street NW, Washington, DC 20552

May 10, 2012

Mr. Steven Sebastian
Managing Director
Financial Management and Assurance

Mr. Gregory C. Wilshusen
Director
Information Security Issues

U. S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Mr. Sebastian and Mr. Wilshusen,

We have received a copy of your draft *Management Report: Opportunities for Improvement in the Bureau of Consumer Financial Protection's Internal Controls and Accounting Procedures*, covering the Consumer Financial Protection Bureau's (CFPB) financial statement audit as of September 30, 2011. We appreciate the cooperation of the Government Accountability Office (GAO) during the CFPB's first annual financial statement audit, and we recognize very clearly how the work you are doing will improve our performance and accountability, which we take very seriously.

The CFPB is proud that in its first year of preparing financial statements, we received an "unqualified" or "clean" opinion of those financial statements and that the GAO noted that the CFPB's internal control was found to be effective, with no material weaknesses or significant deficiencies. This is a significant accomplishment, since the CFPB did not even become an independent executive agency until July 21, 2011, approximately two months before the end of the fiscal year.

The CFPB is committed to continuously improving its internal control environment as we continue to build out our staffing, structure, and processes. We concur with the draft recommendations from the GAO intended to improve management's oversight and controls as well as to minimize risk to the Bureau. The recommendations were made for issues identified or for potential risks as of September 30, 2011. Since the conclusion of the audit in November 2011, the CFPB has implemented, or is in the process of implementing, actions that address issues identified by the GAO audit, which are further detailed in the recommendations in the report. Such actions include developing and implementing policies and procedures, working with our service providers to ensure that their controls are complementary to those of the CFPB, monitoring the timely correction of identified errors, and implementing additional information security controls. We are glad to have the opportunity to work with you and to benefit from your expertise in addressing these issues.

As the CFPB continues to mature as an agency, so will our internal control environment. We are investing significant resources to enhance our internal control program, information security program, awareness throughout the Bureau, and collaboration with our service providers. The CFPB is dedicated to upholding our fiscal responsibilities and ensuring that proper management oversight and controls are implemented to minimize risk to the Bureau. We have found that the GAO audit process is especially helpful and important to our work in this area.

Thank you again for the opportunity to comment on the draft report and for the careful and conscientious work that you and your staff are doing with us.

Sincerely,

Richard Cordray

Richard Cordray
Director

Congress of the United States
Washington, DC 20515

June7, 2012

The Honorable Kathleen Tighe
Inspector General
U.S. Department of Education
Office of Inspector General
400 Maryland Avenue, SW
Washington, DC 20202

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Inspector General Tighe and Director Cordray:

The U.S. Public Interest Research Group (U.S. PIRG) Education Fund recently released the results of an investigation into the use of debit cards to disburse federal financial aid to students.[1] The report identified nearly 900 partnership agreements between colleges and financial institutions that offer debit cards for students to withdraw the balance of their student aid in excess of tuition and fees in order to purchase books or for other educational expenses. If managed and used appropriately, debit cards can be an effective way to disburse student aid. However, much to our concern, U.S. PIRG asserts that more than 9 million students across the country are at risk because these debit cards may come with high user fees, hidden transaction costs and insufficient consumer protections. Accordingly, we respectfully request that you carefully examine the full-range of bank-affiliated student debit card practices at participating schools and ask that you coordinate your work with each other as appropriate.

As you know, when eligible students are awarded federal aid in excess of tuition and fees, institutions are required to disburse these funds directly to students. Often, this disbursement takes the form of a check or a direct deposit into a student's existing bank account. However, as the U.S. PIRG report reveals, at an increasing number of institutions, these funds are deposited into newly-created debit card accounts that may not provide sufficient consumer protections to students. In addition, students may be automatically and unwittingly enrolled in a debit-card program and must affirmatively "opt-out" to receive payment by other means.

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[1] U.S. PIRG Education Fund, The Campus Debit Card Trap: Are Bank Partnerships Fair to Students? (May 2012).

The U.S. PIRG report identifies many troubling practices with campus-based debit cards. For example, the report highlights how debit card partnerships can deplete students' financial aid by charging numerous, opaque fees and subjecting students to aggressive and misleading marketing. As the total of student loan debt reaches the $1 trillion mark and students and their families struggle to repay the cost of a college education, they should not be burdened further by having to pay unnecessary, costly, and unknown bank fees.

Banks may, for example, charge students per-swipe fees to use foreign ATMs, make balance inquiries, or make PIN debit purchases. At some campuses, institutions may even enter into arrangements with one bank to handle financial aid disbursements and simultaneously hold an exclusive on-campus ATM agreement with another bank. In these instances, on-campus access for students to ATMs that hold their financial aid funds may not exist, which results in students paying unnecessary and burdensome fees.

Further, according to the report, students are also often pressured into registering for additional financial services, such as overdraft protection, that can incur additional, excessive fees. For many college students, the complex financial packages and fee structures offered by these debit cards may not be fully understood, resulting in a further loss of student aid dollars for educational expenses.

Students have also reported that ATMs often carry insufficient funds or are not accessible 24 hours a day, seven days a week, giving students no option but to use foreign ATMs, often resulting in charges averaging $5 per transaction. The U.S. PIRG report highlights one financial institution – Higher One – that serves 520 campuses nationwide, but has only about 600 ATMs in service. One student reported a line over 50 students long in the days after financial aid funds were disbursed to the cards.

We are also concerned by the close relationship between institutions and banks through co-branding of financial products. As we discovered in the 2007 investigation of prohibitive student lender practices, co-branding can mislead students to believe that their school has endorsed the banker and its products and creates, at a minimum, the appearance of a conflict of interest. On some campuses student ID cards also serve as their debit card with their financial aid disbursement accessed through their joint ID-debit card. These relationships give the appearance of institutional endorsement, and may result in students failing to appropriately assess the individual benefits of the card.

We have opened an inquiry into the use of bank-sponsored debit cards to disburse federal student aid. As part of your examinations, we ask that you determine the following and provide your results to our offices as soon as practicable.

1. How much the fees and penalties associated with campus-based debit cards cost a student, on average;

2. How much Title IV funding is devoted each year to fees and penalties associated with campus-based debit cards;
3. Whether a conflict of interest exists when schools enter into partnerships with a financial institution and default students into products from those institutions or fail to disclose the terms of the partnership to students;
4. Whether students are sufficiently aware of all features of the financial products they are offered by their campuses and are given sufficient opportunity to opt-out of them;
5. Whether campus-based debit cards provide adequate consumer protections to students;
6. Whether the fees and penalties associated with these debit cards violate any federal statutory or regulatory requirements;
7. Whether the Department of Education is adequately ensuring that partnership agreements between schools and financial institutions comply with federal law;
8. Whether the contractual agreements between schools and financial institutions violate the privacy rights of students; and
9. To the extent applicable, whether the Department of Education is appropriately pursuing enforcement action.

We appreciate your attention to this matter and ask that you keep us apprised of your efforts. Please contact me directly or direct your staff to contact Kate Ahlgren (202-225-3725) of Congressman Miller's staff and Joanna Serra (202-224-2152) of Senator Durbin's staff.

Sincerely,

George Miller

GEORGE MILLER
Senior Democratic Member
Committee on Education and the Workforce
United States House of Representatives

Dick Durbin

RICHARD J. DURBIN
United States Senator
Assistant Majority Leader

Consumer Financial
Protection Bureau

June 7, 2012

The Honorable Robert Menendez
528 Hart Senate Office Building
Washington, DC 20510

Dear Senator Menendez,

Thank you for your letter about the credit access needs of the Hispanic community. We agree that the Consumer Financial Protection Bureau (CFPB or Bureau) has an important role to play in helping to ensure better access to capital in Hispanic and other underserved communities.

As you noted, Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended the Equal Credit Opportunity Act to require financial institutions to collect and report to the Bureau data on lending to small, minority- and women-owned businesses. The purpose of this new requirement is to facilitate enforcement of fair lending laws and enable communities, governmental entities, and creditors to identify business and community development needs and opportunities for women-owned, minority-owned, and small businesses. The Bureau was directed to prescribe rules and guidance as necessary to carry out, enforce, and compile data pursuant to that section.

We agree that currently-available information may be insufficient to understand the extent and sources of any disparities in access to small business credit, and want to ensure that the data-collection regime created pursuant to Section 1071 effectively fills these gaps. Accordingly, we have begun the planning process to promulgate a rule to address small business loan data collection and reporting. We are currently gathering information from stakeholders to better understand the market for small business credit and determine what data are available and how best to collect them. In addition, we have been in touch with a number of governmental stakeholders interested in this issue, including the Department of Justice, the Small Business Administration, and the Board of Governors.

Please be assured that the Bureau is committed to effective implementation of Section 1071 and that we are working to improve access to capital in Hispanic and other underserved communities. As our work progresses, I will be happy to provide additional updates, so please do not hesitate to contact me again.

Sincerely,

Richard Cordray

Richard Cordray
Director

Consumer Financial
Protection Bureau

June 7, 2012

The Honorable Charles Schumer
322 Hart Senate Office Building
Washington, DC 20510

Dear Senator Schumer,

Thank you for your letter about lender flood insurance practices.

The Consumer Financial Protection Bureau (CFPB or Bureau) has begun examining mortgage servicers and originators. As part of that process we are reviewing a number of practices in connection with flood insurance coverage, including whether:

- servicers or their affiliates impose mark-ups on any third-party fees or insurance products without performing administrative work, quality control, or providing other services consistent with the mark-up;

- customers incur penalties or unnecessary charges in the event servicers fail to make disbursements of escrow funds for insurance, taxes, and other charges with respect to the property in a timely manner;

- servicers have adequate procedures to ensure customers are not improperly assessed for force-placed insurance, including procedures for notifying customers that servicers need evidence of insurance coverage;

- customers are provided with relevant information about force-placed insurance in a timely, accurate, and understandable manner (including a review of servicers' practices when borrowers fail to respond to such notices);

- servicers cancel force-placed insurance when customers provide adequate evidence of existing and sufficient insurance coverage;

- servicers refund insurance premiums and related fees assessed for force-placed insurance coverage that ran concurrent with customers' existing insurance coverage; and

- servicers or affiliates impose mark-ups or receive commissions or other payments related to any force-placed insurance products.

In looking at the Federal Reserve's Regulation H, HUD's requirements, the requirements of Fannie Mae's Uniform New York Mortgage Note, and other standards, there are a variety of different approaches to the issue of coverage levels. One of the potential risks of insuring only to the loan amount is that in the event of a flood, the borrower's equity may not be protected and the borrower could be at risk of major loss.

On April 9, 2012, the CFPB detailed proposals under consideration for our mortgage servicing rulemaking. These proposed rules, if finalized, would provide certain protections and more information for consumers before their mortgage servicers are permitted to charge them for private flood insurance. In addition, the proposals under consideration would allow borrowers to purchase necessary insurance on their own, likely at a lower cost than insurance purchased by the mortgage servicer.

In the meantime, we will continue to address and resolve mortgage complaints related to flood insurance that are filed with the CFPB through our Consumer Response team.

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

Sincerely,

Richard Cordray
Director

Consumer Financial
Protection Bureau

June 11, 2012

The Honorable Robert Casey
393 Russell Senate Office Building
Washington, DC 20510

Dear Senator Casey,

Thank you for your letter about overdraft practices for debit card transactions and ATM withdrawals. As you may know, in February, the Consumer Financial Protection Bureau (CFPB or Bureau) launched an inquiry to better understand banks' overdraft practices. We issued a Request for Information (RFI) in the Federal Register seeking broad industry and consumer input about how overdraft coverage programs are impacting consumers. At the request of many market participants, the comment period for this RFI, originally set to expire on April 30, 2012, has been extended to June 29, 2012.

Separately, the CFPB has initiated a review of overdraft practices by a number of large banks that are subject to our supervision. This examination will include a review of transaction data from participating institutions on tens of thousands of consumers, to assess the impact of various institutional policies and practices on consumers, such as the order in which banks post transactions, the frequency with which consumers incur overdraft coverage fees, and the value they receive for them. It will also cover current disclosure and marketing practices used to inform consumers on the choice of whether to opt in to overdraft coverage of ATM and debit card transactions.

The Pew Charitable Trusts have been an early advocate for more transparency in the provision of checking accounts generally and of overdraft coverage services in particular. We agree that consumers would benefit from more standardized terminology to describe overdraft programs and from clearer disclosures related to their choice as to whether to opt in to overdraft coverage of ATM and debit card transactions. We plan to identify and encourage banks to adopt best practices (for example, mobile text alerts that let consumers know when their balances are low and they are in danger of overdrawing their account) that will help consumers who maintain low bank balances avoid overdrafts as much as possible. Supervision, enforcement, guidance, and rulemaking are additional tools that may help to provide clear rules of the road with respect to overdraft policies, practices, and marketing.

We expect the results of our RFI and our in-depth study of overdraft practices to be completed this year, at which time we will determine how best to proceed. We also plan to launch tests of disclosure and educational programs to identify those that are most effective in helping cash-strapped consumers avoid overdraft fees.

I very much appreciate your sharing your views on this issue. It is gratifying that you are taking such interest in our work and in the financial well-being of your constituents and American consumers. Please feel free to contact me on this or other issues in the future.

Sincerely,

Richard Cordray
Director

Consumer Financial
Protection Bureau

June 19, 2012

The Honorable Daniel Akaka
U.S. Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia
601 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Akaka:

I am writing in response to your recent questions for the Assistant Director of the Consumer Financial Protection Bureau, Camille Busette, following her appearance before your Subcommittee on April 26, 2012. Enclosed, please find Dr. Busette's responses to your questions. Please contact me at 202-435-7960 if you have any questions.

Sincerely,

Erika Moritsugu
Deputy Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 19, 2012

The Honorable Ronald Johnson
U.S. Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia
601 Hart Senate Office Building
Washington, DC 20510

Dear Ranking Member Johnson:

I am writing in response to your recent questions for the Assistant Director of the Consumer Financial Protection Bureau, Camille Busette, following her appearance before your Subcommittee on April 26, 2012. Enclosed, please find Dr. Busette's responses to your questions. Please contact me at 202-435-7960 if you have any questions.

Sincerely,

Erika Moritsugu
Deputy Assistant Director for Legislative Affairs

June 20, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordray:

Thank you for your prompt response to my letter regarding overdraft practices at our Nation's banks. I am pleased to hear that the Consumer Financial Protection Bureau (CFPB) is undertaking an extensive review of the effect of banking policies on consumers.

As you mentioned in your letter, the Pew Charitable Trusts has done significant research in this area. One notable finding from its June 2012 study is how difficult it is for consumers to understand banks' terms and fees. Terms are often presented in lengthy documents, which can be hard to understand. The current presentation makes it difficult to compare accounts offered by competing institutions. Pew's examination of the terms and conditions for checking accounts at the 12 largest banks in the United States found that the median length of these disclosures is 69 pages.

Some banks, including several in Pennsylvania, are working to create a simplified disclosure to present consumers with important information in a less complicated format. As you complete your review, I encourage the CFPB to work with financial institutions to develop a standardized disclosure that could be used by all United States' depository institutions to communicate their terms and conditions to consumers. Such a form would describe fees and policies for checking accounts in a concise, easy-to-understand fashion, allowing consumers to compare the policies offered by different banks.

Transparency is essential to ensuring that consumers have the information they need to make important financial decisions that affect themselves and their families. I look forward to working with you to ensure that Americans can make informed decisions about checking accounts and other financial services.

Thank you for your attention to this request.

Sincerely,

Bob Casey, Jr.

Robert P. Casey, Jr.
United States Senator

Consumer Financial
Protection Bureau

June 20, 2012

The Honorable Richard Durbin
711 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable George Miller
2205 Rayburn House Office Bldg.
Washington, DC 20515

Dear Senator Durbin & Representative Miller:

Thank you for your recent letter about the market for debit cards and deposit accounts on college campuses. The Consumer Financial Protection Bureau shares your commitment to protecting consumers and to helping students across this country avoid excessive fees that can lead to further indebtedness.

Unfortunately, there is a history of questionable marketing practices for financial products on college campuses. While Congress provided new protections and sunshine provisions on preferred lender arrangements in the student loan market (in the Higher Education Opportunity Act) and on credit card marketing agreements (in the CARD Act), similar specific guidelines do not yet exist for deposit accounts with debit cards.

In February, our staff raised the issues of financial aid disbursement cards and other student banking products in briefings with each of your offices, and we continue to closely monitor these markets. We have also been working with the Federal Deposit Insurance Corporation and other agencies on our shared efforts to ensure compliance in this market. We have also been developing consumer information materials to help students better understand their choices and rights.

Since many of these concerns relate to disbursement of federal financial aid funds under Title IV of the Higher Education Act, we have also been collaborating with the Department of Education staff over the last several months. They have published a notice indicating that they plan to consider this issue in their upcoming negotiated rulemaking process, and we will continue to provide expertise and assistance to further our shared goal of protecting student consumers.

Thank you again for your letter. I welcome the opportunity to work with you on these issues.

Sincerely,

Richard Cordray

Richard Cordray
Director

Senator Tim Johnson
South Dakota

June 22, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

After your visit to South Dakota, I wanted to share an article with you that was published in the *Argus Leader*, the largest newspaper in South Dakota. As you know, I am very supportive of the Consumer Financial Protection Bureau's (CFPB) "Know Before You Owe" initiatives and was appreciative that you chose to unveil the Financial Aid Comparison Shopper website during your visit. I believe this program can serve as a great resource for parents and students and showcases the wonderful work being done at the CFPB. For that reason, I wanted to make sure you were aware of the reported problems associated with the Department of Education's cost-comparison tool.

Sincerely,

Tim

Tim Johnson

Enclosure

TPJ/jbs

June 18, 2012

S.D. by the Numbers: Comparing college costs is a chore

Josh Verges

If you're trying to figure out what college is going to cost next year, a federally mandated cost-comparison tool might not be as helpful as you would expect.

The government last October started requiring all colleges and universities to put a "net price calculator" on their websites. It projects what a student can expect to pay for tuition and fees, room and board, books and supplies, and transportation and various personal expenses, and what they can expect to receive in grants and scholarships.

The bottom line purports to estimate the actual cost of one year of college. One of the problems is that while some area schools, such as the University of Sioux Falls and the University of South Dakota, show 2012-13 data, the figures for Northern State University and Southeast Technical Institute are from 2009-10.

Another problem is it can be difficult to find the calculators in the first place. The government's college cost portal — collegecost.ed.gov/netpricecenter.aspx — provides links to each institution's calculator.

But the link is broken for Northern State University; the University of Nebraska's calculator doesn't work; and the links for three South Dakota regental schools — the School of Mines and Technology, Dakota State and South Dakota State — send you to their sites but not directly to the calculators.

The School of Mines calculator is on their site but uses 2010-11 data, even though 2012-13 information is available on a different page.

When you do find the cost calculators, don't count on getting complete information. Some schools are conservative in their grant estimates and some are not. And the calculators might not show all the available aid at a particular school.

If, after all this, you insist on comparison shopping, the most recent figures the federal government provides are from 2009-10, and you have to look hard to find them (or see a spreadsheet at argusleader.com).

Among a dozen of the most popular college choices for Sioux Falls School District graduates, the University of Sioux Falls was the most expensive in 2009-10, with a net price of $18,516, followed by Augustana at $17,611.

Of those 12, the cheapest that year were Minnesota State-Mankato at $10,215 and Southeast Tech at $7,981.

Additional Facts

The cost of college

Net cost of one year of college in 2009-10, selected schools
USF $18,516
Augustana $17,611
University of Minnesota $14,990

United States Senate
WASHINGTON, DC 20510-3903

June 26, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

The Honorable Jon D. Leibowitz
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

Dear Director Cordray and Chairman Leibowitz:

I write regarding an article in today's *Wall Street Journal* that reported on an advertising strategy being used by online travel agencies.

The article described a practice that some online travel agencies are apparently using to direct consumers to different search results based on whether they are using Mac or PC computers, including directing Mac users to costlier travel options. This practice could put some consumers who are looking for travel deals at a disadvantage, while also raising broader concerns about the use of consumer data for marketing purposes. As such, I respectfully request your responses to the following questions:

1. Are such advertising strategies compliant with current regulations regarding fair marketing practices?
2. Are there any steps the Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission (FTC) have taken or can take to ensure that consumers are not being disadvantaged by such practices?
3. What are your agencies doing to ensure that consumer information that is collected online, including information about a user's computing platform, is being used appropriately?

I appreciate the work that both the CFPB and FTC have undertaken to ensure that consumers are treated fairly in the marketplace. Thank you for your attention to this matter, and I look forward to your response.

Sincerely,

Jack Reed
United States Senator

SHERROD BROWN

United States Senate

June 27, 2012

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

Dear Director Cordray:

As you know, our nation's seniors are preyed upon by fraudsters who seek to deceive and rob them of their life savings. Despite your agency's efforts, our senior citizens remain vulnerable to financial fraud. In particular, I am concerned about a recent incident in Southwest Ohio.

According to a series of reports in *The Dayton Daily News*, a massive telemarketing fraud scheme targeted thousands of older investors across 41 states. The scammers – which based their operations in Ohio contacted seniors with inexpensive land holdings and claimed that their business would sell their land to developers for a fee. Despite the fact that these properties were often appraised at less than $2,000, the suspects told their victims that their land could be sold for prices of up to $100,000. Victims who fell for the scheme sometimes paid up to $16,000 in fees for these services, which were in fact fraudulent.

While most telemarketing efforts are legitimate, just one scam such as the one described above – can devastate the financial future of many of our nation's senior citizens. Because criminals see seniors as ripe targets for financial fraud, we must build on past efforts to protect them from abuse. That is why the Wall Street Reform and Consumer Protection Act established the Office of Financial Protection for Older Americans within the Consumer Financial Protection Bureau (CFPB), which you now manage.

Among other responsibilities, the Office for Older Americans has been charged with developing goals for programs that provide seniors financial literacy and counseling; coordinating consumer protection efforts between federal and state agencies; and working with community organizations and non-profits involved in financial education or assisting seniors. Although the CFPB is still taking shape, I urge the Office for Older Americans to swiftly develop policies and procedures to ensure that more seniors do not fall victim to another scam.

In November 2011, I chaired a Senate Banking Subcommittee on Financial Institutions and Consumer Protection hearing entitled "Financial Security Issues Facing Older Americans." As a witness, Assistant Director Hubert Humphrey III of the Office for Older Americans described how his division is focused on "ensuring seniors have the financial information they need to make sound financial decisions" and how it would emphasize "helping seniors identify and avoid unfair, deceptive, and abusive practices targeted at them." He also mentioned how the Office for

Older Americans was hiring a highly experienced and competent staff and that the division's work and planning was "underway." I would like to discuss the status of these operations, as well as hold joint-events on consumer financial protection for Ohio seniors.

A partnership between lawmakers, federal regulators, and the private sector is essential to protecting the finances of seniors. In April, I hosted eight financial literacy seminars with the Federal Trade Commission as part of Financial Literacy Month. These events focused on common-sense strategies that informed seniors on how to hold onto their money and avoid scams. The forums explained how seniors could recognize and prevent fraud; highlighted frequently-used fraud schemes; and outlined what can be done if someone has become a victim of fraud.

At a time when an increasing number of seniors are struggling to make ends meet, it is imperative that the CFPB provides older citizens with the tools to protect themselves from financial harm. Consumers and regulators must remain vigilant of financial predators at all times. However, one recent incident from my home state serves as a stark reminder of how the CFPB must continue working to protect the savings that retirees have worked a lifetime to earn.

I look forward to continuing to work with you to strengthen consumer protections and educate seniors on how to keep their nest egg safe and secure.

Thank you for your consideration of this matter. I look forward to your response.

Sincerely,

Sherrod Brown

Sherrod Brown
United States Senator

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Bob Corker
Ranking Member
U.S. Senate Special Committee on Aging
628 Hart Senate Office Building
Washington, DC 20510

Dear Senator Corker:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

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

Dear Senator Hutchison:

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Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

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

Dear Senator Johnson:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Herb Kohl
Chairman
U.S. Senate Special Committee on Aging
G31 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Kohl:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230, United States Capitol
Washington, DC 20510

Dear Senator McConnell:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-212, United States Capitol
Washington, DC 20510

Dear Senator Reid:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

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

Dear Senator Rockefeller:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

June 27, 2012

The Honorable Richard Shelby
Ranking Member
U.S. Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Shelby:

I am pleased to present the Consumer Financial Protection Bureau's Report to Congress on Reverse Mortgages, pursuant to Section 1076 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

United States Senate

July 5, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordray:

Thank you for testifying before the Committee on Banking, Housing, and Urban Affairs at our hearing on June 6, 2012 entitled '*Implementing Wall Street Reform: Enhancing Bank Supervision and Reducing Systemic Risk.*' 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

"Implementing Wall Street Reform: Enhancing Bank Supervision and Reducing Systemic Risk" June 6, 2012

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

As you are aware, the Dodd-Frank legislation included a provision requiring the Consumer Financial Protection Bureau (CFPB) to convene a Small Business Regulatory Enforcement Fairness Act (SBREFA) panel before promulgating regulations that are believed to have a significant economic impact on a substantial number of small entities. While I understand it is your position that the Qualified Mortgage rule does not legally necessitate a SBREFA panel because the Federal Reserve originally proposed the rule rather than the CFPB, there is nothing legally preventing the CFPB from convening such a panel.

In my opinion, convening a SBREFA panel for the Qualified Mortgage rule may help alleviate some the serious concerns that the small business community has raised regarding this rule. In your testimony you explained that convening a SBREFA panel would not be possible for Qualified Mortgage rule because there is not enough time to finish the panel process before the statutory deadline at the end of this year.

I appreciate the fact that properly conducting the SBREFA Panel process can take several months to complete, but I am fearful that your rationale could set an unfortunate precedent for future CFPB avoidance of small business review panels. As such, I have the following questions:

- Do you believe the Qualified Mortgage rule will have a have a significant economic impact on a substantial number of small business entities?
- Which small business entities face a significant economic impact as a result of the Qualified Mortgage rule, and why?
- To date, the CFPB has already conducted a number of SBREFA panels for other rulemakings. For those panels, how long did the process take from the date of the CFPB determination that a SBREFA panel was necessary to completion of the process and what aspects of the process have you found most time consuming?
- Are there any upcoming CFPB rules that you believe may have a significant economic impact on a substantial number of small entities for which a SBREFA panel will not be convened?

Finally, in the spring of 2012 the CFPB convened a SBREFA panel to understand the impacts on small businesses from the streamlining of the TILA/RESPA disclosures as required by Dodd-Frank sections 1032(f) and 1098. The Small Business Regulatory Enforcement and Fairness Act requires that a panel report be completed within 60 days after convening such a panel. This period has now passed. However, it is my understanding that the CFPB does not plan on releasing the panel report to the public until the publication of the proposed rule.

- Was the panel report for the TILA/RESPA SBREFA Panel completed within the 60-day period?

If so. what is the rationale behind keeping the report confidential rather than immediately making it available to the public?

Consumer Financial
Protection Bureau

July 6, 2012

The Honorable Richard Shelby
304 Russell Senate Office Building
Washington, DC 20510

The Honorable Mike Johanns
404 Russell Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jerry Moran
354 Russell Senate Office Building
Washington, DC 20510

The Honorable David Vitter
516 Hart Senate Office Building
Washington, DC 20510

Dear Senators:

Thank you for your May 5, 2012 letter about the Consumer Financial Protection Bureau's work with the Government Accountability Office (GAO). The CFPB provided you with an interim response on May 6, 2012. Please find enclosed a copy of our response to the GAO's "Management Report: Opportunities for improvement in the Bureau of Consumer Financial Protection's Internal Controls and Accounting Procedures."

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Enclosures

United States Senate

July 11, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, DC 20552

Dear Director Cordray,

I appreciate the opportunity to provide my views regarding the Consumer Financial Protection Bureau's (CFPB) ongoing work to implement Sections 1411, 1412, and 1414 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This rulemaking is an important step toward carrying out provisions in the Dodd-Frank Act that call for significant reforms to our nation's mortgage credit and lending system to ensure that potential borrowers demonstrate an "ability to pay" before being approved for a mortgage loan. This new framework is a critical to ensure that we come out of the recent banking crisis with a stronger and safer housing finance system.

As you are aware, on July 21, 2011, the CFPB took over rulemaking authority in this area from the Federal Reserve Board. As proposed by the Federal Reserve, a qualified mortgage (QM), for the purposes of establishing compliance with the ability to pay standard, would exclude loans with certain non-standard features such as negative amortization, terms exceeding 30 years, interest-only payments, and balloon payments. Mortgages issued that do not comply with the QM guidelines would expose lenders to potential legal liability should borrowers default on their loan. For this reason, many observers believe that once the new rule is issued, very few new mortgages will be issued that do not comply with the qualified mortgage standard.

Balloon payment exemption for rural areas

In drafting these provisions of the Dodd-Frank Act, Congress properly protected certain non-standard mortgage features in order to ensure the availability of credit in instances where standard mortgages are unavailable. Specifically, there is a targeted exemption that allows balloon payment mortgages to be classified as a qualified mortgage if they are issued in "predominantly rural or underserved areas." This exemption exists largely because balloon payments are commonly used by many community banks in rural areas, and there are sometimes few alternatives available. Home sales in rural areas can be onerous, particularly because assessing the value of rural homes can be difficult given that few comparable loans may exist. Government sponsored entities (GSE,) such as Fannie Mae and Freddie Mac, and private securitizers are less inclined to buy these illiquid mortgages. Thus, community banks frequently fund the mortgages themselves and hold them in their portfolios.

In order to be comfortable holding mortgages with illiquid properties in their portfolios, community banks have traditionally avoided issuing standard 30-year, fixed rate mortgages, and instead issue adjustable rate mortgages or mortgages that mature earlier or need to be refinanced every 5, 7, or 10 years. Balloon payment loans are one way for community banks to provide credit in rural areas while mitigating interest rate funding risk without having to engage in the hedging activities often used by large banks.

I am concerned that without an appropriate balloon payment exemption, mortgage lending could become very restricted in rural areas. Large banks and GSEs that rely upon computerized, algorithmic underwriting procedures are unlikely to fill the void if community banks stop lending in rural markets because the transaction costs are simply too high compared to urban markets. As a result, ensuring that community banks are able to continue to make these loans safely is of critical importance.

Impact of proposed definition of "rural" on Iowa mortgage market

Specifically, I am concerned that the current definition of "rural" as proposed by the Federal Reserve Board is overly restrictive in its effect. As the former chairman of the Senate Agriculture Committee, I played a major role in the passage of the 2002 and 2007 farm bills. As part of the process of drafting those bills, there was considerable deliberation about how to define "rural" for purposes of USDA rural development and housing programs. This process provided me with considerable insight into how to develop a rural definition appropriate for regulatory and programmatic use. With this in mind, I have reviewed the Fed's proposed definition of rural in the QM Rule and found it to be in need of further consideration. Under this framework, many communities that are truly rural in character would not qualify for the exemption despite a real need for added flexibility. As such, I believe that a broader definition would be more appropriate than the current formulation.

When the Federal Reserve initially drafted this portion of the rule, it utilized USDA's Urban Influence (UI) Codes to classify entire counties as rural or non-rural. Developed in the 1970s for the purpose of undertaking academic studies, the UI Codes were never designed to serve as a regulatory or programmatic mechanism. One major shortcoming of this approach is that it treats individual counties as monoliths. The practical impact of this framework, for example, is that two towns of similar population size and demographic character could be treated differently under this rule simply because one of the towns happens to be located in a county adjacent to a county with a larger town or city.

My experience is that defining rural simply by county boundary does not make sense and it leads to disparate treatment of similar communities. Not surprisingly, an initial evaluation of the impact of the classification system on Iowa shows that some of the most sparsely populated areas of the state would not be labeled as "rural" simply because of the way county boundary lines were drawn. In addition, under this definition, just 16 of Iowa's 99 counties qualify for the balloon payment mortgage exemption.

I believe that there are reasonable alternative frameworks that could be used to more accurately distinguish rural from urban. One possibility would be to use the USDA's definition used for the Section 502 rural housing program. The Section 502 "rural" criteria are balanced and take a more nuanced approach to evaluating any locale's rurality. Furthermore, the software for determining whether a house is in an eligible area has already been developed, making application of the criteria relatively simple and straightforward. If the Bureau believes that such a definition is too broad, it could be narrowed in some ways. For example, one could exclude the urbanized areas around micropolitan areas, called the urban cluster.

I recognize the complex nature of this rulemaking process, and I commend the CFPB for the deliberative and open process it has undertaken to ensure that the final rule strikes an appropriate balance that protects borrowers and lenders from unnecessary risks while ensuring that eligible consumers are able to access mortgage loans. Homeownership is an integral part of the American experience and any person who can afford to buy a home should have that opportunity, regardless of where they reside.

Thank you for the opportunity to comment on this important rulemaking. I look forward to continuing working cooperatively and constructively with you in the future.

Sincerely,

Tom Harkin
United States Senator

July 12, 2012

Dear Secretary Geithner and Members of the Financial Stability Oversight Council:

We are troubled that several of the world's largest financial institutions, including several based in the United States, may be involved in an effort to purposely misstate the London Inter-Bank Offered Rate (LIBOR), a key interest rate used in as much as $800 trillion worth of financial instruments. LIBOR is used as a basis for interest rates from mortgages to complex derivatives that impact millions of American families and businesses. It is also used by regulators and the markets to help evaluate the financial strength of our banks.

At its most basic level, manipulating LIBOR by submitting inaccurate numbers might help these financial institutions:

- improve the value of their own trading positions that are linked to LIBOR;
- improve market participants' and regulators' perceptions of their soundness, and lower their borrowing costs; and
- move the rate while they are also allowed to bet on its direction.

But this can, and likely did, hurt millions of American families, businesses, and municipalities.

In settlements with the Commodity Futures Trading Commission and the Department of Justice, one bank admitted and accepted responsibility for its misconduct in manipulating LIBOR. But, much more needs to be done. We urge you to direct your staff to thoroughly investigate the banks and the process involved in setting LIBOR for any wrongdoing. Banks and their employees found to have broken the law should face appropriate criminal prosecution and civil action.

We are similarly troubled by allegations that U.S. and foreign bank regulators may have been aware of this wrongdoing for years. Just like the banks and executives they oversee, regulators who were involved should be held to account for any failures to stop wrongdoing that they knew, or should have known about.

Finally, we further urge you to direct your staff to assess the current LIBOR process, to detail areas where abuse has or could occur, and to outline proposals that will restore the market's confidence.

Restoring integrity to our financial system is critical to restoring confidence in our economy. This scandal calls into further question the integrity of many Wall Street banks and whether our prosecutors and regulators are up to the task of regulating them. We urge you to help restore some of that confidence by conducting prompt and thorough investigations, evaluating the facts, taking appropriate actions against any wrongdoers, and fixing this process so that breaches of confidence like this do not happen again.

Sincerely,

Consumer Financial
Protection Bureau

July 18, 2012

The Honorable Patty Murray
Chairman
Committee on Veterans Affairs
412 Russell Senate Office Building
Washington, DC 20510

The Honorable Herb Kohl
Chairman
Special Committee on Aging
G31 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
221 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jon Tester
724 Hart Senate Office Building
Washington, DC 20510

Dear Senators:

Thank you for your letter on companies that may be inappropriately marketing and selling financial services and products to elderly veterans. All consumers, particularly our veterans and their families, deserve a transparent and fair marketplace in which they can make informed financial choices.

The Consumer Financial Protection Bureau (CFPB) is aware of financial schemes in the marketplace aimed at our older veterans by unscrupulous vendors. The CFPB has learned through complaints to our Office of Servicemember Affairs that there are active marketing efforts to ensnare our veterans in schemes that may affect their eligibility for federal benefits and may leave their own assets out of reach. Our Assistant Director for Servicemember Affairs, Holly Petraeus, has heard directly from veterans about these pernicious scams. In her travels across the country – and to Montana, Nevada, Illinois, and Tennessee in particular – she repeatedly heard about schemes harming veterans and their families, often devastating a lifetime of careful saving.

Furthermore, the CFPB, through the Office for the Financial Protection of Older Americans, headed by Hubert "Skip" Humphrey, has recently published a Request for Information in the Federal Register. This request seeks comments from the public regarding financial exploitation of older Americans generally, and specifically asks the public for information on fraudulent or deceptive practices that target older veterans and/or military retirees.

The Request for Information provides two specific examples of frauds that target older veterans of the Armed Services. First, it describes the VA Aid and Attendance fraud, whereby veterans are advised to transfer retirement funds into irrevocable trusts that may then cause them to lose access to the funds and also become ineligible for Medicaid benefits. Second, it describes military pension buyout schemes, in which veterans are offered cash payments in return for their military pension payouts in a manner that could ultimately deprive them of the majority of their pensions. The notice is open for comments until August 20, 2012:

https://www.federalregister.gov/articles/2012/06/19/2012-14854/request-for-information-regarding-senior-financial-exploitation .

Our Office of Servicemember Affairs and Office for the Financial Protection of Older Americans are working with our Enforcement Division to collect information and complaints about these schemes and to evaluate appropriate actions the Bureau may take in response. We will also make referrals to our colleagues at the Department of Veterans Affairs and the Department of Justice, to the extent that those agencies or others have authority to act on the information we acquire.

We look forward to working collaboratively to provide clear financial education for our veterans and their families and caregivers, and to inform them about the financial consequences of these schemes. Thank you for your work toward educating and protecting veterans and their families.

Sincerely,

We are grateful for your interest in our work—
Rich

Richard Cordray
Director

Consumer Financial
Protection Bureau

July 20, 2012

United States Congress
Washington, D.C.

Dear Member of Congress:

We are pleased to transmit the attached report on private student loans as required by Section 1077 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

If you or your staff has any questions please contact: Gabriella Gomez in the Office of Congressional and Legislative Affairs at the Department of Education at 202-401-0020 or Lisa Konwinski in the Office of Legislative Affairs at the CFPB at 202-435-7960.

Thank you,

Gabriella Gomez, Assistant Secretary
Office of Congressional and Legislative Affairs
Department of Education

Lisa M Konwinski

Lisa Konwinski, Assistant Director
Office of Legislative Affairs
Consumer Financial Protection Bureau

Consumer Financial
Protection Bureau

July 20, 2012

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

Dear Senator Hutchison:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

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

Dear Senator Johnson:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230, United States Capitol
Washington, DC 20510

Dear Senator McConnell:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-212, United States Capitol
Washington, DC 20510

Dear Senator Reid:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

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

Dear Senator Rockefeller:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 20, 2012

The Honorable Richard Shelby
Ranking Member
U.S. Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Shelby:

I am pleased to present the Consumer Financial Protection Bureau's Report Pursuant to Section 1079 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 24, 2012

The Honorable Tom Harkin
731 Hart Senate Office Building
Washington, DC 20510

Dear Senator Harkin,

Thank you for your letter about the Consumer Financial Protection Bureau's (CFPB) ongoing rulemaking to implement Sections 1411, 1412, and 1414 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). As you are aware, the Dodd-Frank Act amended the Truth in Lending Act (TILA) to require that creditors make a reasonable and good faith determination of the consumer's ability to repay a mortgage loan. Under the Dodd-Frank Act, a creditor may presume a loan has met the ability to repay requirements if it originates a "qualified mortgage." The CFPB is in the process of finalizing a proposal to implement these provisions of the Dodd-Frank Act (Ability to Repay Proposal) that the Board of Governors of the Federal Reserve System (Board) issued in May 2011.[1]

The Dodd-Frank Act generally prohibits a "qualified mortgage" from having a balloon payment feature. However, as you note, the CFPB may, by regulation, provide that a "qualified mortgage" can include a loan with a balloon payment if certain criteria are met, such as if the creditor operates predominately in rural and underserved areas.[2] You expressed concern that without an appropriate balloon payment exemption, mortgage lending could become very restricted in rural areas, and requested that the CFPB consider a broader definition of "rural" than the Board proposed. In addition, you raised potential issues with using the USDA's Urban Influence Codes to classify counties as rural, and suggested alternative frameworks such as the criteria used in the USDA's definition of rural under the Section 502 rural housing program.

I appreciate your input on this aspect of the proposal and recognize the importance of the statutory provision addressing balloon payments for certain qualified mortgages. According to the Board's Ability to Repay Proposal,

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[1] 76 FR 27390 (May 11, 2011).
[2] *See* TILA section 129C(b)(2)(E).

Congress enacted the balloon payment exception in TILA section 129C(b)(2)(E) to ensure access to credit in rural and underserved areas where some consumers may be able to obtain credit only from community banks offering balloon-payment loans which these banks hold in portfolio. The Board solicited comment on the proposed implementation of this provision and in particular, on the proposed approach to determining a rural or underserved area. Some commenters expressed concerns about the Board's proposed approach, and we are mindful of those concerns as we work to develop the final rule. Accordingly, we are carefully considering the views of commenters on this issue, and will weigh the costs and benefits of the different approaches in our efforts to ensure that consumers have access to responsible, affordable mortgage credit.

Sincerely,

Richard

Richard Cordray
Director

I intend for us to be mindful of your concern stated here.
Rich

Consumer Financial
Protection Bureau

July 30, 2012

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

Dear Senator Hutchison:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

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

Dear Senator Johnson:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Mitch McConnell
Republican Leader
S-230, United States Capitol
Washington, DC 20510

Dear Senator McConnell:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Harry Reid
Majority Leader
S-212, United States Capitol
Washington, DC 20510

Dear Senator Reid:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

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

Dear Senator Rockefeller:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 30, 2012

The Honorable Richard Shelby
Ranking Member
U.S. Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Shelby:

I am pleased to present the Semiannual Report of the Consumer Financial Protection Bureau (CFPB), as required under Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

Lisa Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 31, 2012

The Honorable Thad Cochran
Ranking Member
U.S Senate Committee on Appropriations
S-128 Capitol Building
Washington, DC 20510

Dear Senator Cochran:

I am pleased to present the Annual Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs

Consumer Financial
Protection Bureau

July 31, 2012

The Honorable Daniel Inouye
Chairman
U.S Senate Committee on Appropriations
S-128 Capitol Building
Washington, DC 20510

Dear Senator Inouye:

I am pleased to present the Annual Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act.

Please feel free to contact me at 202-435-7960 if I can be of assistance.

Sincerely,

Lisa M Konwinski

Lisa Konwinski
Assistant Director for Legislative Affairs