Dodd-Frank Update

52nd Annual
William W. Gibson, Jr. Mortgage Lending and Servicing Institute

Blake Chavis, Mortgage Bankers Association

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Overview

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- **Topics:**
  - I. BCFP's New Tone
  - II. S. 2155 – *Economic Growth, Regulatory Relief, and Consumer Protection Act*
  - III. MBA Positioning
  - IV. Going Forward

A New Tone

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- Priorities of New Leadership (Acting Director Mulvaney, *Wall Street Journal* (Jan. 23, 2018)
  - "I intend to execute the statutory mandate of the bureau to protect consumers. But we will no longer go beyond that mandate…. The days of aggressively 'pushing the envelope' are over."
  - Follow the law: "We are going to do what the law says, but not what the law doesn't say."
    - BCFP *not* CFPB
    - Considering whether to stop posting consumer complaints online
  - "[W]e will focus on quantifiable and unavoidable harm to the consumer. If we find that it exists, you can count on us to pursue the appropriate remedies vigorously. If it doesn't, we won't go looking for excuses to bring lawsuits."
  - "[T]he people we regulate should have the right to know what the rules are before being charged with breaking them. This means more formal rule making and less regulation by enforcement."

A New Tone: Recalibrate

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"We are government employees, and we work for the people. That means everyone: those who use credit cards and those who provide the credit; those who take out loans and those who make them; those who buy cars and those who sell them."

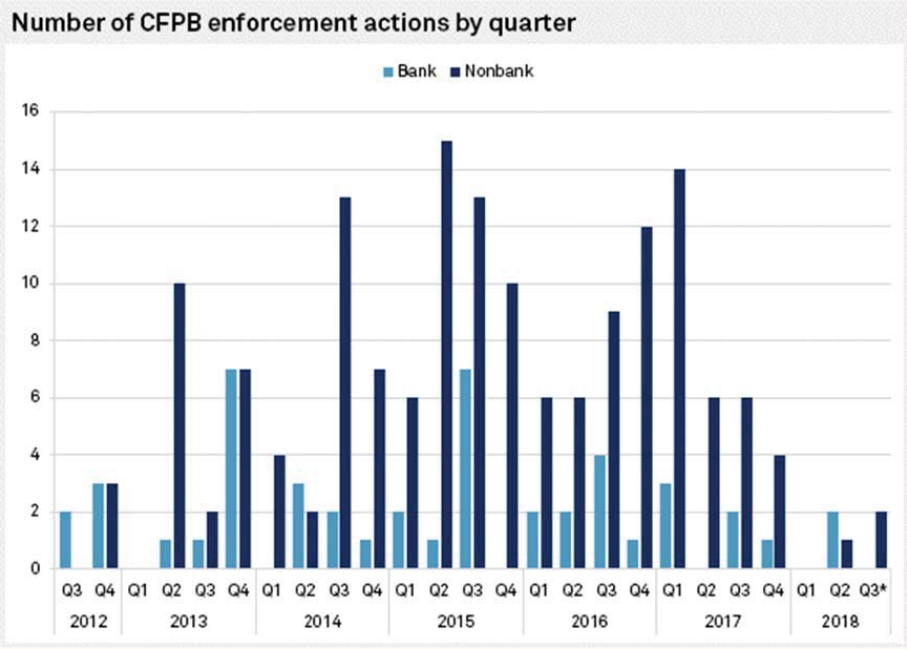
- Acting Director Mulvaney, *Wall Street Journal* (Jan. 23, 2018)

- <u>Mission Statement</u>
  - Changed to, "the Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by **regularly identifying and addressing outdated, unnecessary, or unduly burdensome regulations**; by making rules more effective; by consistently enforcing federal consumer financial law; and by empowering consumers to take more control over their economic lives."
- Trump Executive Orders
  - "Two for one" rulemaking requirement
- "The lesson is clear: Personnel is policy." – Senator Elizabeth Warren, *New York Times*, January 29, 2016.

A New Tone: Implications

- **Rulemaking**
  - "We put a hold on all new rules, new rulemaking and regulatory promulgation until I get a chance to look at them on a case-by-case basis.… [Y]ou can imagine that the Office of Management and Budget under the Trump administration might look very cautiously, even cynically, against rules that were produced by the Cordray CFPB." (Acting Director Mulvaney (Dec. 4, 2017))
    - RFIs on various elements—rules, enforcement process, examinations, etc.
- **Supervision**
  - HMDA amendments allowed to take effect on January 1, 2018, but:
    - Supervisory examinations of 2018 HMDA data will be "diagnostic" rather than punitive
    - CFPB and other regulators plan to reconsider institution and transactional coverage as well as non-statutory fields through additional rulemaking
- **Enforcement**

A New Tone: Implications



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