MBa

MORTGAGE BANKERS ASSOCIATION

April 8, 2015

The Honorable Randy Neugebauer
Chairman
Subcommittee on Financial Institutions and Consumer Credit
Committee on Financial Services
U.S. House of Representatives
1424 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sean Duffy
Chairman
Subcommittee on Oversight and Investigations
Committee on Financial Services
U.S. House of Representatives
1208 Longworth House Office Building
Washington, D.C. 20515

Dear Chairmen Neugebauer and Duffy:

On behalf of the Mortgage Bankers Association, I am writing to lend our support to three bills you recently introduced that would greatly improve the governance and oversight of the Bureau of Consumer Financial Protection (CFPB).

H.R. 1266, the Financial Products Safety Commission Act, would improve the CFPB's governance by replacing its single director with a 5-member commission. This is the governing structure for numerous independent regulatory agencies including the Federal Deposit Insurance Corporation, the Securities and Exchange Commission and the Consumer Product Safety Commission, to name a few. A commission structure assures judicious consideration of a range of viewpoints in carrying out regulatory functions with appropriate involvement of representatives of both parties and a range of interests including those of both consumers and industry.

H.R. 1263, the Consumer Financial Protection Safety and Soundness Improvement Act, would strengthen the power of the Financial Stability Oversight Council (FSOC) – the board of federal financial regulators established under the Dodd-Frank Wall Street Reform and Consumer Protection Act – to review, and where necessary overrule, the CFPB's rulemaking. In establishing a CFPB review function for the FSOC, Congress wisely recognized the importance of assuring that safety and soundness considerations were considered in carrying out the CFPB's responsibilities, yet the final bill established too high a threshold for the FSOC to overturn the CFPB's rules, rendering the FSOC's oversight powers all but ineffective. H.R. 1315 will achieve a more appropriate balance of these crucial but oftentimes competing concerns.

H.R. 1261, the Bureau of Consumer Financial Protection Accountability Act, would subject the CFPB to the congressional appropriations process. By stipulating that the CFPB would receive all of its funding directly from the Federal Reserve, Dodd-Frank effectively removed the legislative branch from any meaningful oversight over the CFPB's budget. H.R. 1261 would correct this flaw by subjecting the Bureau to the regular congressional appropriations process. It is important to note the legislation does not limit funding for the CFPB, but merely places these important budgetary decisions in the hands of Congress, where they belong.

During the debate over the Dodd-Frank Act, MBA consistently supported the legislation's underlying goal of merging disparate consumer financial regulatory functions under one roof. While the creation of the CFPB helped achieve this goal, the agency could be further improved by the checks and balances that would be derived from a more appropriate governance structure and greater congressional oversight – something these bills aim to rectify.

We urge the Financial Services Committee to make the CFPB a more effective agency by passing these three bills.

Sincerely,

William P. Killmer

cc: The Honorable Jeb Hensarling, Chairman, Committee on Financial Services
The Honorable Maxine Waters, Ranking Member, Committee on Financial Services