Tuesday, November 13, 2012

Elizabeth Warren's Interview

In July 2011, I published my interview of Elizabeth Warren, entitled Opening a Dialogue: Elizabeth Warren and the Mortgage Industry.*

I have been told that this interview is one of the last published interviews of Mrs. Warren prior to President Barack Obama's announcement of the nomination of former Ohio Attorney General Richard Cordray as the first director of the Consumer Financial Protection Bureau (CFPB) on July 18, 2011. Until that point, Mrs. Warren was acting in the capacity of the interim director of the CFPB.

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In August 2011, Mrs. Warren began to receive substantial political support from many political organizations and private citizens, and on September 14, 2011 she announced her campaign as a candidate for Senator of Massachusetts.

Mrs. Warren is known to be a fierce consumer advocate and is considered by many to be the primary visionary behind the creation of the Consumer Financial Protection Bureau. The CFPB - these days known more and more colloquially as the "Bureau" - was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act and signed into law by President Obama in July 2010. For the first year after the bill's signing, Mrs. Warren worked tirelessly as the CFPB's Special Assistant to the President to "stand up" the Bureau.

But Warren's nomination for the Director's position was not put forward by Mr. Obama because of his conclusion that her nomination would be too politically contentious.

Notwithstanding the political environment, the CFPB received its enumerated authorities on July 21, 2011.

Due to the partisan resistance to virtually any nomination for Director - some members of Congress wanted to disempower the CFPB or defund it - Mr. Obama felt constrained to appoint former Ohio Attorney General Richard Cordray to be the Director of the CFPB in January 2012, through a "recess appointment", over the objections of Republican Senators.

Last week Mrs. Warren, the 63-year-old Harvard Law School professor, was elected the first female U. S. Senator of Massachusetts by the considerable lead of 54% to 46% over Scott Brown, who had been elected in 2010 to fill out the late Edward M. Kennedy's term. Her acceptance speech included her promise that she would be "a fighter for the middle class".

Soon, Mrs. Warren will take her oath as the junior Senator of Massachusetts.

With this in mind, I thought it would be informative to consider Mrs. Warren's responses to the questions I posed in my interview, in the context of what the CFPB has accomplished to date and has pledged to accomplish in the future.

READ WARREN INTERVIEW

I have written extensively about the CFPB. If interested, please feel free to view or download these articles, newsletters, and recent papers.

For selected issuances involving the CFPB, visit our library.

Although it is in its infancy, perhaps we can begin to discern the broad outlines of the CFPB's commitment to the vision of consumer advocacy set forth by Mrs. Warren.

IN THIS ARTICLE

Organizations that Accepted Participation

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Nearly all major mortgage industry associations responded to my invitation to provide

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questions to me to ask Mrs. Warren. Many interview questions, though very important, were also very specific, and it was just not possible for Mrs. Warren to answer such questions of detailed specificity, prior to the CFPB being empowered to evaluate rulemaking and policy alternatives.

Nevertheless, I proffered a wide enough scope of questions that we were able to obtain firm and clear replies.

Organizations that Accepted Participation

Association of Residential Mortgage Compliance Professionals (ARMCP)
Jonathan Foxx, President

Community Mortgage Bankers Project (CMBP) Glen Corso, Managing Director

Impact Mortgage Management Advocacy & Advisory Group (IMMAAG)
Bill Kidwell, President

National Association of Independent Housing Professionals (NAIHP) Marc Savitt, President

National Association of Mortgage Brokers (NAMB)
Don Frommeyer, Them President Elect

National Association of Professional Mortgage Women (NAPMW)
Laurie Abshier, National President

National Association of Realtors (NAR)
Lucien Salvant, Managing Director

National Credit Reporting Association (NCRA) Terry Clemens, Executive Director

National Reverse Mortgage Lenders Association (NRMLA)
Daryl Hicks, Vice President, Communications

Real Estate Services Providers Council (RESPRO)
Sue Johnson, Executive Director

Organizations that Declined Participation

American Bankers Association (ABA)
Peter Garuccio, Vice President, Public Relations

Mortgage Bankers Association (MBA) John Mechem, Sr. Director - Public Affairs Communications & Marketing

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Questions

READ WARREN INTERVIEW

Oversight and Enforcement

What role do you foresee the CFPB playing in the methodical formulation of oversight and enforcement initiatives?

State Mortgage Regulation

How much of a role do you think the CFPB can play in helping to bring some convergence and common standards to state mortgage regulation? Are the states receptive?

Will the CFPB allow the primary supervision and enforcement of non-bank mortgage lenders to remain with state regulators, with CFPB in a back-up role?

Agreements: CFPB and State Regulators

Has an agreement been reached between the CFPB and the state regulators on their respective supervision and enforcement roles? When will the industry learn the details so we can know what to expect?

Interaction with the Mortgage Industry

What is your vision for the CFPB in terms of inclusion, vis-à-vis the mortgage industry, and the potential for the industry to interact proactively?

Wholesale Channel

In your view, is the mortgage broker channel considered a viable channel for consumers?

If so, are you concerned about five big banks having control over the market, thereby restricting competition and raising costs?

Market Forces versus Regulations

Where do you stand on the fine line between letting market forces work versus regulation?

Education

Our association strives to provide educational opportunities to the mortgage lending community. What role do you feel education plays in the future of the mortgage industry?

In Her Own Words

READ WARREN INTERVIEW

In order to offer some insight into how Mrs. Warren's views contribute to the mission of the CFPB, I offered her views regarding these topics:

VETERANS MORTGAGE FORUM
Mortgage Servicing Practices: Change of Station Orders

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CFPB, I offered her views regarding these topics:

- On Markets

- Consumer Responsibility

- Disclosures

- Level Playing Field

- Regulatory Costs

- Limitations of the CFPB

- Proposals to Change the CFPB

Library

Consumer Financial Protection Bureau

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*Jonathan Foxx is the President & Managing Director of Lenders Compliance Group

National Mortgage Professional Magazine [July 2011, Volume 3, Issue 7, pp. 8-15]

Labels: CFPB, Consumer Financial Protection, Consumer Financial Protection Bureau, Dodd-Frank Act, Elizabeth Warren, Mortgage Compliance, Richard Cordray

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