

# PUBLICATION

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## Cordray's House Testimony Signals Areas of CFPB Focus

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On June 18, 2014, CFPB Director Richard Cordray appeared before the House Financial Services Committee to testify about his agency's [fifth Semi-Annual Report](#). As in past hearings, Cordray and House Republicans clashed over the agency's [Qualified Mortgage Rule](#), which went into effect in January, and its creation of a National Mortgage Database, which the agency [says](#) will be a "comprehensive repository of detailed mortgage loan information." Cordray's prepared remarks and testimony provide insights into the agency's upcoming agenda.

The director's [written remarks](#) highlighted the CFPB's enforcement actions to date, including actions against loan servicers and a payday lender, and the agency's recent and ongoing rulemaking in the areas of mortgage disclosures and [debt collection](#).

In response to questions about whether the CFPB has been too focused on enforcement actions and whether issuing advisory opinions might help businesses seeking clarification on specific business practices, Cordray indicated that the CFPB might do more in this area. Cordray said that the industry should expect to see the CFPB issue advisory opinions in appropriate cases. During the hearing, both Republican and Democratic members of the House Committee expressed support for the agency's use of advisory opinions to provide guidance. In a recent vote divided along party lines, the Committee approved [H.R. 4662](#), which, if enacted, would require the CFPB to establish a formal process for advisory opinions.

Cordray also stated that the CFPB is preparing a white paper explaining its proxy methodology for identifying disparate impact to determine if indirect auto lenders are engaging in discrimination. Cordray acknowledged that there had been frustration in this area, and he said that the decision to put out a white paper was part of the bureau's effort to be responsive. The white paper is expected to be released later this summer. Notably, the bureau's proxy methodology led to the CFPB and Justice Department's [order](#) to Ally Financial Inc. and Ally Bank to pay \$80 million in damages back in December.

Also of note, Cordray testified that the agency plans to release its proposed regulations governing prepaid cards for public comment by the end of the summer. Among other things, the new rules will address required fee disclosures.