



June 24, 2022

CFPB TO RE-EXAMINE CONSUMER FINANCIAL REGULATIONS

In a blog post, Rohit Chopra, Director of the Consumer Financial Protection Bureau (“CFPB”), announced the CFPB’s intent to re-examine and update a broad range of consumer financial regulations. The goal of this re-examination, according to Director Chopra, is the simplification of what he brands an “overly complicated” regulatory landscape. Consequently, the CFPB plans to re-examine landmark rules inherited from other agencies or promulgated in the first decade of the CFPB’s existence, as well as the regulatory implementation of longstanding Congressional directives.

The CFPB argues that regulators have historically issued “overly complicated and tailored rules for the existing regulatory landscape.” The CFPB plans to issue instead “bright-line” rules and guidance that “more clearly communicate[s] the agency’s expectations in simple and straight-forward terms.” The CFPB anticipates that such bright-line rules will decrease compliance costs, close loopholes and promote consistency among enforcement agencies, incentivizing entities to direct innovation toward “better serving consumer,” as distinct from innovating for “regulatory evasion”.

To simplify the regulatory landscape at the potential expense of longstanding precedent, the CFPB will take a “fresh look” at “a host” of rules including, but are not limited to:

- The CARD Act rules;
- Fair Credit Reporting Act rules; and
- Qualified mortgage rules.

Additionally, the CFPB will be “heavily focused” on implementing longstanding Congressional directives that have not yet been implemented via regulation, such as consumer access to financial records, increased transparency in small business lending, and quality control standards for automated valuation models. The CFPB also intends to review delegated Congressional authority that has gone unused, such as the authority to register certain nonbank financial companies and identify potential scammers and others that repeatedly violate the law.

Lastly, the CFPB announced its intent to promote transparency by providing more guidance on CFPB interpretations through the Advisory Opinion program and Consumer Financial Protection

Circulars (see our *ALERT* of June 21, 2022), as well as allowing the public to provide comments on rulemaking petitions.

How the CFPB’s review of rules will affect the financial services industry is uncertain, but troubling. An insistence on bright-line rules could adversely affect many products and programs and potentially limit the ability to serve certain types of customers, depending on how the lines are drawn. We will be closely monitoring the CFPB’s actions in this space and provide updates accordingly. □

✧ *Mike Tomkies and Mercedes Ramsey*

Darrell L. Dreher
ddreher@dtlaw.com

Elizabeth L. Anstaett
eanstaett@dtlaw.com

Nathan D. Copeland
ncopeland@dtlaw.com

Susan L. Ostrander
sostrander@dtlaw.com

2750 HUNTINGTON CENTER
41 S. HIGH STREET
COLUMBUS, OHIO 43215
TELEPHONE: (614) 628-8000 FACSIMILE: (614) 628-1600
WWW.DTLAW.COM

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Michael C. Tomkies
mtomkies@dtlaw.com

Benjamin J. Hurford
bhurford@dtlaw.com

Mercedes C. Ramsey
mramsey@dtlaw.com

Judith M. Scheiderer
jscheiderer@dtlaw.com

Robin R. De Leo
robin@deher-la.com