



Established in 1973, NAMB is the only national trade association representing the mortgage professional industry. With members in all 50 states, NAMB promotes the industry through programs and services such as education, professional certification and government affairs representation. NAMB members subscribe to a code of ethics and best lending practices that foster integrity, professionalism and confidentiality when working with consumers.

CFPB Guidance for Industry

ISSUE

The financial services industries, especially the mortgage industry, under the jurisdiction of the CFPB do not have sufficient guidance and interpretation of regulations issued by the CFPB. CFPB does not revise their rules or issue new guidance, it chose to “regulate through enforcement.” This approach denies regulated entities fair notice of changes and time to comply. This approach increases costs to consumers through increased compliance costs. In addition, companies could offer consumers other products that could benefit consumers but do not do so because of questions the CFPB does not answer.

SOLUTION

NAMB supports passage of H.R.5534, the Guide Act, introduced by Representatives Sean Duffy (R-WI) and Ed Perlmutter (D-CO), seeks to organize the Bureau’s process of providing rules and guidance to better protect consumers.

DETAILS OF THE LEGISLATION

Specifically, the GUIDE Act:

1. Mandates that the Director issue “guidance” that is necessary or appropriate to carry out the purpose of the laws it is responsible for including facilitating compliance;
2. Defines “guidance” to include a range of written issuances from interpretative and legislative rules, to bulletins and frequently asked questions;
3. Requires the Bureau to publish in the Federal Register within one year of enactment the definitions, criteria, timelines and process for issuing each type of guidance the Bureau shall provide, with a final rule required within 18 months of enactment;
4. Prohibits liability for reliance in good faith on guidance from the Bureau or any predecessor agency that was in effect at the time of such act or omission;
5. Requires the Bureau to establish a process and timeframes for requests for guidance, including time limits to provide answers in response to requests for guidance;
6. Requires the Bureau to create a process for amending or revoking guidance, including a process for public notice and comment;

7. Requires the Bureau to develop guidelines for determining the size of any civil money penalties and publish these guidelines in the Federal Register within 18 months of enactment.