



CFPB Director Richard Cordray Meets with CBAI Bankers

December 5, 2012

Richard Cordray, Director of the Consumer Financial Protection Bureau (CFPB), participated in a roundtable discussion with CBAI bankers at The Westin O'Hare near Chicago on December 5, 2012. This meeting was a continuation of the productive dialogue between the Bureau and CBAI bankers that began at a roundtable with Professor Elizabeth Warren in February of 2011. The goal of both discussions was to share our members' observations and recommendations with the Bureau concerning consumer regulations and the impact those regulations have on community banks and their communities.



Left to Right: David Hibbs (ICBA), Tom Marantz (Bank of Springfield), Terry Griffin (CBAI), Dianna Torman (Prairie Community Bank, Marengo), Bill Smith (HomeStar Bank, Manteno), Maria Warner (Morton Community Bank), Richard Remijas (Park Federal Savings Bank, Chicago), Richard Jameson (CBAI Chairman/Morton Community Bank), Jason Knoedler (Bank of Springfield), Richard Cordray (Consumer Financial Protection Bureau), Tony Sisto (STC Capital Bank, St. Charles), Todd Grayson (South Central Bank, N.A., Chicago), Robin Loftus (Security Bank, s.b., Springfield), Tammy Hoffman (First Community Bank and Trust, Beecher), and Greg Ohlendorf (First Community Bank and Trust, Beecher)

harbor (versus a rebuttable presumption) for community bank “qualified mortgages” from the “ability to repay” requirements, and to also allow balloon mortgage loans originated and held in portfolio to be considered “qualified mortgages” for the purpose of the safe harbor. In addition, they told the Director that “qualified residential mortgages” should not be so stringently defined that community banks would no longer be able to meet the unique needs of their customers.

Director Cordray said a goal of the CFPB is to level the playing field for community banks with respect to large banks and nonbanks. He said that while he believes the CFPB and other regulators (i.e., Federal Deposit Insurance Corporation, Federal Reserve, and the Comptroller of the Currency) have been aware of the value of community banks within the financial service industry and in their communities,

During the roundtable, CBAI bankers shared their concerns regarding a number of important issues including: the unintended consequences of proposed rules, examiner awareness of the communities and the banks they examine, the differentiation between community and big banks in behavior and practices, the complexity of consumer disclosures, and community banks' independent access to secondary markets in the reform of the housing GSEs.

The CBAI bankers stressed the importance of mortgage lending to community banks and their customers, communities, and the national economy. They also emphasized the need to streamline the mortgage lending process and the need for the CFPB to receive input from community banks and their customers in the revisions of various disclosures. The bankers also focused on the importance of the CFPB providing community banks with a safe



CBAI bankers engaged in the roundtable discussion with CFPB Director Richard Cordray

they are gaining a better understanding of the special needs of community banks and are committed to preserving them.



Director Richard Cordray (Consumer Financial Protection Bureau)

Director Cordray said community banks were not at fault for the current financial crisis but unfortunately must now deal with some new regulations to prevent another crisis. The Director stated that he clearly understands the challenges community bankers now face and that the CFPB is not here to cause pain for community banks. Included in the mission of consumer financial protection is a goal to simplify rules and disclosures and to see them written in plain language for the benefit of all parties concerned. He also said there should be exemptions for community banks from some of the more complex mortgage rules where possible.

Director Cordray added that the QM Rule will be released within the required timeframe (January 21, 2013). Furthermore, if the CFPB were to miss the deadline, Congress will intervene with more onerous rules. The effective date of the QM Rule would be January 21, 2014 to allow 12 months for any implementation issues to be ironed-out.

Robin Loftus, CBAI Past-Chairman and Executive Vice President and Chief Operating Officer of Security Bank, s.b., in Springfield, was recently named to serve as the Chairman of the Consumer Financial Protection Bureau's Community Bank Advisory Council.

The CFPB supervises depository institutions and credit unions with total assets of more than \$10 billion. Therefore, the Bureau does not have regular contact with institutions with assets of less than \$10 billion. The Advisory Council, as well as the Office of Community Banks and Credit Unions, are intended to ensure that the unique perspectives of community banks, and smaller financial institutions generally, are shared with the Bureau. The Council and Office provide the CFPB with recommendations to influence its policy development, research, rulemaking, and engagement functions. The Council will convene public meetings, and members serve two year terms.

CBAI congratulates Loftus on this important appointment.



Director Richard Cordray (Consumer Financial Protection Bureau), and Robin Loftus, (Security Bank, s.b., Springfield)