

As it approaches its one-year anniversary, the Consumer Financial Protection Bureau (“CFPB”) announced plans for overhauling the home mortgage market as a first step toward improving its fairness and clarity. The CFPB was created through the 2010 Dodd-Frank Act with a mission of helping ensure clarity and fairness in the consumer finance arena. Richard Cordray, former Ohio attorney general, was appointed director of CFPB. He recently noted that he views the agency’s goal as “restor[ing] trust in the consumer financial marketplace.”

The home mortgage market tops CFPB’s agenda because “it’s the market where consumers have the most at risk and they have the most at stake,” according to Cordray. CFPB recently announced it is helping create a more straightforward and understandable “good faith estimate” of the costs associated with a home mortgage. The agency’s aim is to see that, prior to a home loan closing, borrowers receive a single disclosure form setting forth the key terms – the interest rate the borrower will pay, how the rate could change over the course of the loan, and how much cash will be needed at closing. Mortgage servicers, the companies that actually collect mortgage payments, would also be required to provide clearer information, better service, and information about the options available to borrowers behind in payments and facing foreclosure.

Updates regarding CFPB’s work are available via the agency’s website: www.consumerfinance.gov.