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MEDIA RELEASE

Conference of State Bank Supervisors

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American Association of Residential Mortgage Regulators

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CSBS & AARMR Offer Guidance to CFPB on Defining ‘Larger Participants’

The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) (jointly, the organizations) have issued a joint comment letter to the Consumer Financial Protection Bureau (CFPB, or the Bureau) in response to their request for comment on defining “larger participants” of a market for other consumer financial products or services.

In the letter, CSBS and AARMR propose recommendations in three primary areas for the Bureau to consider. As the CFPB determines which markets should be subject to the Bureau’s larger participant jurisdiction, the organizations strongly encourage the Bureau to be mindful of state legal definitions of the market, state jurisdictional coverage, and the overall consumer protection priority of the market. CSBS and AARMR also recommended that, when determining what entities are “larger,” the criteria and thresholds should be flexible, determined on an industry-by-industry basis, and based on aggregated institutional ownership. Lastly, if the CFPB were to utilize a registration system to track consumer financial markets, the CFPB should require the applicable covered persons to be registered in each state, accept a covered person as registered if they are licensed through the Nationwide Mortgage Licensing System & Registry (NMLS), and consider using NMLS as its system of registration for each covered person in a state.

“State regulators welcome a non-depository supervision partner in the CFPB, and they appreciate the robust dialogue the CFPB has had with them regarding various aspects of the Bureau’s functions,” said Neil Milner, President and CEO of CSBS. “Because of the impact the Bureau’s definitions will likely have on state law, state regulation, and state-regulated entities, it will be even more crucial that the CFPB works with state regulators as it develops these new definitions.”

The Dodd-Frank Act gives the CFPB authority to regulate payday lenders, mortgage companies, and private student lenders. For all other non-depository consumer financial products or services, the CFPB has authority over those entities it deems to be “larger participants” in the greater market. Accordingly, before the CFPB can regulate these entities, it must first define “larger participant of a market for other consumer financial products or services.”

“CSBS and AARMR have several resources the CFPB can use to help determine what a ‘larger participant’ is,” said Darin Domingue, president of AARMR. “State regulators have a wealth of experience regulating non-depository financial institutions and we look forward to working with the CFPB both on an individual and multi-state basis to promote more consistent, comprehensive, and efficient regulation in a manner that manages the burden on regulated entities.”

The CSBS and AARMR comment letter can be viewed [here](#).

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The Conference of State Bank Supervisors (CSBS) is the nationwide organization of banking regulators from all 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. State banking regulators supervise over 5,600 state-chartered financial institutions. Further, the majority of state banking departments also regulate a variety of non-bank financial services providers, including mortgage lenders. For more than a century, CSBS has given state supervisors a national forum to coordinate supervision of their regulated entities and to develop regulatory policy. CSBS also provides training to state banking and financial regulators and represents its members before Congress and the federal financial regulatory agencies.

The American Association of Residential Mortgage Regulators (AARMR) is the national organization representing state residential mortgage regulators. AARMR's mission is to (a) promote the exchange of information between and among the executives and employees of the various states who are charged with the responsibility, pursuant to the laws of the individual states, for the administration and regulation of residential mortgage lending, servicing and brokering; (b) assist in resolving conflicts of jurisdiction in relation to mortgage lending, servicing, and brokering; (c) promote a better understanding of mortgage regulation; (d) develop model legislation applicable to the administration and regulation of mortgage lending, servicing and brokering; (e) increase the knowledge and ability of those engaged in the administration and enforcement of mortgage regulation and those engaged in mortgage lending, servicing or brokering by organizing and sponsoring lectures, seminars, and training programs and by providing a forum for the exchange of information; and (f) do everything necessary, proper, advisable or convenient for the accomplishment of the Corporation's purposes and goals.