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STATE ENFORCEMENT IN MORTGAGE LENDING

The CFPB recently issued a press release and interpretive rule encouraging more enforcement of federal consumer financial protection laws. In this article the authors review the record in four states on the East Coast and find that while they are likely to remain active in enforcing consumer financial protection laws, it can be expected for their focus to shift from mortgage lending.

By Allison J. Schoenthal and Eugene Frenkel *

The Consumer Financial Protection Bureau (“CFPB”) recently issued a press release and interpretive rule encouraging more enforcement of federal consumer financial protection laws by state regulators, noting states may have even broader authority than the CFPB to pursue companies and individuals that violate federal consumer financial protection laws.¹ The CFPB has

since doubled down by continuing to encourage and offer support to state attorneys general to bring enforcement actions of federal consumer protection laws.² This article examines whether states needed that

¹ Consumer Financial Protection Bureau, Section 1042 Interpretive Rule 5.19.2022, *Authority of States to Enforce the Consumer Financial Protection Act of 2010* (May 19, 2022), https://files.consumerfinance.gov/f/documents/cfpb_section-1042_interpretive-rule_2022-05.pdf. Though certain members of the legislature have issued a letter alleging that the CFPB is “colluding” with states contrary to the Consumer Financial Protection Act. Letter from U.S. Congressmen Patrick

footnote continued from previous column...

Mc Henry, Tom Emmer, and Blaine Luetkemeyer, CFPB Letter to Chopra re State AG, https://republicans-financialservices.house.gov/uploadedfiles/2022-07-28_cfpb_letter_to_chopra_re_state_ag.pdf#:~:text=While%20Congress%20intended%20for%20the%20CFPB%20to%20enforce,attorney%20general%20in%20bringing%20a%20federal%20enforcement%20action.

² Consumer Financial Protection Bureau, Director Chopra’s Prepared Remarks at the 2022 National Association of Attorneys General Presidential Summit (August 10, 2022),

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