October 1, 2016 – September 30, 2017

# Annual report of the Consumer Advisory Board

# Letter to the Director from Consumer Advisory Board Chair and Vice Chair

Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

On behalf of the membership of the Consumer Financial Protection Bureau's (CFPB or Bureau) Consumer Advisory Board (CAB or Board), we are honored to present our annual report, which details the activities and progress made during the past fiscal year.

This year marks the fifth anniversary since the CAB's first inaugural meeting on September 27, 2012. In that short timeframe, the Board has been busy providing the Bureau with cross-industry expert advice on a variety of consumer financial issues and emerging market trends. To achieve our statutory mandate, as outlined in section 1014 of the Dodd–Frank Wall Street Reform and Consumer Protection Act, the CAB has met fifteen times in person. In addition, the CAB traveled with the Bureau across the country holding public meetings in Missouri, California, Mississippi, Nevada, Nebraska, Arkansas, and the District of Columbia. The CAB is proud of the role it continues to play in helping the Bureau achieve its mission to protect consumers and make consumer financial markets work for everyone.

During the course of this fiscal year, the CAB met in person three times and held twenty subcommittee engagements. Through our subcommittees – the Card, Payment, and Deposit Markets subcommittee; the Consumer Lending subcommittee; and the Mortgages and Small Business Lending Markets subcommittee – members have continued to engage meaningfully with Bureau staff at in-person meetings and on conference calls. In these engagements, we provided our individual perspectives on the ongoing work of the CFPB.

Our subcommittees focused on identifying key observations and principles for regulation on a range of topics, such as the Bureau's debt collection Small Business Regulatory Enforcement Fairness Act (SBREFA) proposals, the housing counseling industry, overdraft protection, consumer focused shopping tools, consumer reporting and the use of alternative data, reverse mortgage servicing practices, loss mitigation efforts, student lending, improving consumer access to checking accounts, small business lending, and auto lending. As Chair and Vice Chair we worked closely with both the subcommittee Chairs and CAB members directly to ensure that the focus of all of our discussions – subcommittee and full CAB meetings – reflected Board member interests and issues relevant to the Bureau's agenda.

In addition to the CAB's formal meetings, this year Board members also continued to add value to the Bureau's field work by hosting the CFPB at events across the country; notably, members were pleased to host the Bureau for a town hall meeting in Dallas, Texas, as well as host Bureau staff for an alternative data and financial empowerment roundtable in San Francisco, California.

In accordance with the Federal Advisory Committee Act (FACA) regulations, this annual report provides greater detail about the CAB's subcommittee discussions, as the larger CAB's discussions were open to the public and are reflected in summaries posted to consumerfinance.gov.

Thank you for the opportunity to serve consumers through the CAB. We look forward to the coming year and continuing to fulfill our shared mission of protecting consumers in the financial marketplace.

Sincerely,

Maeve Elise Brown, Chair

Ann Baddour, Vice Chair

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# 1. Executive summary

The Consumer Financial Protection Bureau (CFPB or Bureau) is the nation's first federal agency focused solely on consumer financial protection.[1] The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the CFPB to protect consumers of financial products and services and to encourage the fair and competitive operation of consumer financial markets.

The CFPB's Consumer Advisory Board ("CAB" or "Board") is authorized by §1014(a) of the Dodd-Frank Act and was established in September 2012. The statutory purpose of the CAB is "to advise and consult with the Bureau in the exercise of its functions under the Federal consumer financial laws, and to provide information on emerging practices in the consumer financial products or services industry, including regional trends, concerns, and other relevant information."[2]

In fulfillment of the requirements under the Federal Advisory Committee Act (FACA), the CAB is pleased to present its Annual Report to the Director. This report primarily summarizes the activities and progress of the Board's subcommittee meetings held over the prior fiscal year, October 1, 2016 to September 30, 2017. The discussion portion of this report is divided into sections aligned with the CAB's statutory responsibilities, and the report also includes, in Appendix B, separate written statements submitted by Board members relating to the report.

In this last reporting year, the CAB:

- Held three meetings – October 2016, March 2017, and June 2017 all in Washington, D.C.

- Organized three policy subcommittees, which have met approximately **20** times:
    - Cards, Payments, and Deposits Subcommittee;
    - Consumer Lending Subcommittee; and
    - Mortgages and Small Business Lending Subcommittee.

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[1] Previously, seven different federal agencies were responsible for rulemaking, supervision, and enforcement relating to consumer financial protection. The agencies which previously administered statutes transferred to the Bureau are the Board of Governors of the Federal Reserve System (Federal Reserve, Federal Reserve Board, or Federal Reserve Board System), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).

[2] Dodd-Frank Act, Pub. L. No. 111-203, § 1014(a).

- Examined and discussed a variety of topics and issues including:
    - Trends and themes in financial services and technology;
    - Home Mortgage Disclosure Act database and rulemaking;
    - Alternative data;
    - Seen and heard in the housing market;
    - Arbitration;
    - FOIA and ethics review;
    - Access to credit and foreclosure issues;
    - Future of loss mitigation;
    - Housing Counseling;
    - Consumer complaints;
    - Overdraft;
    - Payment networks;
    - Data aggregators;
    - CFPB's debt collection SBREFA proposals;
    - Consumer reporting;
    - Student lending;
    - Auto lending;
    - Reverse mortgages;
    - Mortgage servicing;
    - Small business lending; and
    - Alternative mortgages products

Detailed summaries of the above topics discussed during full Board meetings can be found at consumerfinance.gov/about-us/advisorygroups/consumer-advisory-board/.

Members of the CAB and CFPB staff pose for a group photo with Director Cordray before the October 2016 meeting in Washington, D.C.

# 2. Role of the Consumer Advisory Board

Section 1014(a) of the Dodd-Frank Act states:

*The Director shall establish a Consumer Advisory Board to advise and consult with the Bureau in the exercise of its functions under the Federal consumer financial laws, and to provide information on emerging practices in the consumer financial products or services industry, including regional trends, concerns, and other relevant information.*

The CAB provides feedback on a range of topics, including consumer engagement, policy development, and research, from a range of external stakeholders including academics, industry participants, community members, and consumer advocates. The CAB consults on a variety of cross-cutting topics, reports on meetings, and provides minutes and/or summaries of its meetings. Members of the Bureau's Board serve for limited, specified terms.

Consumer Advisory Board (CAB) member, Chi Chi Wu speaking during the June 2017 CAB meeting in Washington, D.C.

# 3. Subcommittees

Based on the success of the previous years' CAB subcommittees, the CAB again organized subcommittees in consultation with the Bureau, as authorized by section 13 of its charter. As provided in the charter, subcommittees report to the Board (not directly to the Bureau) and may include participants who are members of the Board or staff of the Bureau. Subcommittees may, from time to time, call on individuals who are not members of the Board or staff of the Bureau, for the sole purpose of providing specific domain expertise and knowledge.

Each subcommittee is led by a subcommittee Chairperson who is appointed and may be removed by the Chairperson of the Board. Meetings of the Board's subcommittees are called by the subcommittee Chairperson and are conducted via teleconference unless the Bureau's staff and subcommittee Chairperson determine that an in-person meeting is necessary.

In January 2016, each subcommittee chair led a process to identify subcommittee priorities, including recognizing issues about which subcommittee members wished to learn more, identifying and highlighting trends, and raising issues of concern. The reporting year's priorities are outlined below.

- <u>Cards, Payments, and Deposit Markets</u>
  The Cards, Payments, and Deposit Markets subcommittee focused on work relating to overdraft, payment networks, data aggregators, and Fin Tech (financial technology).

- <u>Consumer Lending</u>
  The Consumer Lending subcommittee focused on work relating to the Bureau's Debt Collection SBREFA proposals, consumer reporting, alternative data, student lending, and auto lending.

- <u>Mortgages and Small Business Lending Markets</u>
  The Mortgages and Small Business Lending Markets subcommittee focused on work relating to access to credit, reverse mortgages, foreclosure issues, mortgage servicing, small business lending, housing counseling dialogues, and alternative mortgage products.

| Consumer Advisory Board Subcommittee Meetings<br>[This table includes in-person meetings] | | |
|---|---|---|
| **Cards, Payments, and Deposit Markets** | **Consumer Lending** | **Mortgages and Small Business Lending Markets** |
| October 26, 2016 | October 26, 2016 | October 26, 2016 |
| December 12, 2016 | November 15, 2016 | November 10, 2016 |
| January 31, 2017 | February 2, 2017 | February 7, 2017 |
| March 1, 2017 | March 1, 2017 | March 1, 2017 |
| April 4, 2017 | April 20, 2017 | April 11, 2017 |
| June 7, 2017 | June 7, 2017 | June 7, 2017 |
| | September 14, 2017 | September 19, 2017 |

Over the course of the year, all of the subcommittees made progress on their agendas. What follows are summaries of the reporting year's CAB subcommittees' work.

## Cards, Payments, and Deposit Markets Subcommittee

The Cards, Payments, and Deposit Markets Subcommittee met seven times between October 1, 2016 and September 30, 2017, three times in person as part of CAB meetings and four times by phone. During this timeframe, the subcommittee discussed important topics in the consumer financial marketplace such as overdraft, payment networks, data aggregators, and Fin Tech (financial technology).

From October 2016 to January 2017, the subcommittee spent three meetings focused on agenda setting as well as receiving a briefing from the Bureau on the Federal Reserve Board's task force on secure payments. The subcommittee also discussed overdraft practices across the industry. Members shared how it can be difficult to create a comparison shopping tool for overdraft as a product because of the variations in the product offerings. Standardization in the product could be important because it may provide the opportunity for consumers to make meaningful comparisons.

Additionally, members discussed how checking account providers can make terms and conditions more user-friendly. Members also shared how a credit-scoring model would be needed to score a checking account, similar to how mortgage tools exist that provide consumers a broad picture of options for consumers in similar situations. During the March 2017 in person meeting, members received an overview on the Bureau's research on checking and prepaid accounts. Bureau staff noted that they discovered issues with opening accounts, product and rate variances, and inability to access the banking system. The Bureau has addressed these issues by encouraging financial institutions to meet the account access needs of consumers and developing tools around selecting and maintaining an account. Members noted that prepaid accounts could be a good option for consumers who have had negative experiences with overdraft fees. Some members mentioned the development and availability of entry products. Members inquired about banks creating checking accounts with an attached credit vehicle.

In April 2017, the subcommittee met via conference call. The call was a continuation of the prior in person meeting. Members developed recommendations on how to help low to moderate income (LMI) consumers get a checking account that is right for them. The subcommittee also discussed data aggregators and data availability and were joined by staff from the Office of Financial Empowerment.

During the June 2017 in person meeting, the subcommittee continued an earlier discussion on consumer access to information and also discussed risk and potential solutions for data aggregators. Bureau staff gave insight on the types of aggregators and the interdependency between financial institutions and aggregators. Members discussed the importance of privacy and data security. Additionally, members and staff discussed the revised Payment Services Directive (PSD2). Some members felt addressing regulatory ambiguities should be a high priority. Members noted that competition between banks is good for services. There was discussion around the need for consumer control over data. Members and staff also discussed the Fair Credit Reporting Act (FCRA) and members asked for clarification on the scope of Dodd-Frank Section 1033. Additionally, members and staff discussed the technology differences between large and small financial institutions as well as the diminishing use of cash.

## Consumer Lending Subcommittee

The Consumer Lending subcommittee met 7 times between October 1, 2016 and September 30, 2017, three in person as part of CAB meetings and four times by phone. During this timeframe, the subcommittee discussed important topics in the consumer financial marketplace such as the Bureau's Debt Collection SBREFA proposals, consumer reporting, alternative data, student lending, and auto lending.

From October 2016 to January 2017, the subcommittee held two meetings. During the first meeting, members welcomed newly appointed CAB members to the subcommittee and spent time planning which topics they might want to discuss in the coming year. Members also received an introduction to the Bureau's Consumer Reporting Program Manager and received an overview about the position's role and function. During the second meeting, members discussed the Bureau's debt collection SBREFA proposals. Bureau staff provided a detailed briefing on the contents of the proposals and then subcommittee members provided feedback. In general, members seemed to agree that regulations for both first-party and third-party debt collection are needed to help improve the marketplace. Some members raised concerns that the requirements within the proposals for substantiation of the debt are not strong enough to hold many third-party debt collectors accountable. While other members argued that substantiation requirements need to also be strict for first parties, those members noted that first parties should be held accountable for the accuracy of the data that they sell to third party collectors. Additionally, some members expressed concern about the Bureau limiting the number of times a consumer may be contacted by a debt collector. Those members noted that as the Bureau sets up barriers to communication, the likelihood of lawsuits will increase because the debt collector will have less opportunity to communicate with the consumer. However, other members praised the Bureau for this aspect of the proposals and stated that the proposed limits are already very generous, even more so when it is considered that these contacts are limited to a per account basis. Members noted the CFPB's research citing that many consumers already feel that they are being contacted too frequently by collectors and that this limitation on the frequency of contacts will overall provide a benefit to the consumer. Finally, members also stated that the Bureau should do more to address how both first- and third-party collectors may communicate using updated technology with a consumer. Members cited the need for this type of clarification because the Fair Debt Collections Practices Act (FDCPA) is a dated piece of legislation and both industry and consumer advocates would welcome updated and clear rules of the road for the marketplace.

At the subcommittee's February 2017 meeting, members discussed consumer reporting and how the use of alternative data for underwriting might impact the marketplace. Members encouraged the Bureau to consider the costs and benefits around encouraging the use of certain types of alternative data. For example, while mobile phone payments might help certain credit invisible consumers obtain credit scores, it may also generate negative scores for those same consumers. Members noted that consumers often order how they pay their bills each month based on how they perceive that particular bill will impact their credit score. Often times, the consumer's understanding or assumption on the bill's impact may not be accurate. Members suggested that the Bureau do more to encourage the consumer reporting marketplace to help provide clarity and education to consumers about how scoring models work. Additionally, members seemed to agree that whatever new alternative data points are utilized in credit scoring models, consumers should have the ability to dispute those new data points in the same manner as existing data. Some members noted that the three major Credit Reporting Agencies (CRAs) have access to all of the negative data they need about a consumer's credit history. However, most lenders are more interested in seeing the positive credit history when they are seeking to lend to a consumer. The Bureau should look for ways to encourage furnishers to find ways to furnish positive consumer data to the CRAs. For example, rental payments may prove to be predictive, but many landlords only furnish when the consumer has missed a payment instead of reporting on the many months of potentially positive payment history

From March 2017 to April 2017, the subcommittee spent two meetings focused on issues in the student lending marketplace. During the first meeting, members heard from the Bureau's Student Lending Program Manager. In the second meeting, members provided feedback to the Bureau on the student lending marketplace. A number of members agreed that there are parallels between issues in the student lending marketplace and what was occurring in the mortgage market in the lead-up to the financial crisis. Members shared on the ground examples of continued servicing problems, mostly around consumers attempting to enroll in one of the income-based repayment (IBR) options. Some members shared that one option to address IBR enrollment would be to have a system where the consumer is automatically enrolled into an IBR option upon graduating. Members noted studies that have been done in retirement programs where a consumer has to "opt out" versus "opt in" into their 401K program. The results regularly show higher rates of enrollment. Members applauded the Bureau for its work to educate consumers about student loans and encouraged additional work to be done. Members noted that the Bureau should consider training high school counselors to ensure they are aware of existing CFPB resources as well as providing targeted educational information to consumers who contact the Bureau through its Consumer Complaint Portal.

At the subcommittee's June 2017 meeting, members discussed two Bureau activities around the consumer reporting marketplace. The first discussion was on the open score marketplace and how the Bureau's efforts to promote consumer access to free credit scores might be shaping the market. Some members noted that more resources should be devoted by the Bureau to help educate consumers around the consumer reporting marketplace and their credit score. Members stated that it may be helpful for the Bureau to modify its educational resources for consumers who are subprime, prime, and super prime. Other members suggested the Bureau encourage companies participating in the open score initiative to be sure they provide a link to AnnualCreditReport.com on every free score they provide to a consumer. That could help address some consumer confusion should they see a lower credit score than they may have expected. Members also encouraged the Bureau to study how consumers are utilizing their free credit score and how their behaviors might have changed due to this added information. The second discussion was on the Office of Financial Empowerment's credit building strategy. Members applauded the Bureau for its work on this issue and noted that there may be some products that aren't beneficial at the moment for consumers who are trying to build their credit. For example, a few members highlighted that some large financial institutions do not offer secured credit cards because there is no money to be made from the product. These types of cards have high administrative costs and are not typically used as a starter product. Members noted that the larger financial institutions have gone the route of using alternative data instead of credit building products to try to solve for consumers with either no or low credit scores. Other members suggested that the Bureau work with industry to find ways where a consumer could utilize a secured card without securitizing it with cash.

Finally, in September 2017, the subcommittee had its final meeting of the fiscal year. Members discussed current issues in the auto lending marketplace and then wrapped up their work. Subcommittee members shared their thoughts about the year's work and ended the meeting with appreciations for the service of those subcommittee members with expiring CAB terms. In regard to the auto lending marketplace discussion, members noted that they continue to see auto loans for vehicles under $10,000 where the consumer is frequently upside down on the loan. Additionally, a member stated that in her region of the country she regularly comes across loans where the loan-to-value (LTV) is 140%. Some members highlighted that there continue to be issues around the types and cost of add-on products being sold at the dealership as well as if an ability to repay (ATR) assessment is even conducted. Members noted that they have begun to see gap insurance products that do not actually cover the full difference between the loan amount and the value of the vehicle. This could cause issues for consumers in portions of the country that have been impacted by recent hurricanes and have had their vehicles totaled. Additionally, several members stated that there is a continued need by the Bureau and other regulatory bodies to study and take action as needed in regard to disparate impact in the auto lending marketplace. Those members noted that they have seen communities of color receive higher interest rates on auto loans when compared to white borrowers. There may also be disparities in lending for women versus male borrowers. Members encouraged the Bureau to continue to pursue actions against lenders who engage in this type of practice.

# Mortgages and Small Business Lending Markets Subcommittee

The Mortgages and Small Business Lending Markets Subcommittee met seven times between October 2016 and September 2017, three in person as part of CAB meetings and four times via conference calls. During this timeframe, the subcommittee discussed important topics in the residential mortgage marketplace and small business lending markets such as: access to credit, reverse mortgages, foreclosure issues, mortgage servicing, small business lending, housing counseling dialogues and alternative mortgage products.

From October 2016 to January 2017, the subcommittee focused primarily on housing counselor conversations and small business lending. During these engagements, members highlighted that the state of housing is much stronger; eight years after the mortgage foreclosure crisis, there are fewer foreclosures in most metropolitan statistical areas. Members emphasized that there are still some pockets with high foreclosure activity and the Bureau should monitor this activity. A member expressed some concerns regarding the potential repercussions once the Making Home Affordable program expires. Subcommittee members suggested the Bureau should continue to work with other federal agencies and ensure that there is continuity on current borrower/servicer engagement activities. Housing counseling in the loss mitigation space has been decreasing over the past 2 years; however, housing counseling in the origination space is increasing and has lots of effective counseling potential.

Subcommittee members suggested the Bureau should provide more clarity in the fee for service space, since housing counselors would like to participate in pre-purchase counseling sessions. Members reported counselors need direction to ensure that industry and advocates are complying with RESPA's Section 8. Before the Bureau was created, HUD allowed advocates to receive industry compensation for services provided without fear of RESPA violations. Members also reported that the PHH case has created more anxiety and confusion among interested stakeholders. Housing counselors requested pro-bono counsel who could interpret RESPA and requested more clarity from the CFPB; the ultimate goal is to continue providing quality pre-purchase housing counseling advice to these consumers and ensure that all stakeholders comply with RESPA.

Members praised the Bureau's focus on small business lending data tracking and expect that this new office will be extremely beneficial in helping understand how these markets operate. The CAB would like to emphasize the importance of this new office, as it will ensure that there is adequate access to credit in these low to moderate income communities as it relates to accessing small business loans, recognizing that many "small businesses" are self-employed consumers. Members suggested that when the Bureau implements the Dodd-Frank Act's Section 1071 the small business lending data should be segregated by race, ethnicity and gender, similar to HMDA data segregation. Due to the lack of small business lending data, some banks, upon request by interested stakeholders, do provide census track and surname information for tracking purposes; however, not all banks provide this information.

From February 2017 to April 2017, the subcommittee continued to focus on housing counselor challenges, access to credit, and reverse mortgages. During the housing counselor discussions, members highlighted that housing counselors are still having conversations with Bureau partners regarding fee for service models. Housing counselors provided sample fee for-service contracts to the Bureau, as the industry and housing counselors alike would like more clarity regarding the legality of these arrangements. The MBA, NAHREP and other national trade groups drafted a letter to Congress in which they highlight the importance of housing counselors and request Congress to fund these entities with $55 million for fiscal year 2017. These funds will provide support for housing counselors in the origination space and foreclosure prevention areas. Housing counseling in the loss mitigation space has been decreasing over the past 2 years; however, housing counseling in the origination space is increasing and has lots of counseling potential.

During the access to credit discussions, subcommittee members reminded the Bureau that some major lenders with great regional market share are not lending to communities of color and this is negatively impacting these communities. Subcommittee members noted that mortgage availability in the Jumbo markets has not been impacted by the current regulatory environment. Banks are having no problem in qualifying consumers for home loans; the issue is availability of real estate residential properties and selective availability of credit for some borrowers. The lack of inventory is creating mini- housing bubbles in some markets. In addition, cash buyers are buying properties in bulk, leaving low to moderate income families out of the home ownership equation. Subcommittee members emphasized that these situations have been addressed before, many years ago, and nothing is happening. It is time to see some proactive action taken, so these consumers are able to enter these markets in an affordable way. Members also pointed out that alternative mortgage arrangements have had a negative impact on those who feel they are not eligible for traditional credit. Often times, lack of inventory meets the selective availability of credit leading homeowners to purchase substandard homes with subprime credit.

The subcommittee's chair provided a high-level overview of questionable practices in the reverse mortgage servicing space in the state of Florida. It is apparent that the older American community is still being impacted by questionable foreclosure practices. According to the subcommittee chair, there are major concerns with some mortgage servicers, as these institutions are accelerating the note and foreclosing on these consumers for not providing the yearly occupancy notice. There is no requirement on the note, nortgage or deed of trust that, if this document is not provided, the servicer can initiate foreclosure. In regard to delinquent tax and insurance accounts, the Department of Housing and Urban Development (HUD) has indicated that servicers should work with the consumer and find loss mitigation alternatives which should avoid further hardship or foreclosure; not all servicers attempt to assist these struggling homeowners. HUD must ensure that these vendor communications with consumers are more organized, as it is very confusing for these older Americans to communicate with different vendors; this should be streamlined. RESPA and new servicing rules have normalized servicing to an extent, but many of the rules do not apply to reverse mortgages, specifically the loss mitigation rules. The subcommittee chair encourgaged the CFPB to strive to make these reverse mortgage servicing companies more accountable.

During the March 2017 in person meeting, members interacted with Research Markets and Regulations Staff, engaging in a mortgage servicing, deed contract, and foreclosure conversation. In regard to mortgage servicing, members have seen that some non-bank companies are not complying 100% with the new CFPB servicing rules, but the largest financial institutions have made noticeable improvements in this space. These procedures are extremely important, as they protect the most vulnerable consumers who face hardship or foreclosure.

Members encouraged the Bureau to pay close attention to "zombie foreclosures," as these may have fair housing implications. These foreclosures take place in minority-majority communities and members have also noticed property appreciation differentials compared to other communities.

Members noted that some markets have experienced an uptick in the contract for deed space. Some members believe that these contracts are abusive and negatively impact low to moderate income consumers. Interest rates and total payments are not disclosed, no TILA cost of credit information is provided, homes are substandard and consumers have no recourse option due to arbitration clauses. Members encourgaged the Bureau to regulate this market due to the abusive practices taking place and the lack of TILA disclosures.

The subcommittee reminded the Bureau that the small business lending marketplace needs some reform. Members are hopeful that future work on small business lending data collection will provide essential demographic information which is helpful in determining potential lending discrimination. Members recommended that the Bureau should reach out to diverse law schools and small business clinics, as these groups may provide granular market information that may be beneficial during the request of information and research stage.

From June 2017 to September 2017, the subcommittee focused on the Bureau's future work on small business lending data collection, access to credit, and reverse mortgages. During the June meeting, members reacted to the recent small business lending Bureau white paper and provided valuable feedback to staff. Members have concerns regarding the lack of small business lending, specifically for those consumers looking to obtain smaller balance loans. It appears to some subcommittee members that large banks have no interest in this market sector and that must be addressed, as lenders might not be complying with CRA mandates. The subcommittee encouraged the CFPB to work with advocates and create new education tools for new small business owners, including lending tips (similar to Know Before You Owe in the mortgage space). The subcommittee suggested that it would be beneficial to provide consumers tips on how to identify legitimate lenders and avoid risky credit options. Members have noticed an uptick in online small business lending due to the lack of banking institutions in low to moderate income neighborhoods. Those members expect that this will create a "Payday Lender" environment and consumers will end up obtaining riskier small business lending products online. The subcommittee suggested that the Bureau provide stakeholders a clear definition of what a small business is; there are currently several definitions, and the market would benefit from one consistent definition.

During the access to credit conversations, members highlighted that for the past few years, housing counselors have noticed that short sales are being coded by credit reporting agencies as foreclosures; hence the consumer's credit profile is negatively impacted for a longer time (typically seven years). Due to this incorrect credit reporting, automated underwriting systems (AUS) are rejecting these loan applications. This issue has been discussed since 2013 and through Congressional action, the coding was modified in order to correct this; however, it appears that the issue is still prevalent. If consumers dispute any information on their credit reports, the AUS systems will reject the file and underwriters will downgrade it to a manual review (unfair to some credit challenged consumers). In addition, the vast majority of these manually underwritten loans are not bought by the secondary market. One of the benefits of AUS is the fact that it removes subjective criteria and reduces the potential of discrimination. Members stated that you can't underwrite culture; many large banks are not going above and beyond when it comes to helping low to moderate income families' access mortgage credit.

Members commended the Bureau on its recent reverse mortgage Know Before You Owe report. The subcommittee supports the Bureau's initiative regarding these educational and research efforts and looks forward to more future collaborations. More work is ahead, as some servicers have not been proactive when it comes to allowing consumers to participate in "cash for keys" or other loss mitigation efforts. The subcommittee expects that the recent HUD/HECM mortgagee letter will prompt servicers to provide this option to consumers more consistently. The subcommittee believes that the loss mitigation protections on Regulation X do not go far enough to protect reverse mortgage consumers and older Americans. The subcommittee recommends that the Bureau seriously consider amending Regulation X to include more protections for these vulnerable older Americans.

# 4. Conclusion

In closing, in its fifth year, the Board has continued to share vital advice, expertise, and technical information with the Bureau and its staff. CAB members would like to thank the Consumer Financial Protection Bureau for the chance to help further the Bureau's mission of helping to make markets for consumer financial products and services work for Americans. This joint report and attached individual remarks are presented in the spirit of cooperation and collaboration.

## APPENDIX A:

# Consumer Advisory Board Biographies[3]

**Chairperson, Maeve Brown** currently serves as Executive Director of the Housing and Economic Rights Advocates, an organization that she co-founded in 2005. She has over 28 years as a public interest attorney, in varies organization in Southern and Northern California. She has published articles on affordable housing issues and authored a chapter in the American Bar Association's Legal Guide to Affordable Housing Development (first edition and updated), is bilingual in Spanish and French and conversant in Japanese, Farsi, Italian and German.

**Vice Chairperson, Ann Baddour** is Director of Fair Financial Services Project at Texas Appleseed, a public interest law center, where she has overseen projects aimed at bringing low- income and immigrant consumers into the financial mainstream since 1999. She is actively involved in reform of regulations governing payday and auto title lending in Texas to build greater consumer protection into these transactions. Her work in the areas of immigrant financial education and improving consumer disclosure and protection in remittance transactions has been instrumental in laying the groundwork for national oversight of remittances. She has presented at economic and asset building conferences across the United States and in Benin, Mexico, and the European Union. She has been recognized for her work by the FDIC and the El Paso Invest in the American Dream Initiative. Prior to working for Texas Appleseed, she was a research analyst with the Texas Legislative Council.

**Seema Agnani** is the Director of Policy and Civic Engagement at the National Coalition for Asian Pacific Americans Community Development (National CAPACD) – a coalition of more than 100 community based organizations, that seeks to improve the lives of over two-million Asian Americans and Pacific Islanders who live in poverty in the US by providing voice,

[3] Consumer Advisory Board biographies reflect the membership of the CAB between October 1, 2016 and September 30, 2017.

tools, and shared knowledge to drive change. She was a founder and served as Executive Director of Chhaya CDC, based in Jackson Heights, Queens – working with thousands of South Asian and other immigrant groups on housing preservation as well as neighborhood and economic justice issues. Previously, she coordinated the Fund for New Citizens at The New York Community Trust, led the Training and Technical Assistance program for the Citizens Committee for NYC, and developed affordable housing with Asian Americans for Equality in New York City. She is also currently a member of the board of directors of South Asian Americans Leading Together (SAALT). She is originally from the Chicago metro area, where her parents immigrated to the US from India.

**Sylvia Alvarez** is the founder and Executive Director of the Housing & Education Alliance, a HUD certified housing counseling agency serving over 45,000 Tampa Bay area residents since 2002. She has over 25 years' experience in real estate, mortgage lending, affordable housing and housing counseling. She co-authored "The American Nightmare: Strategies for Preventing, Surviving and Overcoming Foreclosure." The book was endorsed by Freddie Mac and the National Association of Hispanic Real Estate Professionals, translated into Spanish and used by consumers and HUD housing counselors throughout the country. Through her leadership her agency has received much recognition and many awards, including the coveted "NonProfit of the Year" through PBS's national franchise the Be More Awards.

**Tim Chen** is the CEO of NerdWallet, which he co-founded in 2009. Tim sets the strategic vision for NerdWallet and is determined to give consumers clarity around all of life's financial decisions. Previously, Tim was a hedge fund analyst at Perry Capital investing in payment processing firms, credit card networks and technology companies. He also worked as an equity research analyst at Credit Suisse First Boston.

**Lynn Drysdale** is Managing Attorney of the Consumer Law Unit for Jacksonville Area Legal Aid, Inc. Ms. Drysdale is also a member of the National Association of Consumer Advocates and has been a contributing writer for the National Consumer Law Center, the Consumer Financial Services Law Report, and co-authored The Two-Tiered Consumer Financial Services Marketplace: The Fringe Banking System and its Challenge to Current Thinking About The Role of Usury Laws in Today's Society, a law review article for the South Carolina Law Review, Volume 51, Spring 2000, Number 3 with distinguished consumer advocate, Kathleen Keest, Esquire. Ms. Drysdale has been a presenter at the Consumer Assembly, the National Consumer Law Center's annual conference, the Practicing Law Institute Consumer Financial Services Litigation Training, and the Conference of State Bank Supervisors and the 2004 National Association of Consumer Credit Administrators Pay Day Lending Regulator Summit.

**Kathleen C. Engel** is a Research Professor of Law at Suffolk University in Boston. She is a national authority on mortgage finance and regulation, subprime and predatory lending, consumer credit, and housing discrimination. Her many publications include the co-authored book, The Subprime Virus: Reckless Credit, Regulatory Failure and Next Steps and articles in Harvard Business Law Review, Texas Law Review, and Housing Policy Debate. Professor Engel presents her award-winning research in academic, banking, and policy forums throughout the country and around the world. Professor Engel also regularly advises federal and state agencies on various matters related to financing of credit and served for three years on the Consumer Advisory Council of the Federal Reserve Board.

**Judith L. Fox** is a Clinical Professor of Law at the Notre Dame Law School, where she teaches and practices consumer law. She joined the faculty in 1997 and teaches courses in consumer law and negotiation. Ms. Fox directs the Economic Justice Project, a low income clinic specializing in foreclosure and debt collection defense. She is a member of the Indiana Mortgage Foreclosure Task Force and co-chairs the AALS Clinical Section's Standing Committee on Lawyering in the Public Interest. Prior to attending law school, she was a bank manager and loan officer. Ms. Fox has authored a number of publications and issues of foreclosure and debt collection.

**Paulina Gonzalez** serves as Executive Director of the California Reinvestment Coalition (CRC), the largest state reinvestment coalition in the country. Under her leadership, CRC members have negotiated several multi-billion dollar bank reinvestment agreements. Through these commitments, banks increase their focus on meeting the credit needs of low-income communities and communities of color by offering affordable housing financing, small business lending, and safe, affordable, and transparent financial services and products. Prior to her work at CRC, Ms. Gonzalez served as Executive Director of SAJE (Strategic Actions for a Just Economy), located in South Central Los Angeles. During her tenure, SAJE's advocacy resulted in groundbreaking, multi-million dollar Community Benefit Agreements that provided investments in affordable housing, living wage jobs, small business development, and a community health center.

**Julie Gugin** currently serves as the Executive Director of the Minnesota Homeownership Center, a position she has held since 2007. She has over 20 years of non-profit leadership experience; previous positions include Vice President of Operations for Twin Cities Habitat for Humanity and Director of Supportive Housing at the Wilder Foundation. She is a co-founder of the Framework Homeownership, LLC, a non-profit technology start-up company for homebuyer education. She co-chaired the statewide Minnesota Foreclosure Partners Council and currently serves on the National Industry Standards (for homeownership education and counseling) committee.

**Neil F. Hall** (Retired) was executive vice president and head of PNC's Retail Banking. He was responsible for leading PNC's consumer businesses, business banking, brokerage and distribution. Prior to being named EVP, he led the delivery of sales and service to PNC's retail and small business customers, directing branch banking, business banking, community development and PNC Investments. Hall joined PNC in 1995 and has held various positions within retail banking. Prior to joining PNC, he was executive vice president of Chemical Bank New Jersey's Consumer Banking Group. He began his banking career at Irving Trust Company and held several positions in commercial and private banking. Hall is a former board member of the Consumer Bankers Association.

**William Howle, II,** is President of U.S. Retail Banking at Citi, where he drives financial, client service and operational results with a team of 8,400 employees serving 3.6 million consumer households and 264,000 small businesses. Will is guiding the retail bank's client-led transformation to meet the needs of all customers, delivering on how they want to bank now and in the future. He is a highly-seasoned executive with more than 25 years of leadership experience in banking, spanning retail, commercial, small business and wealth management at Citi, Morgan Stanley, Wachovia and Bank of America. A strong advocate of the banking industry, Will regularly meets with regulators and legislators on Capitol Hill on behalf of Citi and the Consumer Bankers Association, which he is chairing from 2015 – 2016.

**Brian D. Hughes** currently serves as Executive Vice President and Chief Risk Officer for Discover Financial Services where he is a member of the Executive Committee. Brian has over 20 years of experience serving consumers in financial services and consumer goods and has previously worked as Senior Vice President and General Manager of the Discover Deposits business, Senior Vice President of Discover Cardmember Marketing, Senior Executive Vice President and CEO of HSBC Card and Retail Services, and Principal at the management consulting firm Booz-Allen & Hamilton.

**Christopher Kukla** is Executive Vice President at the Center for Responsible Lending in Durham, North Carolina. The Center is a nonpartisan, non-profit policy and research affiliate of Self-Help, a community development lender that has provided more than $6 billion in financing to homeowners, small businesses, and non-profit organizations nationwide. Chris leads CRL's work on auto lending issues and CRL's policy work in North Carolina. He counsels policymakers and advocates on the national and state level on consumer lending legislation and regulation. Chris is also Adjunct Professor of Law at the University of North Carolina Law School, where he teaches consumer law. Prior to joining CRL, Chris served as a Congressional aide for five years, focused primarily on appropriations and financial services issues.

**Max Levchin** is the founder and CEO of Affirm, an online financial services technology company. Max was one of the original cofounders of PayPal where he served as the CTO until its acquisition by Ebay in 2002. That same year, he was named to the MIT Technology Review TR100 as one of the top 100 innovators in the world under the age of 35, as well as Innovator of the Year. He has served on the boards of Yahoo!, Evernote and Yelp, is an active investor in and advisor to several payments, bitcoin, collections, remittance, marketplace lending platforms, fraud detection and prevention technology startups. Max is a serial entrepreneur, computer scientist, philanthropist and active investor in early stage startups.

**Brian Longe** currently serves as CEO of AST Group whose companies include American Stock Transfer and Trust, CST Trust Company, Donlin Recano & Company, Inc., LINK Shareholder Services and D.F. King. Previously to this position, Brian served as CEO of Wolters Kluwer Financial & Compliance Services Division from 2010-2015. From 2005-2010 he served as President and CEO of Wolters Kluwer Financial Services. Prior to joining Wolters Kluwer in 2005, Brian held numerous leadership positions in companies that specialize in developing information technology and solutions. Brian also serves on the national board of directors for Operation HOPE, a non- profit organization dedicated to financial literacy and empowerment.

**Ruhi Maker** is a senior staff attorney in Empire Justice Center's Rochester office. She has been a public interest attorney for over 30 years, working on fair lending, access to credit, affordable housing and community reinvestment issues. Ms. Maker co-convened the Greater Rochester Community Reinvestment Coalition (GRCRC) in 1993. Since then, GRCRC has released 15 home mortgage, small business and subprime lending analyses and submitted dozens of CRA exam and bank merger comments. Ms. Maker served on the Federal Reserve Board's Consumer Advisory Council from 2002-2004.

**Joann Needleman** is a partner at Clark Hill PLC and leader of Clark Hill's Consumer Financial Services Regulatory & Compliance group. Joann has extensive litigation experience in state and federal courts, successfully defending creditors against claims brought under the Fair Debt Collection Practices Act and Fair Credit Reporting Act as well as state statutes. She provides counsel, consultation and litigation services to financial institutions, law firms and debt buyers throughout the country. Joann is the current President of the Board of Directors of the National Creditors Bar Association.

**J. Patrick O'Shaughnessy** currently serves as the head of U.S. operations for Grupo Elektra, a leading Latin American financial services provider and part of the Grupo Salinas family of companies. He is President and CEO of Advance America, which he led prior to its merger with Grupo Elektra. Before joining Advance America, Patrick worked in the investment banking industry in New York. He spent most of his investment banking career at Donaldson, Lufkin & Jenrette (DLJ) and with Credit Suisse, after its acquisition of DLJ. He also worked for Kidder, Peabody and Thomas Weisel Partners. Patrick is the Chairman of the Board of the Community Financial Services Association of America, an industry trade group that advocates for consumer access to regulated financial services. He is an Aspen Institute Fellow and a member of the Board of Trustees of Converse College. He was graduated from the University of Notre Dame and received his MBA from the University of Chicago's Booth School of Business.

**Paheadra Bratton Robinson** currently serves as the Executive Director of the Coalition for a Prosperous Mississippi. Paheadra has been addressing civil rights and consumer protection issues for more than 10 years. She is currently a member of the Federal Deposit Insurance Corporation (FDIC) Alliance of Economic Inclusion, has served as a member of the steering committee for the Delta State University Center for Community and Economic Development, is a past board member for the Mississippi Community and Financial Access Coalition. In addition to private practice, Paheadra has served as legislative counsel in the Mississippi House of Representatives.

**Arjan Schütte** is the founder and a managing partner of Core Innovation Capital, a leading venture capital fund investing in financial services companies that empower everyday Americans. He is a passionate advocate for market-based financial inclusion, and invests in pro-consumer businesses bringing this mission to scale. Arjan is a Senior Advisor to the Center for Financial Services Innovation (CFSI), the nation's leading authority on financial health, which he helped start in 2004. Arjan earned his Master's from the Media Laboratory at the Massachusetts Institute of Technology, as an Interval Research Fellow, and his Bachelor's in Philosophy and Communication at Lewis & Clark College.

**Lisa J. Servon** is Professor of City and Regional Planning at the University of Pennsylvania. Prior to joining the University of Pennsylvania, she was Professor of Management and Urban Policy at The New School, where she also served as dean. Professor Servon holds a PhD in Urban Planning from the University of California, Berkeley, an MA in the History of Art from the University of Pennsylvania and a BA from Bryn Mawr College. She teaches and conducts research in the areas of urban poverty, community development, economic development, and issues of gender and race. Her current research focuses on the alternative financial services industry. Her book *The Unbanking of America: How the New Middle* Class Survives, for which she worked as a teller at a check casher and at a payday lender, was published by Houghton Mifflin Harcourt in January 2017. Servon spent 2015-

2016 as a scholar at the Russell Sage Foundation. She spent 2004-2005 as Senior Research Fellow at the New America Foundation in Washington, DC.

**Gene Spencer** currently serves as the senior vice president for stakeholder engagement, policy and research at the Homeownership Preservation Foundation (HPF), in Washington, DC, a position he has held since 2010. HPF operates the Homeowner's Hope Hotline, which provides financial education and foreclosure prevention counseling to consumers nationwide and is the national call to action for the US government's Making Home Affordable Program. Previously, Mr. Spencer served as a public affairs director at Burson-Marsteller and in several positions at Fannie Mae during a 28-year career, including executive positions in investor relations and mortgage securitization.

**James (Jim) Van Dyke** is CEO and founder of Futurion.digital, providing advisory services on mobile and digital commerce, payments, financial technology (fintech), identity and security. His 32 years of experience in end-user focused innovation includes founding and leading Javelin Strategy & Research as well as leadership roles in other research and strategy firms. Mr. Van Dyke has also held fintech, digital commerce and security product management roles within firms, ranging from startup to Fortune 500. Jim is also a frequent presenter at futurist or thought-leadership events.

**Raul Vazquez** is CEO of Oportun, a mission-driven Community Development Financial Institution (CDFI) that uses advanced data analytics and technology to provide affordable loans to Latinos and others with little or no credit history so they can establish credit and build a better future. Oportun has helped more than 770,000 customers by disbursing more than $2.6 billion in small dollar loans through its 200+ locations across six states. Prior to joining Oportun, he spent nine years at Walmart in various senior leadership roles, worked in e-commerce start-ups, and was also a consultant and industrial engineer. Raul is a member of the Federal Reserve Board's Community Advisory Council and serves as its Chair. He also serves on the board of directors of Intuit. He has a B.S. and M.S. in Industrial Engineering from Stanford and an M.B.A. from the Wharton Business School at the University of Pennsylvania.

**James M. Wehmann** is executive vice president of FICO's Scores business unit, a position held since 2012. He leads all aspects of the global FICO Score business, including its use in risk management and its distribution to consumers through various channels. His work includes global initiatives designed to positively impact consumer financial inclusion and consumer financial education. At FICO, Jim has developed deep insights into consumer credit trends and reporting practices, which he routinely shares with a broad group of stakeholders. Prior to FICO, much of Jim's twenty-five year career has focused on consumer marketing, including financial products, where he studied consumer behavior and developed communication strategies designed to influence consumer attitudes and actions.

**Chi Chi Wu** has been a staff attorney at National Consumer Law Center since 2001. Chi Chi focuses on consumer credit issues at NCLC, including legislative, administrative, and other advocacy. Chi Chi's specialties include fair credit reporting, credit cards, refund anticipation loans, and medical debt. Chi Chi frequently serves as a resource for policymakers and the media on consumer credit issues. Before joining NCLC, Chi Chi worked in the Consumer Protection Division at the Massachusetts Attorney General's office and the Asian Outreach Unit of Greater Boston Legal Services.. Chi Chi is co-author of the legal manuals Fair Credit

Reporting Act and Collection Actions, and a contributing author to Consumer Credit Regulation and Truth in Lending.

**Josh Zinner** is the Chief Executive Officer of the Interfaith Center on Corporate Responsibility, a leading coalition of progressive shareholders pressing for corporate accountability and economic, social and environmental justice. He was previously the Co-Director of New Economy Project, an advocacy organization that works with community groups to promote racial and economic justice in New York City neighborhoods. In this role, he was instrumental in winning passage of groundbreaking legislation and regulations to curb financial abuses in New York City and State. Prior to that, he was the founding director of the Foreclosure Prevention Project at South Brooklyn Legal Services, where he litigated lending and foreclosure cases in federal and state court, and was an early national voice against predatory lending. He was a founding member of New Yorkers for Responsible Lending, a prominent statewide financial justice coalition, and has trained numerous attorneys and advocates in New York City and State, and around the country.

APPENDIX B:

# Consumer Advisory Board written statements

The following statements were submitted by CAB members:

Texas
APPLESEED

The Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street Northwest
Washington, D.C., 20552

August 28, 2017

Dear Director Cordray,

Thank you for the opportunity to share my experiences serving on the CFPB Consumer Advisory Board (CAB). As I move into my fourth and final year on the CAB as the incoming chair, I hope to build on the vision and achievements of the leaders who have come before me. I look forward to continuing our efforts to offer the CFPB guidance on how financial policies and practices impact family financial well-being, and to work together towards a financial services system that enables our communities and our markets to thrive together.

I have had the honor to serve on the CAB in many different capacities—as a general member, chair of the small-dollar lending committee, vice-chair of the CAB, and now, in the upcoming year, as chair of the CAB. The year I chaired the small-dollar lending committee was particularly meaningful to me, as I was able to engage in the committee public input process for the very important proposed small-dollar lending rule. I have seen firsthand many of the financial harms caused by payday and auto title lending in my home state of Texas. I appreciated being a part of a thoughtful and deliberative process that pulled in a broad range of interests and perspectives. If a final rule is adopted and implemented, I am hopeful that the results of this inclusive rulemaking process will make important and desperately needed strides towards a fair playing field in a market that has been rife with abuse for decades.

Looking back on three years as a member of the CAB, I have been impressed consistently by the technical expertise and thoughtfulness of CFPB staff and by the quality of the analyses and resources that the agency produces.

The holistic view of consumer financial protection that drives the agency work and vision underpins the tremendous positive impacts of the CFPB on families across our country. The CFPB has returned around $12 billion to the pockets of individuals cheated by financial services providers. It has empowered individuals through its complaints database, financial education resources, and cutting-edge research into the drivers of and barriers to family financial well-being. The CFPB has engaged in important enforcement actions to ensure that profit incentives in the market are tied to complying with the law, and it has engaged in key rulemakings to fix areas where our markets are broken.

I also value deeply the opportunity to learn from my peers on the CAB who cover a spectrum of stakeholders, including consumer policy experts, academics, industry representatives, fintech experts and direct service providers. Together, we have been able to offer new insights to the CFPB and ensure the agency work remains relevant in the face of evolving community experiences and market practices.

We have seen a lot of important progress through the six-year track record of the CFPB, but much work remains. Though memories of the Great Recession may be fading for some, the financial wounds, particularly for low- and moderate-income families, are far from healed.

The current natural disaster caused by Hurricane Harvey, which is impacting millions of Texans—including my family, my friends, and my broader community—brings home the fragility that exists in all of our lives and our financial lives. It means so much to me and to millions of Americans that when it comes to consumer financial protection, the CFPB has our backs.

Sincerely,

Ann Baddour
Director, Fair Financial Services Program
Texas Appleseed

CORE INNOVATION CAPITAL

September 14, 2017

Dear Director Cordray:

I'm grateful to have been able to serve on the CFPB's Consumer Advisory Board (CAB) this past year, and I'm glad to share some reflections on my experience to date: on existing CFPB initiatives, on areas I believe could benefit from more attention and on the CAB itself.

On existing initiatives. I'm particularly excited about the CFPB's impact potential on open data access (1033), alternative credit data, small business, expanding the financial empowerment, and encourage the Bureau to double down on these efforts. Here's why:

The opportunity for "bank aggregators" (e.g. Plaid, Yodlee) to democratize financial services and align consumers' interests with financial products is profound and I hope the Bureau will exhibit industry leadership to protect these data outside the walls of banks (which would prefer to keep the data inside).

Alternative and "big" data, similarly, hold the keys to emancipate millions of Americans outside and on the fringes of the financial system to better, cheaper access to all consumer financial (and insurance) products. The Bureau can lead the industry to modernize Fair Lending (and related) practices for a data-driven future.

I'm a firm supporter of the Bureau's nascent work on small business, on the dual premise that almost all small businesses are sole proprietorships, but with zero protections, and because small business is so important to both household- and national GDP. I'd love to see the Bureau double down its efforts, in concert with progressive actors (e.g. PayPal and Intuit).

I've enjoyed working with Daniel Dodd-Ramirez's team in Financial Empowerment, who have been eager to think outside the box of their expertise to explore partnership opportunities within the for-profit industry. I believe there are lots of avenues for their financial capabilities work to reach a broader audience.

On opportunities to improve. I appreciate the Bureau's culture and genuine attempts to constantly seek ways to improve. From my perspective as an investor in consumer friendly, for-profit financial innovation, I'd encourage the Bureau to do more with Project Catalyst, on regulating initial coin offerings (ICOs), to dig into behavioral economics more, to further promote and protect immigrants, minorities and the elderly, and wield the power of soft persuasion more.

Project Catalyst should do more to partner with Fintech companies and the Bureau has to lower the hurdles for supporting experimentation. It should give guidance earlier and more clearly during its rule-making process. It should prioritize finding ways to leverage technology leaders' skills and scale to advance more consumer friendly financial services.

Initial Coin Offerings have raised $1.3 billion in the first half of this year alone and will almost certainly result in massive losses to average, non-accredited retail investors. Where the CFPB can't regulate it could create first principles for protecting consumers and work with appropriate regulators toward those ends.

The field of behavioral economics can dramatically change the face of financial services, in consumers' favor. The Bureau has done some work here, but is just scratching the surface, in my humble opinion. I'd love this become a rich exploration, akin to what you have done with alternative data. Companies like Blast, Digit, and Hugo are reimagining how people can align with their better selves.

Especially considering the current political environment, I believe the Bureau could double its efforts to empower immigrants (e.g. Nova Credit and mPower), minorities, and the elderly (e.g. TrueLink and BluePrint Income). Fintech entrepreneurs are doing some extraordinary work here.

Finally, I think the Bureau could expand and promote its efforts to persuade without enforcement. The letter you wrote to big credit card issuers that their customers would benefit from access to a free credit score, is a fantastic example. How about sending the same letter to the long tail of smaller banks? I'm sure the CAB could help identify a handful of high-impact letters you could write encouraging big wins for both consumer and industry.

On the CAB itself. It's fantastic that the board consists of such diverse participants, including a record five members of the Fintech community. I've been impressed by your personal commitment to leverage the board as a window into our industry, as well as the Bureau's team's professionalism and commitment to the mission. I'm grateful to outgoing CAB Chair, Maeve Brown, who brought tremendous patience, levity and decorum to her role.

Sincerely,

Arjan Schütte

NCLC® | NATIONAL CONSUMER LAW CENTER®

September 2017

Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

I am pleased to provide my reflections on my first year as a member of the Consumer Advisory Board (CAB) of the CFPB. I admire all of the good work by the CFPB, and it's been a great honor and a great experience for me to serve on the CAB.

I've learned so much from both the CFPB staff presentations and the insightful conversations that we've had on the CAB. The conversations are incredibly valuable because they come so many different perspectives. The back-and-forth engagement has been lively, while one of the most interesting aspects has been unexpectedly finding areas of agreement. I've very much appreciated how both the CFPB staff and the outgoing CAB Chair have consistently provided sufficient "space" for all CAB members to share their perspectives.

I hope to have made meaningful contributions to the CAB, especially on the issues of credit reporting, overdraft practices, debt collection, and credit cards. The focus on using alternative data to help "credit invisibles" has been an interesting topic, and I am glad to be able to convey our concerns that such efforts be made in a way that does not actually end up hurting low-income and other vulnerable consumers. It was also exciting to see the presentation to the CAB of the Supervisory Highlights Report on how CFPB's supervision has begun to improve systems for accuracy at the nationwide consumer reporting agencies, and to be able to give feedback on that topic later during that meeting.

One of the best things about the CAB is getting to meet so many of the dedicated, smart, and hard-working staff members of the CFPB. Thank you for your own personal engagement with the CAB, for your leadership as Director, and for the opportunity to be part of the CAB.

Sincerely,

Chi Chi Wu

HOMEOWNERSHIP
PRESERVATION FOUNDATION

CFPB Annual Report - 2017

I have been honored to serve as a member of CFPB's Consumer Advisory Board (CAB) for the third year, fulfilling my term. I have found participation as a member of the CAB to be a fulfilling, demanding and deeply illuminating experience. I am pleased that I have been able to support the mission of CFPB and contribute to the financial health of Americans. I commend CAB members and CFPB staff for their commitment, discipline and expertise. They serve America with distinction.

My primary focus as a CAB member has been on mortgage finance matters. This past year, we focused on the evolution of Treasury's *Making Home Affordable* (MHA) program or "Life after HAMP." MHA established a national framework for loss mitigation consumer support which we were concerned about losing as MHA expired. Through the lead work of the Mortgage Markets team, CFPB has encouraged broad support for the continuation of borrower engagement and support systems. The CAB also experienced the evolution of mortgage servicing rules this year and the relationship of RESPA to the provision of housing counseling to prospective borrowers.

Access to affordable mortgage credit by lower income/credit challenged borrowers remained a major concern in 2017. Numerous factors have driven this phenomena but we considered whether QM rule-making may have had an impact and what measures may improve the availability of funding for low balance mortgage loans.

Another concern were stories about the proliferation of land contracts in lending to lower income and minority residents. The CAB shared experiences and encouraged the Bureau to conduct research to determine the extent that this form of financing take place and to develop measures to restrict or restrain its utilization.

**Gene A. Spencer**
SVP, Stakeholder Engagement, Policy and Research

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August 30, 2017

Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray,

After the conclusion of them three-year term on the Consumer Advisory Board (CAB), I would like to take the opportunity to share my thoughts. I have been impressed with the commitment of the agency to look out for the health and well-being of consumers, while always considering what is viable for the financial services industry. As a researcher, I see abundant evidence that consumers are often overwhelmed by ever-increasing complexity of the financial services industry.

I am particularly concerned about how political forces could upend the agency's commitment to consumer financial health, and appreciate agency members' demonstrated willingness to simply go about their job despite external politically-driven uncertainties. As a researcher, it is clear that many consumers and small businesses in particular are still reeling from the effects of the historic 2008 financial services meltdown, and appropriate continuity is vital to the health and stability of our economy.

I appreciate how the agency has paid particular attention to financial technology ("fintech") trends. Our CAB meetings have been marked by numerous discussions about how emerging technologies are or could change the face of consumer financial well-being, with additional consideration of the impact on the industry overall.

I would like to encourage the CFPB to consider technologically-advanced research methods that are also more representative of how consumers' unique experience differs with various major financial providers. My interaction with the agency's researchers have found there is generally a preference toward historically-accepted research methods that may no longer reflect the overall US population–such as those that primarily rely on phone-based polling. I believe there would also be value in having the CFPB share selected findings from such data publicly, in ways that ground healthy public discovery or debate in empirical data.

I am thankful for the privilege of serving on the CAB, and wish the agency much success in its endeavor to make financial services work for everyone.

Sincerely,

Jim Van Dyke,
Founder and CEO
Futurion

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Director Richard Cordray
Consumer Financial Protection Bureau
1275 First St. N.E.
Washington, D.C. 20002

**RE: Consumer Financial Protection Bureau's Consumer Advisory Board Final Assessment**

Dear Director Cordray:

As an outgoing member of the Consumer Financial Protection Bureau's (CFPB or Bureau ) Consumer Advisory Board (CAB), I have been asked to provide and share my thoughts on my time served on the Board.

It was an honor and a privilege to be selected as a member of the CAB. I know that the CFPB values and respects what the CAB provides and their selection process for CAB members reflects this belief. As one of a few industry members and the first member from the debt collection industry, I was encouraged that the Bureau wanted to learn from my experiences in the hope that my perspective could provide assistance to the Bureau as it proceeds in the rule making process for debt collection.

I felt that the private sessions with the CAB and Bureau Staff encouraged a healthy dialogue of various opinions and perspectives. There were times that the CAB agreed with the CFPB on certain issues and there were times that the CAB communicated a belief that more work was needed. In those instances, the Bureau listened.

For me the most valuable aspect of being on the CAB was collaborating with the other CAB members. In my career, I have only met a few consumer advocates in passing; maybe speaking on a panel or two with some, but I never really had the opportunity to converse at length or get to know one person in particular. The CAB bridged that gap. What I came to realize is that industry representatives and consumer advocates have a lot more in common than we have differences. While we may disagree on how to get from Point A to Point B, our belief in outcomes, especially as it could benefit the consumer, are very much the same. I hope the Bureau will recognize this alignment and encourage more collaboration from both industry and advocates prior to facilitating certain policies. While it is understandable that a federal agency with the name "consumer" in its title will always put the consumer first, industry can be the solution and not always the problem.

If there is one critique I would make, it would be that I did not feel we were a true "advisory" board. Our roles as members were never completely defined. While we were given opportunities to comment on specific Bureau activities, the overall philosophy of the Bureau and future strategic discussions never occurred. Since a healthy majority of the members were fully supportive of the Bureau's mission, those of us who may have had disagreements about certain Bureau's activities found little opportunity to express those concerns. I believe the CAB could have been of great assistance to the Bureau during periods of criticism, providing perspective and navigation during those rough patches. As the Bureau moves into a period of uncertainty, I hope it will seek advice and counsel from existing and future CAB members. Additionally, I hope those CAB members will provide candid and frank recommendations.

I want to thank the Bureau staff for all their assistance. They always kept us well informed with Bureau activities while at the same time having to be logistics experts.

I wish all the best to you and the CFPB.

Very Truly Yours,

**CLARK HILL, PLC**

Joann Needleman, Esq.

/JN

September 14, 2017

Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

It has been a great privilege to serve on the Consumer Advisory Board these last two years. It has given me the opportunity to see up close the breadth and depth of the pressing issues that the CFPB is tackling in its rule-making, supervision, and enforcement, issues which deeply affect so many Americans. The thorough, thoughtful, and balanced way in which the Bureau approaches its mandate has really stood out for me. The in-depth conversations that we have had on the Consumer Advisory Board have been informed by detailed briefings and information from Bureau staff, and I have appreciated that staff and leadership at the Bureau are so responsive to suggestions and concerns raised by members of the CAB.

I worked for many years prior to the 2008 financial crash fighting and exposing predatory lending, and providing legal representation to homeowners who were losing their homes to foreclosure due to rampant lending abuses. In these years, there was a huge void in regulatory oversight at the federal level, allowing these abuses to flourish un-checked, and leading to the financial crash. While there were seven federal agencies ostensibly regulating banks, there were no agencies that were focusing on the impact of financial practices on families, communities, and small businesses.

Post Dodd-Frank, the CFPB has fulfilled this role ably, and with a high degree of commitment and integrity. For the first time, there is an agency in Washington that is truly focused on how financial practices affect all Americans. For the first time, and with enormous benefit to the public, there is careful and thorough oversight over a whole range of financial services industries and practices that had previously existed in an unregulated “wild west”, such as mortgage and student loan servicing, debt collection, payday lending, credit reporting, and auto lending. The CFPB’s systematic oversight over these industries has helped weed out widespread exploitative practices, and has leveled the playing field for banks and financial services companies that are conducting honest business that benefits the public.

Participation in the CAB has shown me how seriously the CFPB takes its mandate across the board. For example, while the enforcement actions garner more attention, the Bureau tackles its financial education and research duties with the same level of thorough analysis and attention to detail. This work provides critical information and data to the public, which helps families and businesses make the right financial decisions on a wide range of issues.

In the year ahead, the CFPB will be continuing the critical rule-making process on issues that affect a huge number of Americans, including small business data collection, debt collection, and small dollar lending. I’m honored to serve with my distinguished colleagues on the CAB, and look forward to giving feedback on the important work that the CFPB is doing.

Sincerely,

Josh Zinner
Chief Executive Officer
Interfaith Center on Corporate Responsibility

J. PATRICK O'SHAUGHNESSY
*Chief Executive Officer*

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September 11, 2017

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

Thank you for the opportunity to submit this statement regarding the progress of the Consumer Advisory Board (CAB) this year. As one of the few voices representing the consumer finance industry, it has been a great honor to share the perspective of the millions of consumers who value access to small dollar credit during my tenure. While I have been consistently impressed with the commitment of my colleagues on the CAB and the level of engagement by CFPB staff, including yourself, I have also noticed several worrying signs that the CFPB and CAB are not listening to the concerns of consumers, and are straying from their respective missions.

With its founding six years ago, the CFPB was intended to be an independent, impartial agency helping the consumer finance market work, to better protect and empower American consumers and to level the financial services playing field. The CAB was to consult and advise the Bureau's efforts, bringing to bear insights and emerging practices from the marketplace. Yet, in the CAB meetings, I have seen no commitment to evidence-based decision-making and to developing rules "without unintended consequences or undue burdens." Instead, personal and political opinions and a reliance on anecdotal evidence from members have served as the guiding principles, informing everything from the Bureau's rulemaking process to the CAB's agendas. As a result, the scales have been tipped in favor of ideology and bias over data and evidence from consumers.

In my past letters and comments at meetings, I have sought to recommend steps to stem this subjectivity and to prevent mission creep, urging the CFPB and CAB to focus efforts on those areas the Bureau promised to prioritize – where there are the greatest number of consumer complaints. From the very beginning, you and Senator Warren emphasized the importance of consumer complaints, and the CFPB's related public database, in determining the direction of the Bureau's work. Yet, CAB discussions have seldom followed the complaints, instead, focusing on those financial services many CAB members personally disfavor.

In the absence of independent, analytical research and objective information, the loudest and most politically influential voices guide the CFPB agenda. For example, when I first joined, attorneys on the CAB were adamant about abolishing arbitration in favor of class action interests. Even after the CFPB's own research showed that arbitration benefitted individual consumers more than class action suits, the Bureau pursued the interests of these attorneys in rulemaking. More recently, organizations represented by membership on the CAB participated actively in drafting the small-dollar rules, outside of any formal process or CAB meetings. I remain deeply concerned that the CFPB has placed greater value on the input of these organizations over feedback from actual borrowers, many of whom expressed opposition to the proposed rule in the more than one million comments submitted.

As a departing member of the CAB, I have appreciated the opportunity to represent the interests of consumers. As I leave, however, I fear that my participation and that of many others may have only served to allow the CFPB to maintain the aura of inclusiveness and collaboration, when in reality, the outcomes— both of CAB discussions and the rulemaking process— have been largely predetermined, at significant cost to the consumers the Bureau claims to protect.

As the chief federal regulator of the consumer financial services market, with broad authority to improve or disrupt consumers' ability to access credit, I urge the Bureau and CAB to return to its mission and embrace an evidence-based approach to rulemaking, one that regulates comparable products similarly and truly listens to the evolving needs and preferences of hardworking American consumers.

Thank you again for the opportunity to serve on the CAB and to represent the interests of consumers nationwide.

Sincerely,

J. Patrick O'Shaughnessy
CEO
Advance America

UNIVERSITY OF
NOTRE DAME
NOTRE DAME CLINICAL LAW CENTER

September 20, 2017

Richard Cordray
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Directory Cordray,

I just received the reminder of the next meeting of the Consumer Advisory Board and the beginning of my final year as a member. It prompted me to reflect on both my experience as a member of the CAB and the CFPB in general. Being a member of the CAB has been one of the most enriching experiences of my career. I have met some of the brightest and most dedicated people, both on the staff of the CFPB and other members of the CAB. My desire to be a member of the CAB springs from a frustration with policies that seem to be driven by realities on either coast and not the realities of the people I deal with here in the Midwest. I have been so impressed by the Bureaus willingness—in fact eager desire—to know how real people living ordinary lives are experiencing financial products. I am even more pleased with how this has translated into real world solutions.

I am a consumer advocate so my perspective on these issues is clearly in that camp. However, I have been truly inspired by the way the Bureau solicits and balances the views of business and consumers. In the end, if businesses cannot earn a profit, they will leave the market. The Bureau recognizes this and works to structure solutions that meet both needs. Some of the most interesting people that I have had the pleasure to meet during my time on the CAB have come from industry. Joanne Needleman, a representative of the debt collection industry, and I worked together on a presentation and discovered that we really do have shared goals and concerns. It was eye-opening for both of us, but also led to a better understanding of the policies needed to update the terribly outdated Fair Debt Collection Practices Act.

I am looking forward to my final year as a member of the CAB. It is bittersweet. I know that the next year will present challenges for the Bureau and I will continue to benefit from the wonderful interactions with both CAB and staff. I also know that I will miss the intense interaction and deep-diving discussions into important national policies regarding financial products when my year is over. Thank you for this wonderful opportunity.

Sincerely,

Judith Fox

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September 14, 2017

Honorable Richard Cordray Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

As I enter my final year on the CAB, I regret that my term will soon be ending.

The past year has been tumultuous with the change in the administration and a great deal of public debate about CFPB regulations at various stages in the regulatory pipeline, including arbitration, overdrafts, debt collection, and payday lending. Despite the challenges and distractions, the staff of the CFPB has continued its measured, thoughtful and informed process of evaluating whether and how to regulate consumer financial products.

The staff is not afraid of complexity. In fact, whenever staff members present questions to the CAB, they highlight the nuances of proposed regulations, including their concerns about potential impacts on the market and consumers. In turn, the discussions at the CAB invariably entail deep dives into the evidence in favor of and in opposition to regulations under consideration. Like the staff, the CAB members do not adopt strident positions. Rather, we collectively try to inform the CFPB's efforts from our individual vantage points and without rigid mindsets.

The CFPB does more than educate, enforce and regulate. It is an agency that values learning. We have had many discussions about new technologies from blockchain to fintech. The conversations have not been with an eye to regulation or enforcement. Rather, the focus has been learning about these products, i.e. their models, risks, advantages to consumers, etc. Learning before acting should be foundational at all agencies.

From an enforcement and regulatory perspective, it is difficult to believe the CFPB could improve its processes or outcomes. My one concern is outreach. Not for lack of effort, the CFPB still is not well known to much of the public. I encourage the CFPB to double down on its efforts to educate people about its existence and how it serves consumers. Perhaps past and present CAB members—particularly those who can reach out to people with a high need for help and less access to information—could help bring attention to the CFPB. Ideally, the CFPB could produce a single brochure and a quick slide show that outlines how the CFPB can help consumers.

I have worked with many federal and state agencies over the years. The CFPB continues to be the most efficient and effective agency I have ever encountered. It is a privilege to serve on the CAB.

Sincerely,

Kathleen C. Engel
Research Professor of Law

PennDesign

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20 September 2017

Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

Thank you for providing the opportunity to reflect on my service on the Consumer Advisory Board over the past year. I was extremely honored to be nominated and then selected to serve on the board, and have had a truly valuable experience during my first year of service.

Throughout this past year I have been struck by the diversity of voices and experience around our table, as well as the seriousness with which the CFPB takes the CAB's input. It has been a real privilege to engage with my fellow committee members and with your staff on the wide range of issues that fall under the consumer financial protection umbrella. I am impressed with the seriousness, expertise and professionalism of your staff, and the depth of research they conduct on complex problems.

Serving on the Consumer Lending Subcommittee has given me greater insight into issues concerning student debt, the use of alternative credit, and auto lending, to name just a few examples. As the credit markets have become more complex and creditworthiness has grown in importance, the work of the CFPB has become even more key. I particularly appreciate the seriousness with which you take the input of the CAB and the fact that you dedicate time to our meetings.

I've found that my participation on the Consumer Advisory Board works in two ways. I bring my expertise and knowledge to our meetings and our work, and I also bring what I've learned through my participation back to my own research.  My depth of knowledge and understanding of policy issues has grown as a result.

The CFPB plays a critical role in the consumer financial services landscape, and I am proud to have played even a small role in this important work.

Sincerely,

Lisa J. Servon
Professor and Chair

# Jacksonville Area Legal Aid, Inc.

*A Wealth* of *Justice* for Those Who Have Neither


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September 15, 2017

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, Northwest
Washington, D.C. 20552

Dear Director Cordray:

I appreciate the opportunity to share how much the Consumer Financial Protection Bureau and the Consumer Advisory Board mean to me and Florida consumers. I have been an advocate for those who are low income, elderly, hard of hearing, deaf and blind from 1988 to present. I still hold that role with Jacksonville Area Legal Aid, Inc. a non-profit law firm representing these populations in the greater Northeast Florida area and the state of Florida. I have also had the honor of participating in the Consumer Advisory Board from September, 2016 to present.

My specialty has always been as a consumer protection advocate. Prior to the inception of the CFPB, the only real and meaningful method of resolving consumer issues with their mortgage company, debt collectors or continuing credit reporting inaccuracies was litigation. Also, many of the consumers who required our services made problematic financial decisions because they did not have meaningful educational opportunities. When the CFPB was created, it opened up a whole new world for our client population as well as for advocates attempting to assist them. Because the CFPB complaint process is so accessible, easy to operate and effective, consumers now have a "pre-litigation" option of attempting to resolve issues through the CFPB complaint process. My clients (and I) have been so impressed that we always receive a timely response from a knowledgeable person at the CFPB when filing a complaint. Through the complaint process consumers can receive a meaningful response from the companies involved. Even when a favorable outcome is not the end result, the consumer may see the problem from a different perspective and decide litigation is not the most effective way of dealing with the problem.

Another extremely helpful, non-litigation tool created by the CFPB has been the Real Estate Settlement Procedures Act loss mitigation and information gathering rules. Before January 10, 2014, loan modification procedures were inefficient and ineffective for both the borrowers and the servicers. Thousands of loans remained non-performing, homes were lost and communities neglected because loan modification applications and the accompanying paperwork was lost, became outdated because of the length of the process or just disappeared altogether.

Post January 10, 2014, the loss mitigation, information resource and error resolution procedures were solidified leading to a much more productive loan modification (or surrender) process. Questions about the application of mortgage payments or other servicing issues could be addressed short of litigation with a simple request for information or notice to the servicer of a purported error.

After having so many positive experiences with the CFPB and the members of its staff, I was thrilled to be accepted as a member of the Consumer Advisory Board. I have attended three in-person meeting and approximately a dozen telephonic committee meetings. I can confirm that I have never seen such a hard-working and intelligent group of staff members. I have never had a negative experience with any member of the staff. I continue to be in awe of the depth of their subject matter and practical knowledge. The staff is so generous with their time. They anticipate what will be helpful to you before you even identify a need or problem. Often I will think of an issue presented by one of my clients or another Florida consumer which I believe is new such as zombie foreclosures or problems with contracts for deed only to find that CFPB staff and other CAB members have already considered the problem and are working on solutions.

As a Florida advocate, I and my clients and colleagues have a special interest in issues that affect the elderly. I have noticed a marked increase in the unnecessary, and sometimes illegal, foreclosure lawsuits filed by reverse mortgage services. After taking several depositions, I learned that the default servicing was based upon many arbitrary rules imposed not by any regulator or contractual required. I learned these rules could change at the whim of a servicer trade association. The staff has been so interested and receptive to looking into these issues harming senior citizens. Although, most of the actual steps being taken are appropriately shared only with staff, it is clear they are very interested in doing the right thing for seniors and for the marketplace. They have been aggressively obtaining information and looking at these servicing problems from all angles.

This treatment of the reverse mortgage issue is consistent with the numerous issues I have been introduced to through my attendance at meetings, both in person and telephonic. All of the members of the CAB have learned that the CFPB has a full complement of methods for assisting consumers through education, regulation and litigation. Through my relationships with staff and other members of the CAB I have come to appreciate that there are always more than two sides to each story and the CFPB's brightest and best are trained to make sure all sides are informed, all sides are heard, that consumers and the marketplace are protected For these things, I am very grateful.

Very truly yours,

Lynn Drysdale

Lynn Drysdale
Division Chief
Consumer Advocacy and Litigation Unit

# HERA

housing and
economic
rights advocates

July 26, 2017

Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street
Washington, DC 20552

Dear Director Cordray:

Over the course of this past year at the Consumer Advisory Board meetings, we have, once again, covered a vast amount of ground discussing important issues affecting consumers—from small dollar loan and mortgage servicing concerns, to financial technology businesses and their impact on consumers, debt collection concerns, medical debt and its impact on credit, as well as small business lending concerns under the bureau's 1071 obligations. With the diverse and knowledgeable board membership that we have had, our conversations have been informative and nuanced, as we have drawn from expertise of committee members at the table, as well as the extensive knowledge of bureau staff to help inform our understanding and analysis of issues and give feedback on these topics.

I appreciate how staff has continued to remind us and weave into our discussion how topics on the table this past year relate to the other rule-making of the Bureau. Understanding the larger rule-making and enforcement work of the agency also enriches the discussion of CAB members. I am also grateful for and impressed by the Bureau's thoroughness in researching issues and shedding new light on consumer concerns helps industry and consumers alike. For example, the impact of medical debt on consumer credit, and the bureau's approach to demystifying this tremendously important concern has made it easier for consumers, advocates and industry to understand and begin to address related problems.

The CFPB as an agency, its director, and its other staff, remain thoughtful and deeply thorough in their approach to problem-solving and analysis. Industry and consumers alike benefit from the Bureau's approach. I remain grateful for the CFPB's existence, and it has been one of my greatest professional joys and honors to contribute as a member of the CAB.

Sincerely,

Maeve Elise Brown, Esq.

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Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street
Washington, DC 20552

Dear Director Cordray:

My two years as a member of the Consumer Advisory Board has provided me the opportunity to engage in conversations on many critical issues involving financial products, services and practices, governing regulations, and their impact on the lives of consumers. In these discussions, I have been impressed with the commitment and professionalism of the CFPB staff as they carefully weigh issues, examine facts and create a respectful environment for dialogue. My own thinking on issues has also benefitted from the different perspectives offered by a diverse Advisory Board whose members share a common commitment to improve the financial well being of consumers.

Over this period, CFPB staff engaged the Advisory Board in a series of discussions on policy and potential rule making addressing topics such as third party debt collection, small dollar lending, and arbitration in their pursuit of consumer protection remedies under mandates created out of Dodd-Frank legislation. In addition, topics with broad economic and social implications such as student loan debt, alternative financial data uses, and Fintech innovation formed a meaningful part of the items put in front of the Advisory Board. I have been particularly gratified to see approaches to improve the impact and reach of financial education as a key part of the Bureau's agenda.

Reflecting on the Bureau's approach to certain issues, I do see opportunities to improve its impact by being more comprehensive and strategic in their assessments. For example, while clear about its desire to curb abusive payday lending practices, I think the Bureau is less clear about the consequences of potential rule making on credit availability or on overdraft fees. Also, while the Bureau's concentration on curing student loan servicing defects will certainly provide relief to impacted consumers, a more upstream focus on underwriting and qualifying criteria would have greater impact on default rates and likely benefit more people. In both of these cases, the Bureau's approach could benefit from framing the issue inside a set of clear outcomes that would better identify interdependencies, focus problem solving, and likely result in more sustainable rule making.

As it looks to the future, I would encourage the Bureau to take more proactive steps to enhance the public's awareness of its work in the areas of credit availability and financial education. While well known for its support of consumers by securing financial remediation through high profile enforcement actions and rule making, the Bureau is doing equally important, but less well defined work providing consumers with tools to improve their financial well being. Born out of Dodd-Frank legislation, the Bureau's mission, identity, and core agenda has been driven by needs made apparent in the 2007 Financial Crisis, and has delivered an impressive record of results. I think our current economic environment, and a more complex, digital and data driven financial world argues for a broader, refreshed definition of "Consumer Protection" that the CFPB, prudential regulators, legislators, and financial service providers align around and collaborate to make consumers lives better.

Respectfully,

Neil F. Hall

crc

CALIFORNIA REINVESTMENT COALITION



Director Cordray
Consumer Financial Protection Bureau
1600 G Street NW
Washington DC 20552

Dear Director Cordray,

It has been an honor to serve on the Consumer Advisory Board during the past year and to see how the Bureau approaches its mandate to ensure that banks and other financial companies treat consumers fairly. As you know, California was the epicenter for the mortgage meltdown that resulted in millions of foreclosed homes, millions of lost jobs, and a deepening of the wealth gap in this country that will take decades to overcome. The passage of Dodd-Frank and the creation of the CFPB was a watershed moment in terms of preventing another harmful collapse whose impact was felt most deeply on Main Street. From my vantage point on the CAB, I have seen that CFPB staff take this responsibility seriously, and have created a new threshold for how regulators should protect consumers by putting a stop to harmful practices; increasing transparency about consumer complaints; and creating accountability for illegal behavior.

Small businesses are the economic engines of our economy, and yet we know from the Bureau's recent white paper as well as a survey we recently conducted of our own members that access to safe and transparently priced financing remains a large obstacle for far too many small business owners, especially women entrepreneurs and entrepreneurs of color. It was gratifying to have the opportunity to present on this topic as part of our CAB meeting in June this year, and we are also excited to see the CFPB move forward on the 1071 rule to increase transparency.

The CFPB's education, outreach, and enforcement work related to reverse mortgages continues to be an important asset and housing protection issue, especially as our senior population increases by 10,000 people every single day. Another area we have watched closely is the Bureau's work to implement a rule on payday, car title, and other high-cost installment loans. These loans have been particularly harmful for low-income consumers in California because of our state legislature's inability to prioritize protecting consumers over profits. Disappointingly, recently released state data indicate that seniors were the largest age group of borrowers in California last year.

I am deeply appreciative of the opportunity to serve with a diverse group of experts and to play a role in bringing the consumer and community voice to the CFPB as it moves forward on its important work.

Sincerely,

Pau Gonz

Paulina Gonzalez

OPORTUN
Loans for a better future

September 14, 2017

Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street Northwest
Washington, D.C. 20552

Dear Director Cordray,

Serving as part of the Consumer Financial Protection Bureau's Consumer Advisory Board (CAB) has been both an honor and privilege. Thank you for giving me the opportunity to serve, and for inviting me to reflect on my experiences during my first year on the CAB.

In participating in the CAB meetings, I've been particularly struck by the diversity of the individuals and organizations represented in the group, from consumer advocates, and academics to companies in fintech, collections, payday lending and more. Perhaps more impressive was every member's willingness to listen to and consider perspectives and opinions that were quite different from their own. It was invaluable to be a part of such vigorous and respectful discussions, which helped me appreciate the complexity of the CFPB's challenge in balancing consumer protection with the ability to have a free and open financial marketplace.

I've also been especially pleased to see the Bureau tackle issues that are at the forefront of innovation in financial services, such as data freedom and the use of alternative data and modeling techniques in credit granting. Oportun, the company I lead, is a mission-driven Community Development Financial Institution (CDFI) that relies on the use of alternative data and advanced data analytics to provide affordable and responsible loans that help people with little or no credit history establish the credit history they need. We appreciated being able to share our perspective as a company that embraces the savvy and ethical use of alternative data to help people who are typically turned away by traditional lenders. However, it is also easy to imagine a scenario in which despite the very best of intentions, regulations governing the use of alternative data could end up hurting our industry's ability to provide access to responsible and affordable credit.

I am also impressed with the thoughtful direction the CFPB has taken this year in its rule-making processes for key consumer protections in debt collection, arbitration, small dollar and payday lending, industry incentives, prepaid debit cards and mortgage servicing. These are all important and complex issues and serving on the CAB has given me a deeper appreciation for the Bureau's efforts to protect consumers while ensuring that consumer financial markets work for all involved.

OPORTUN
Loans for a better future

Thank you, again, for the opportunity to be a part of the CFPB's Consumer Advisory Board. I look forward to another year of service and to collaborating with my colleagues on the Card, Payments, and Deposit Markets committee. I hope my experience at Oportun can contribute to the discussion there in helpful ways. I know that my work with the Consumer Advisory Board has already helped inform our approach to supporting Oportun customers in their efforts to build a better future for themselves and for their families.

Sincerely,

Raul Vazquez
Chief Executive Officer

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September 13, 2017

Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

I am writing to express my deep appreciation to you for the opportunity to serve for the last year as a member of the CFPB's Consumer Advisory Board (CAB). I have been working on access to credit issues for decades and the CAB has enabled me to deepen my knowledge of the credit products that consumers use. The reading materials, as well as the extensive in-depth conversations with staff and the other CAB members, are exceptionally productive. As a consumer advocate I value the honest discussions with CAB members who represent the lending industry and I have gained valuable insight from their perspectives. These conversations play an important role in crafting my thinking about existing and future regulations and therefore allow me to be a better advocate for the consumers I serve.

I consistently find that all of the CAB members have a wealth of knowledge and expertise to share. The CFPB staff, who are assigned to specific issues areas, have extensive backgrounds in their areas of law and raise pertinent questions for CAB discussions. CFPB research papers and presentations play an important role in my work both on the CAB and in my professional capacity. The recent reports on borrowers who enter the credit economy and small business loans are just two recent examples. The CFPB research, based on detailed data sets, will prove to be critical to our work on policy solutions at the local and state level in New York State.

Unfortunately, many New Yorkers have very limited access to safe small dollar loans. Local advocates tell us that people of color in Rochester are systemically paying more for used car loans. Used car loans are critical for workers who live in upstate NY to purchase cars which will provide the necessary transportation to better jobs. These higher paying jobs are typically not in close proximity to public transit or affordable housing, and have irregular hours making public transit even less useful. Those workers, who frequently maintain 2-3 jobs, still do not earn enough to pay rent, put food on the table and meet the basic necessities of life. It is a travesty that those same New Yorkers are faced with borrowing on unfair and even abusive terms. It is imperative that consumers in our credit economy have access to fair, safe and affordable credit. I am committed to working with you and the CFPB to change that.

I thank you and your staff for this unique opportunity to serve my fellow New Yorkers. I am grateful for the enforcement actions and consumer protections enacted by the CFPB and I look forward to continuing this valuable work with you.

Yours truly,

Ruhi Maker

Ruhi Maker, Esq.

September 20, 2017

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1275 First Street, N.E.
Washington, D.C. 20020

Dear Director Cordray,

It has been a great honor to serve on the CFPB's Consumer Advisory Board (CAB) over the past two years and to have the opportunity to work more closely with the talented and committed staff of the CFPB. In a short period of time, the CFPB has move forward with an enormous amount of critical enforcement actions, regulatory policies, research, and materials developed directly for consumers that will have a lasting impact on the lives of so many Americans.

The CFPB's data and fact-driven approach is one of its greatest strengths. It has strived to obtain consistent input and insight from those most impacted by policies and markets that are overseen by the CFPB. It is also improving our ability to document and identify needs and opportunities for consumers. For example, having a final rule on the Home Mortgage Disclosure Act that includes additional reporting requirements on race and ethnicity of consumers will greatly improve industries' ability to identify gaps in credit access as well as for consumer advocates to identify potential areas of concern where equitable access to credit is not available to all creditworthy consumers. The research and thought in developing a system to collect data on small business lending will also have a profound impact in the field. We hope the CFPB will move this work forward as expediently as possible and ensure there is disaggregated data by race and ethnicity as well. This initiative will serve to support entrepreneurs across the country that keeps the U.S. economy and local neighborhoods thriving.

Other bodies of work, including the rules to improve the Real Estate Settlement Procedures Act and the Truth in Lending Act, the arbitration rule, and others, will ensure that consumers are more informed about the commitments they are making, and to enable them to enforce their own rights as consumers. We applaud the CFPB for moving these policies forward with the best interest of consumers as the primary focus.

The incredible amount of user-friendly tools and guides available at the Bureau, along with tools for consumers and practitioners, serve not only to inform consumers but also helps build the capacity of local organizations that are working directly with the most at-risk consumers. Tools such as those developed for students, seniors, and their caregivers show that the CFPB is responding to what it is hearing in the field. We -commend the thoughtful approach to the development of these tools and the simple format that is utilized for consumers to better access.

Lastly, I appreciate the chance to share the experiences of those Americans with Limited English Proficiency (LEP) as well those that are culturally isolated, with members of the CAB and the CFPB. Over the past few years, we have made progress in reaching these communities, but there is much more work to do. I look forward to continuing this work in years ahead to increase access to resources, the complaint line, and other engagement opportunities offered by the CFPB.

As the CFPB continues to move forward with its critical mission, I thank you for the opportunity to share my perspective and to lend a voice on behalf of the Asian American and Pacific Islander community.

Sincerely,

Seema Agnani
Executive Director

Housing & Education
ALLIANCE
MAKING A DIFFERENCE ONE FAMILY AT A TIME

*"A HUD certified housing counseling agency"*

September 13, 2017

Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

I wanted to take the time to express my appreciation for allowing me to serve on the CFPB Advisory Board and to be a part of the very important work the CFPB is engaged in. It has truly been an honor and a privilege to work alongside colleagues with the same passion, focus and purpose.

As the Executive Director of a HUD approved housing counseling agency I witnessed, up close and personal, the human tragedy and family casualties of the foreclosure crisis. We have helped more than 15,000 Tampa Bay families facing foreclosure with our free foreclosure prevention services. Having spent more than 25 years in the mortgage industry I saw many injustices perpetrated on innocent, hardworking and unsuspecting families and individuals which were brought to their knees when bad mortgage products were sold to them.

It was this fact that brought me to my present role in our agency. I wanted to make sure we educated as many people as possible as to the correct way to purchase a home, the pitfalls to avoid and how to prepare for any potential financial hardship as a homeowner. Studies have proven that people who take a HUD approved homebuyer education course are 35% less likely to become a victim of foreclosure.

When I learned of the role of the CFPB I was hopeful there was finally an agency to help stop the abuses I have witnessed in the mortgage markets. The accomplishments of the Bureau in such a short period of time are unprecedented. The new mortgage rules go a long way to protect our citizens when making one of the biggest investments of their lives while working in a foreign and very complicated process. Buying a home can be overwhelming, even for those who work in our industry.

These new rules may have been met with some resistance, as most change does, but in the long run you have made a huge difference and will affect the lives of future homebuyers in very positive ways for years to come.

Once again, I thank you for your work, the progress you have made in moving financial markets forward in a way that will prove beneficial to our future homebuyers and especially for allowing me to be a part of this very valuable work.

Respectfully,

Sylvia A. Alvarez

Sylvia A. Alvarez
Executive Director

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