

SEPTEMBER 12, 2012 – SEPTEMBER 12, 2013

# Annual report of the Consumer Advisory Board



Consumer Financial  
Protection Bureau

# Letter to director from Consumer Advisory Board chair and vice chair

Richard Cordray, Director  
Consumer Financial Protection Bureau  
Washington, D.C.

Dear Director Cordray,

On behalf of the Consumer Advisory Board (CAB or Board), we are honored to present our first annual report, which details the activities and progress made since the Board's establishment in September 2012.

In January 2012, the Bureau called for nominations for members of the CAB. After review of applications, you appointed 25 diverse and distinguished individuals with expertise in consumer protection, financial services, community development, fair lending and other areas -- all of whom shared a commitment to successfully meet our responsibilities set forth in the Dodd-Frank Act that is to advise and consult with the CFPB on, among other things, emerging practices in the consumer financial products and services industry. Indeed, we knew we were part of a historic endeavor, and we felt the weight of responsibility on our collective shoulders to ensure that the Bureau has the benefit of our best advice on a variety of consumer financial issues and emerging market trends as it carries out its mission to protect consumers and make consumer financial markets work for consumers in America.

Wasting no time, we held our first board meeting in St. Louis, Missouri, where we quickly met the challenges of adopting a governance structure and organized ourselves into policy committees to focus our time and talents. We agreed to form committees around important consumer finance issues such as mortgages, credit reporting, debt collection and deposits, small-dollar and installment loans, and cards and payments, among others. Board members meaningfully engaged with Bureau staff through in-person meetings, committee meetings, and conference calls, providing our collective and individual perspectives on the ongoing work of the CFPB.

Through engaging the Bureau, we established a respectful process for sharing ideas while maintaining frank dialogue aimed at getting to the core of the critical issues facing American consumers. During subsequent Board meetings in Washington, D.C., and Los Angeles, California, CAB members discussed numerous aspects of the Bureau's work and explored the barriers that many consumers, including new Americans, often face in

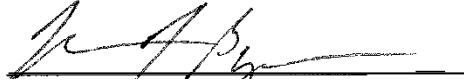
participating in the consumer financial marketplace. The annual report provides greater detail about the Board's discussions and recommendations.

We are proud of the progress made during the first year of the Board's existence, which we hope sets a positive precedent for future citizen experts in the field to advise and consult with the Bureau. We stand ready, and look forward to working with you in the months and years to come, to fulfill our shared mission of protecting consumers in the financial marketplace.

Sincerely,



José A. Quiñonez, Chair



William J. Bynum, Vice Chair

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# Executive summary

The Consumer Financial Protection Bureau (CFPB or Bureau) is the nation's first federal agency focused solely on consumer financial protection.<sup>1</sup> 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 Bureau's mission is to make consumer financial markets work for American consumers, honest businesses, and the economy as a whole.

The CFPB's Consumer Advisory Board is authorized by §1014(a) of the Dodd-Frank Act. The Consumer Financial Protection Bureau's Consumer Advisory Board (CAB or "Board") was chartered and 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."<sup>2</sup>

In fulfillment of its responsibility as articulated in Section 9 of the CAB Charter and the Bureau's commitment to accountability, the CFPB Consumer Advisory Board is pleased to present its first Annual Report to the Director. This report summarizes the activities and progress of the Board and its committees during its inaugural year, since establishment in September 2012. The discussion portion of the report is divided into sections that are aligned with its statutory responsibilities, and the report also includes, in Appendix B, separate written statements submitted by Board members relating to the report.

In the first year since its establishment, the Consumer Advisory Board:

- Held three meetings – [September 2012](#) in St. Louis, MO, [February 2013](#) in Washington, DC, and [May 2013](#) in Los Angeles, CA.
- Organized four policy committees, which have met four times:

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<sup>1</sup> 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).

<sup>2</sup> Dodd-Frank Act, Pub. L. No. 111-203, § 1014(a).

- Mortgages Committee;
  - Card and Payments Committee;
  - Credit Reporting, Debt Collection, and Deposits Committee; and
  - Small Dollar and Installment Lending Committee.
- Examined and discussed a variety of topics and issues including:
    - Overview and structure of the Bureau;
    - Structure, role, and governance of the CAB;
    - Title XIV mortgage rules and implementation efforts;
    - Bureau supervisory process;
    - Debt collection & credit reporting – larger participant rulemaking updates and trends on the ground;
    - Overdraft study;
    - CFPB CARD Act study and request for information;
    - Arbitration;
    - Fair lending mortgages;
    - Remittances rule;
    - Payday and deposit advance whitepaper;
    - Overdraft whitepaper;
    - Project Catalyst; and
    - Bureau’s Consumer Engagement initiatives.



CFPB Director Richard Cordray and then-Deputy Director Raj Date with CAB Members at the CAB’s Inaugural meeting, September 18, 2012, in St. Louis, Missouri.

The CAB is proud of its first year accomplishments and looks forward to continued service to the Bureau in furtherance of its mission.

This report fulfills the CAB charter requirement to submit an annual report to the Director.

## ESTABLISHMENT OF THE BUREAU'S FIRST ADVISORY BOARD

The membership of the CAB is diverse, comprised of members of the general public from many different areas of expertise and perspectives in consumer protection and financial services. Specifically, Section 1014 says, "in appointing the members of the Consumer Advisory Board, the Director shall seek to assemble experts in consumer protection, financial services, community development, fair lending and civil rights, and consumer financial products or services and representatives of depository institutions that primarily serve underserved communities, and representatives of communities that have been significantly impacted by higher-priced mortgage loans, and seek representation of the interests of covered persons and consumers, without regard to party affiliation." CAB membership and the Bureau followed this guidance closely when organizing the CAB. The Director is also dedicated to selecting a CAB membership that is diverse in gender, ethnicity, and geography.

## ROLE OF THE ADVISORY BOARD

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

## MEMBERSHIP AND PUBLIC NOMINATING PROCESS OF THE CONSUMER ADVISORY BOARD

Following statutory guidelines, the Bureau invited external experts, industry representatives, consumers, community leaders, and advocates to nominate individuals for membership on the Consumer Advisory Board. Additionally, the Bureau published a notice for nominations on its website, distributed a notice widely through mass email distributions, and published a notice outlining the functions of the Board and soliciting nominations for members to serve on the Board in the Federal Register. In response to this call for nominations, the Bureau received over 1,100 unique candidate nominations for membership on the Board. On September 12, 2012, the Bureau announced the appointment of 25 consumer experts to the Consumer Advisory Board.

**Advise and consult: emerging practices in the consumer financial products or services industry, including regional trends, concerns and other relevant information.**

Since establishment in September 2012, the CAB has convened in-person and via conference call to execute on its purpose. Because the CAB is a newly-organized body facilitated by the Bureau, much of its activities during this first year were focused on orienting this diverse group of experts and representatives to the organization, purpose, and daily functions of the Bureau as well as providing training and orientation about CAB member roles as advisory board members. A summary of these engagements with the Bureau and recommendations provided to the Bureau follow below. More details from each CAB meeting can be found on [consumerfinance.gov](http://consumerfinance.gov).

**1. September, 2012: St. Louis Missouri**

In order to demonstrate its commitment to a presence outside the Washington, D.C. Beltway and to facilitate broad public participation in meetings, the Bureau held the first meeting of the CAB on September 27-28, 2012 at the Randall Gallery in St. Louis, Missouri. During this first meeting, the CAB members:

- **Learned about their roles and responsibilities as members of a federal advisory body, reviewed and finalized the CAB's governance and operating structure**

In a series of conversations, the CAB members received training on their responsibility to provide open and independent advice and counsel to the Bureau and CAB members began to review and revise their operational and governance structure. Many members shared appreciation for the opportunity to serve the Bureau by sharing their expertise, as well as key trends and issues happening in their communities. On its governance and structure, the CAB made the following recommendations to the Bureau:

- Once CAB committees are established, committee chairs will work with the Board chair and the Staff Director to set the agenda for future CAB meetings;
  - The Bureau should provide additional advance notice to CAB members for any CAB meetings;
  - CAB members would like to meet three times per year and requested a calendar of the coming year's meetings and events; and
  - CAB members proposed that the Charter and Bylaws be amended to allow the sitting Vice Chairperson to succeed the Chairperson.
- **Learned about the structure and organization of the Bureau and key first year priorities and accomplishments**

In a series of conversations with Bureau leadership, the CAB learned about the inner workings of the Bureau; specifically, how key divisions within the CFPB (Consumer Education and Engagement; Research, Markets, and Regulations; and Supervision,



Enforcement and Fair Lending) are structured, division key goals and objectives, short and long term priorities, and key staff in the divisions. Bureau staff facilitating these conversations included: Patrice Ficklin, Assistant Director in the Office of Fair Lending and Equal Opportunity, within the CFPB's Supervision, Enforcement and Fair Lending Division (SEFL); Gail Hillebrand, Associate Director for the Consumer Education and Engagement Division (CEE); and Corey Stone, Assistant Director for Credit Information, Collections, and Deposit Markets in the CFPB's Research, Markets and Regulations Division.

- **Shared with Bureau staff key post-financial crisis trends and market conditions observed on the ground**

During the public portion of the CAB meeting, then-CFPB Deputy Director, Raj Date, led a public discussion on post-financial crisis consumer trends and market conditions. In this facilitated discussion, CAB members considered the implications, opportunities, and challenges for consumers in the post-financial crisis environment. In an interactive discussion, members of the Board and the public shared their perspectives. After providing an overview of market conditions observed by the Bureau and inviting CAB members to share trends and conditions that they have experienced, the following key themes were raised in the discussion:

- There is a need for expanded access to credit;
- There is a need for increased financial education; and
- There is a need to level the playing field, which means --
  - Embracing the notion that the marketplace can work well; and
  - Not wavering on supervision and enforcement responsibilities.

## **2. November 5, 2012 CAB briefing call on Title XIV mortgage rules**

During the September 2012 CAB meeting, CAB members requested a subsequent briefing on the Bureau's Title XIV mortgage rulemakings and an opportunity to provide input to the Bureau on them. During this briefing call, CAB members provided the following input to the Bureau:

- It is unclear to what extent Debt To Income (DTI) is correlated with loan performance and members urged the Bureau to be careful when using this.
- A CAB member shared concerns that the Servicing rule, as proposed at the time, did not make clear that the servicing standards are minimum standards and that states can override with their own, presumably stronger, rules. The recommendation was that the servicing rule should address this.
- A CAB member suggested there should be a presumption that in-sourced force-placed insurance with an affiliate is not at a reasonable price and therefore is a RESPA kick-back.

During this briefing call, CAB members provided the following recommendations to the Bureau:

- It is important to complete rulemaking on title XIV mortgage rules by or before the statutory deadline;
- The Bureau should not to turn the Rebuttable Presumption into a Safe Harbor through indirect means;
- Regarding HOEPA, CAB members emphasized that the rules should create a floor or minimum standards but should not preempt states that want to go further with consumer protection; and
- CAB members also emphasized that the final rule needs to include strong prohibitions against dual tracking.

### **3. December 14, 2012 CAB briefing on Bureau priorities**

During the September 2012 CAB meeting, CAB members requested additional briefings from the Bureau in order to have a clearer sense of how to advise and consult with the Bureau. In response to this request, the CAB met by conference call on December 14, 2012 and was provided with an overview of current policy priorities and anticipated future priorities. During this briefing call, CAB members provided the following input to the Bureau:

- CAB members encouraged the Bureau to have an open mind regarding payday and overdraft products and some CAB members urged the Bureau not to move towards banning these services, because there is a need for short-term, small-dollar lending products.
- CAB members inquired whether the Bureau had plans to do any work on financial issues that impact immigrants, particularly in anticipation of the possibility of immigration reform being considered in Congress.
- Regarding Consumer Reporting Agencies, CAB members asked whether the Bureau could begin to examine what other data sets should be included in the credit report.
- CAB members asked whether the Bureau could share with CAB any distillation of findings from data collected thus far.
- CAB members asked how they could receive additional information about the arbitration study. Some CAB members expressed a related concern that mandatory arbitration was not apparently among the Bureau's priorities and inquired about the Bureau's work process on the arbitration study.
- There has been a significant a rise in student loan debt, and the Bureau should think about how to help in this area.

### **4. February 2013: Washington, D.C.**

The CAB held its second in-person meeting in Washington, D.C. The goals of the meeting included:

- **Learning about the Bureau's post-mortgage rulemaking outlook**

In response to Director Cordray providing an overview of the Bureau's post-mortgage rulemaking outlook and the CAB's discussion on issues and trends of which the Bureau should be aware, CAB members made the following observations and requests:

- Discussions during the public session provided a good representation of CAB members' different perspectives and areas of expertise.
- The CAB would appreciate a presentation on possible patterns in abusive lending practices.

In the same discussion about the Bureau's post-mortgage rules outlook, the CAB provided the following recommendations:

- The Bureau should consider responding to the comments raised during comment periods in public sessions.
- The Bureau should consider deficiency of credit availability. The recovery is leaving low- and moderate-income people behind and endangering their ability to be homeowners. Other life choices, such as whether to attend college or university, purchase a car, or pay for a medical expense also depend on having access to credit.
- The CAB encouraged the CFPB to consider debt traps in a larger context. What looks like a need for credit might really be a need for higher wages. The CAB recognized that the CFPB unfortunately cannot solve all these problems.

- **CAB Committee organizing**

Section 7 of the CAB Charter provides that the CAB may establish and dissolve committees, in consultation with the Bureau. Any committees shall report to the CAB and not directly to the Bureau. Leading up to the February meeting, the CAB organized four committees, organized by policy issue area under the Bureau's jurisdiction. CAB committees meet at least once in between CAB meetings and also meet in person during CAB meetings. An outline of the committee structure and summaries of issues raised and recommendations made in committee meetings are provided below.

- **Trends and themes presentation**

Beginning at the February 2013 meeting, CAB members have organized presentations to and led discussions with Bureau staff and each other on current trends and themes they observe on the ground. During the February meeting, CAB Vice-Chair Bill Bynum presented on small-dollar loan trends in the south, Elizabeth Costle discussed financial issues impacting older Americans, and William Nelson presented on financial concerns impacting servicemembers. No specific recommendations were made by CAB members during this discussion.

- **CAB members continued to learn about the role and function of the Bureau**

The remainder of the CAB meeting provided CAB members with an opportunity to continue learning about different functions of the Bureau. This included an overview of the Bureau's offices of Supervision Examination and Supervision Policy, Consumer Response, Fair Lending and Equal Opportunity, Financial Empowerment, Research,

Financial Education, Card Markets and key initiatives such as the Bureau's work on Regulatory Implementation, Arbitration and Overdrafts. Key recommendations and observations provided by the CAB to the Bureau in these discussions included:<sup>3</sup>

- Regarding its consumer complaints, CAB members suggested that the Bureau should share consumer complaints with the broader public because even if a complaint can't be resolved to a consumer's satisfaction, it may help others.
- In discussions on Card markets, CAB members emphasized that the pre-CARD Act industry was heavily reliant on penalty fees and rates and expressed concern that the CFPB may discover that the CARD Act helped some consumers more than it helped others, and that the CFPB will have to find ways to assess the data to properly articulate that divergence.
- Regarding the CARD Act, CAB members raised the importance of measuring the level of consumer knowledge about the rules and protections of the Act. The student population, for example, is a major consumer group that is very specifically affected by the CARD Act but may be largely unaware of the CARD Act and its protections.
- Regarding Financial Education, CAB members commented that the Financial Education mission may be overly broad and suggested that the Bureau partner with specialized or local financial services organizations to help get its message out.

#### 5. **May 2013: Los Angeles**

The CAB convened for its third meeting at 9:00 a.m. on May 15, 2013 at the Japanese American National Museum, 100 North Central Avenue, Los Angeles, California. The topics discussed in this meeting included: New Americans in the Financial Marketplace, CFPB Consumer Engagement tools, the CFPB Payday and Deposit Advance report, Senior Designations report to Congress and an update on the CFPB's finalized remittance rules. Key recommendations made by the CAB on these issues follow below:

- **New Americans in the consumer marketplace**

During the public meeting of the CAB, Director Cordray addressed the CAB, panelists, and members of the public about the Bureau's focus on serving all consumers and new Americans in particular. After Director Cordray's remarks, Assistant Director for Consumer Engagement Peter Jackson provided an overview and demonstration of the Bureau's latest initiative – CFPB en Español – a new Bureau Spanish language site. Following this demonstration, the Bureau's then-Acting Deputy Director, Steve Antonakes facilitated a conversation about new American immigrant communities and

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<sup>3</sup> For more details, see: [http://files.consumerfinance.gov/f/201303\\_cfpb\\_meeting-minutes\\_second-cab-meeting-2013.pdf](http://files.consumerfinance.gov/f/201303_cfpb_meeting-minutes_second-cab-meeting-2013.pdf)

their experiences in the marketplace. During the public discussion, CAB members presented the following for the Bureau's consideration:

- Because of an increase in lenders and tax preparers offering newer and specialized products, characterized by an increase in aggressive marketing, the CFPB should explore the possibility of starting a savings account initiative that offers messaging and advice.
- There appears to be a lack of consumer awareness of access to alternative products to payday loans.
- Bank branches are closing in underserved communities; the CFPB should observe and evaluate lending practices, including branching, to ensure that all consumers' needs are being met by the banking system. The suggestions included:
  - Incentivizing banks to provide more small-dollar loans in order to avoid high payday lending interest rates and short payback durations;
  - Mandating that payday lenders provide easy-to-read disclosures delineating associated risks and costs; and
  - Establishing a registry of payday lenders and a user cap.
- Disclosing details of a product in the consumer's language or the language that brought the consumer to seek the product (currently the language specifications are only present in the remittance regulations);
- Initiatives like as CFPB en Español should be expanded to additional languages and be made available to consumers; and
- All CAB members agreed it is essential to maintain successful communication with consumers and indicated to the CFPB that this work should be continually expanded.
- **CFPB engagement tools**

Assistant Director Peter Jackson provided an overview of the Bureau's consumer engagement work, and the CAB provided the following considerations and recommendations about needs for consumer engagement.

- The CFPB should increase awareness of the online college cost tool;
- The CFPB should develop a seal in addition to the current logo mark, which can increase credibility;
- The CFPB should launch a large-scale campaign in the fall that targets paying for college, as well as reaching students by providing the tool to high school college counselors; and
- The CFPB should use the paying for college formula and apply it to help consumers choose other financial products, such as loans and which bank to use.
- **CFPB payday and deposit advance**

In a discussion on the CFPB's recently-issued payday and deposit advance product whitepaper, CAB members raised the following considerations for and recommendations to the Bureau:

- Whether the single payment payday product is a fair product;
  - The Bureau should expand the study to include the spending behavior of deposit advance users and activity outside of the deposit advance checking account;
  - In considering the element of product design, there should be a transparent forum that provides consumers with a tailored variety of choices that delineate potential costs and risks of small dollar loans like payday and DAP, which could be accomplished by a further understanding of borrowers' financial situations and learning what drives sustained use of high cost loans; and
  - It is essential that any new regulatory framework that addresses payday and DAP products are easy to access and can be adapted to particular account structure in order to curtail consumers' pecuniary mistakes.
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- **Designations for financial advisers: Reducing consumer confusion and risks, report and recommendations to Congress and the SEC**

After being briefed by Bureau staff about the Bureau's recent report to Congress on designations for financial advisers to seniors, the CAB provided the following recommendations and considerations for the Bureau.

- The CAB reiterated the need to increase transparency in accessing senior-specific financial advice and commended the Bureau on its work on the issue thus far.
- Some CAB members emphasized the need for increased awareness about designation qualification and minimum standards of accredited education.
- A CAB member suggested that the Bureau consider the possibility of requiring continuing education classes for financial advisers.
- CAB members suggested implementation of prohibitions on misuse of senior designations, as well as setting standards around the advertising of senior designations.
- CAB members also recommended establishing a national database registration system in order to keep track and stay ahead of perpetrators.

## CONSUMER ADVISORY BOARD COMMITTEES

In February of 2013, the CAB organized into committees as authorized by section 7(a) and (b) of its charter. Section 7 of the charter provides that the Board may establish and dissolve committees in consultation with the Bureau and any committees shall report to the Board and not directly to the Bureau. Committees may include as participants individuals who are members of the Board and/or staff of the Bureau. Committees 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 committee will be led by a committee Chairperson who shall be appointed and may be removed by the Chairperson of the Board. Meetings of the Board’s committees will be called by the committee Chairperson and shall be conducted via teleconference unless the Bureau’s staff and committee Chairperson determine that an in-person meeting is necessary.

Following the process outlined in the CAB charter and bylaws, members of the CAB were segmented by their expertise and backgrounds into four committees, Card and Payments; Credit Reporting, Debt Collection & Deposits; Small Dollar and Installment Lending; Mortgages. The schedule of 2013 CAB meetings follows below.

<b>Committee</b>	<b>Meeting dates</b>
Mortgages	April 10, 2013 July 10, 2013 November 6, 2013
Credit Reporting, Debt Collection, & Deposits	April 25, 2013 July 18, 2013 November 13, 2013
Short term, Small Dollar & Installment Lending	April 24, 2013 July 24, 2013 November 20, 2013
Card & Payments	May 1, 2013 July 31, 2013 November 27, 2013

## **Committee responsibilities**

CAB committees are to:

- Strategically identify issues, trends and themes in consumer finance for the Bureau;
- Prepare discussion items on identified issues, trends and themes at CAB meetings;
- Recommend questions and action items for consideration by the larger CAB on issues identified by committee members; and
- Receive information from other subject matter experts to inform the Bureau on particular issues.

Committee meetings are organized around a topic recommended by the committee and presented by the Bureau staff responsible for thought leadership in a particular area, and then the topic is discussed by the committee members to identify key issues, trends, and themes for recommendation to the Bureau.

## **Committee meetings**

The following outlines and summarizes the topics discussed in the CAB committee meetings during the first half of the year.

### **Card and payments**

The first Card and Payments meeting convened on May 1, 2013 via conference call. The primary purpose of the initial meeting was to outline the organization of the committee, discuss the role, scope and purpose of the committee and to identify key industry themes and trends. The members discussed current trends and themes in the Card and Payment industry and market to determine the committee's policy direction. Suggested areas of the committee's focus included:

- Remittances
  - Timing of implementation given systems builds
  - Length of receipt for disclosure
  - To the penny payment in multiple currencies on receipt side
  - Error resolution rules in Regulation E
- Interchange
  - Federal Reserve's biannual interchange rate cap setting process
  - State no-surcharge laws
- Debit card holds
  - Funds availability issues
  - Federal Reserve's purview
- New data models/techniques to provide broader access to capital
  - How the use of new data models can expand access and to explore some of the challenges in using alternative data sources
- Simplification of card terms
- Use of multiple languages in addition to English
- Fee Harvester Card Rulemaking Litigation Update



The next Card and Payments meeting convened on May 15, 2013, during the general CAB meeting. The discussion of the meeting focused on the use of pre-paid cards, including the use of provisional credit, credit features/overdraft and the general purpose reloadable cards. Consensus was that consumers need protection from employer misuse of credit reports during the employment process.

The third Card and Payments meeting was held on July 31, 2013 via webinar. The central discussion points were the presentation of the Bureau's Unified Agenda, mobile payments and pre-paid cards. Committee members commented that pre-paid cards are one method for consumers to improve credit scores but with risks. The members also stated that mobile payments can be a transformative factor for the under banked in the traditional system.

### **Credit reporting, debt collection & deposits**

The first Credit Reporting, Debt Collection & Deposits committee meeting was held on April 25, 2013, via conference call. The primary purpose of the initial meeting was to outline the organization of the committee, discuss the role, scope and purpose of the committee and to identify key industry themes and trends. The members discussed current trends and themes in the credit reporting, debt collection, and deposits industries and markets to determine the committee's policy direction. Views expressed during the members' discussion topics included the following:

- Consumers need verification of the amount of debt due at all stages of the collection cycle, including prior to court proceedings.
- The Bureau should facilitate the interchange of debt collection information between states and with the Federal government.
- Post-foreclosure debt collection continues to be an issue in northern California and across the country.
- The mortgage industry is marketing access to mortgages and a variety of mortgage products in the consumer's primary language, but conducting collection activities only in English.

The committee suggested areas of focus, including:

- Debt collection
  - Post-foreclosure debt collection
  - Debt settlement procedures for filing suit
  - Mortgage collections in English but marketing loans in non-English languages
- Credit reporting
  - How to navigate without a credit score or credit report
  - Economic barriers created by exclusion from access to credit or lower cost financial products
  - Scoring models keeping new Americans and young people out of credit
  - Scoring accuracy
- Deposits

- Whether the shift to pre-paid cards is helping people, and the downsides of use from a long-term policy perspective

Pre-paid cards being used as an alternative to checking accounts

The second Credit Reporting, Debt Collection & Deposits committee convened on May 15, 2013 during the in person CAB meeting. There were two topics of discussion that were presented by Bureau staff: credit reporting and access to credit. Committee members recommended an initiative that encourages people to request their credit score during an annual event, such as when a consumer files taxes.

The third Credit Reporting, Debt Collection & Deposits committee meeting convened via conference call on July 18, 2013. The meeting began with an overview of the Bureau's Unified Agenda and then a presentation on the debt collection ecosystem/life cycle. The debt collection ecosystem focused on how debt is identified and the collection process from an industry perspective. Committee members commented that many of the issues come from the lower echelon of the industry and that it was useful to understand the complete process lifecycle.

### **Small dollar and installment lending**

The first Small Dollar and Installment Lending committee meeting was held on April 24, 2013, via conference call. The primary purpose of the initial meeting was to outline the organization of the committee, discuss the role, scope and purpose of the committee, and to identify key industry themes and trends. The members discussed current trends and themes in the small dollar and installment lending industries to determine the committee's policy direction. Members' discussion included:

- Whether there were particular lending patterns for new Americans and/or undocumented residents and where they go for small dollar loans.
- The impact of student loan debt on student enrollment and the completion of college across the economic spectrum. Also that the student debt has disproportionately impacted people of color.
- Student loan debt is impacting home buying decisions and general credit access
- Did not see bank tax refund anticipation products during this tax season, but other types of financial intuitions moved into the space to offer refund anticipation loans.
- Alternative payment providers are moving into other areas including refund anticipation loans, becoming new players in the market.

The committee suggested areas of focus including:

- Consumer protection issues with cities combining public transit fare cards with approved pre-paid credit cards;
- The impact of student loan debt on access to credit and student enrollment/matriculation; and
- The increase of other types of non-bank financial institutions moving into the tax refund anticipation loan market.

The second Small Dollar and Installment Lending committee meeting convened on May 15, 2013, during the in person CAB meeting. The committee's discussion focused on student lending and auto leading. Bureau staff presented a general overview of the topics and provided the members with an opportunity for discussion. Committee members recommended potential ways to address the upward trajectory of student loan defaults. Also, committee members raised the issue of students needing to understand financial options and making better financial decisions.

The third Small Dollar and Installment Lending committee meeting met on July 24, 2013 via conference call. The meeting focused on the Bureau's Unified Agenda and Payday White paper. The discussion centered on the loan data driven analysis of high-cost small dollar credit for twelve (12) months; and from a number of payday lenders. The members commented on the data and provided anecdotal experiences that related to the data and the report.

## **Mortgages**

The first Mortgages committee meeting was held on April 10, 2013, via conference call. The primary purpose of the initial meeting was to outline the organization of the committee; discuss the role, scope and purpose of the committee; and to identify key industry themes and trends. The members discussed current trends and themes in the mortgage market to determine the committee's policy direction. The members' discussion topics included:

- Origination and servicing
- Subprime lending
- Implementation
- The Home Mortgage Disclosure Act (HMDA)
- Reverse mortgages

The committee suggested areas of focus including:

- The enforcement of servicing rules
- RESPA servicing rules
- HMDA reporting changes
- Loan officer compensation
- Increase of hard money lenders moving into the subprime loan business

The second Mortgages committee meeting convened on May 15, 2013 during the in person CAB meeting. The committee's discussion focused on the Truth in Lending Act (TILA), Real Estate Settlement Procedures Act (RESPA), the proposed rule and testing process, and regulation implementation. Bureau staff presented a general overview of the topics and provided the members with an opportunity for discussion. Committee members were concerned about the methods of communicating TILA/RESPA information to new American consumers. The members noted that different organizations take different approaches to handling mortgage communication. The members agreed that early education and disclosure would be positive steps towards a more successful approach. Committee members recommended a primer, such as a video tutorial specific to a jurisdiction or territory that explains the standard language, guidelines, expectations, and/or processes. Committee members suggested new data collection

elements to improve the user experience and to make information processing less costly and cumbersome.

The third Mortgages committee meeting convened on July 10, 2013 via conference call. During the meeting the Bureau's Unified Agenda and the Home Mortgage Disclosure Act (HMDA) was discussed. Committee members discussed and commented on the Dodd-Frank Act changes to HMDA and the Bureau's improved access to the data. Members were also given a general overview of the Bureau's approach to rulemaking including the general steps of (SBREFA, Proposed Rule, Public Comment Period, Final Rule, Implementation Period, Data Collection).

## **CONCLUSION**

As outlined above, during the first year of the Consumer Advisory Board, the CAB continued to provide the above summarized recommendations, advise, expertise and technical information to assist the Director in executing the Bureau's mission. The CAB thanks the Consumer Financial Protection Bureau for the opportunity to support the Bureau's mission - to make consumer financial markets work for American consumers and businesses – through its advice and counsel. We submit this report and attached individual remarks in the spirit of cooperation and collaboration.

## **APPENDIX A**

### **CAB BIOS**

**Chairperson Jose Quinonez** has been the executive director of the Mission Asset Fund in San Francisco California since 2007. Mr. Quinonez's previous positions include: Policy Director for the Asset Policy Initiative of California (San Francisco), California Outreach Director for the Center for Responsible Lending (Oakland). He also worked in Washington, DC, at the Center for Community Change, Bread for the World, and on Capitol Hill.

**Vice Chairperson Bill Bynum** is currently the CEO of Hope Enterprise Corporation/Hope Federal Credit Union in Jackson, MS, a position that he has held since 1994. Previously, Mr. Bynum has held positions as director of programs for the NC Rural Economic Development Center in Raleigh, NC and the associate director of Self-Help in Durham, NC. From 2002-2012, he served as chairman of the Treasury Department's Community Development Advisory Board.

**Gary Acosta** is the co-CEO of New Vista and the co-founder of the National Association of Hispanic Real Estate Professionals (NAHREP). Mr. Acosta currently sits on the boards of the Mortgage Bankers Association of America and the National Housing Conference. He has also served on boards and advisory councils for National Association of Realtors, Freddie Mac, Fannie Mae and JP Morgan Chase.

**Jo Ann Barefoot** is the co-chair of Treliant Risk Advisors in Washington, DC. As an elected member of the board of directors of Center for Financial Services Innovation (CFSI), Ms. Barefoot's previous positions include: Founder of the Jo Ann Barefoot Group, Partner and Managing Director at KPMG Consulting and President and CEO of

Barefoot Marrinan & Associates during the 1980s and 1990s. In 1978, Ms. Barefoot became the first woman deputy comptroller of the currency. Ms. Barefoot and has also worked on Capitol Hill for the U.S. Senate Banking Committee's Subcommittee on Housing and Urban Affairs.

**Don Baylor** has been a Senior Policy Analyst at the Center for Public Policy Priorities since 2004 where he directs Opportunity Texas, a statewide platform to promote savings and create pathways to good jobs. Mr. Baylor's prior positions include serving as legislative director for the New York Association of Community Organizations for Reform Now (NY ACORN); and senior consultant for KPMG Public Sector Consulting Practice in Sacramento, CA.

**Maeve Brown** is currently the executive director of the Housing and Economic Rights Advocates an organization that she co-founded in 2005. Previously, Ms. Brown has served as the Director of Predatory Lending, Section 8 Homeownership and Rural Housing Service Foreclosure Avoidance Initiatives at the National Housing Law Project in Oakland, CA., Contract Attorney, Housing Unit; Director, Community Economic Development Unit; Director, Housing Unit and Clinical Teacher; and Supervising Attorney at the East Bay Community Law Center in Berkeley, CA, and attorney for the Legal Aid Foundation of Los Angeles.

**Steve Carlson** is the former head of Marketing and Business Development for Mint.com and Quicken. Mr. Carlson started his career with marketing and management consulting roles at Toyota, CSC Index, and MVP.com. Additionally, Mr. Carlson has held senior executive roles at HSBC and Washington Mutual and has also advised start-ups, as well as a leading global financial services firm, as the Co-founder and Principal at Sung Carlson Associates. Mr. Carlson is a consultant to and advisor to start ups in the financial technology space.

**Laura Castro de Cortés** is currently vice president of (AFS) at Centris Federal Credit Union in Omaha, Nebraska. Ms. Castro de Cortés is also the owner of Latino Banking Solutions (LBS), whose clientele has included Wells Fargo Bank, Allied Insurance Group, Principal Financial Group, Brotherhood Bank and Trust, Liberty Bank and many more banks throughout the Midwest. Prior to launching Latino Banking Solutions, Castro de Cortés was Vice President and director of Latino Banking for Commercial Federal Bank, a \$13.3 billion federal savings bank.

**Elizabeth Costle** has been the director, Consumer and State Affairs at the AARP Public Policy Institute since 2010. Previously, Ms. Costle's previous positions include serving as Vermont Commissioner of Banking, Insurance, Securities and Health Care Administration, Deputy Commissioner for securities and general counsel of that Department. Ms. Costle has also worked as a senior consultant for Health Insurance Policy in the Office of Policy and Representation at Blue Cross Blue Shield Association; assistant general counsel at Fannie Mae; as general attorney at Satellite Business Systems; and as an associate at Arnold & Porter.

**Prentiss Cox** is currently an associate professor of law at the University of Minnesota Law School, where he has taught since 2005. Previously, Mr. Cox served as the manager of the Consumer Enforcement Division for the Minnesota Attorney General's Office as well as a Judicial Clerk for the Honorable P.H. Marshall at the United States District Court for the Northern District of Illinois. Mr. Cox is the author of a number of publications on a range of financial topics, including: fraud, deceptive practices, and foreclosures.

**Patricia Hasson** has been president of Clarifi for over 13 years. Ms. Hasson's prior experience includes more than 12 years as a banking executive with a diverse consumer and commercial lending background. Ms. Hasson served a 3-year term on the Federal Reserve Board Consumer Advisory Council. She is a member of the Board of Directors for the Greater Philadelphia Chamber of Commerce, and has also served as President of the Board for Greensgrow, a pioneering urban farm in Philadelphia.

**Patricia Garcia Duarte** currently serves as the president and chief executive officer for Neighborhood Housing Services of Phoenix, a position she has held since 2006. Previously, she worked as the Arizona Manager for the Community Partnerships Office at JPMorgan Chase/Bank One; has held various housing and economic development responsibilities with Mercy Housing SouthWest; Neighborhood Housing Services of Phoenix; and Chicanos Por La Causa, Inc.

**Adam Levitin** is a professor of law at the Georgetown University Law Center. Previously, Mr. Levitin served as special counsel for the Congressional Oversight Panel for the Troubled Asset Relief Program; was the Robert Zinman Scholar in Residence at the American Bankruptcy Institute; served on the faculty in the Division of Financial Practices Academy at the Federal Trade Commission; was an Associate in the Business Finance & Restructure Department at Weil, Gotshal & Manges LLP in New York, NY; and was a judicial clerk for the Honorable Jane R. Roth on the Third Circuit Court of Appeals in Wilmington, DE.

**James McCarthy** currently serves as the President/CEO of Miami Valley Fair Housing Center, Inc. in Dayton, OH, a position he has held since 1998. Previously, he was a paralegal for Noel W. Vaughn, Attorney at Law. Since 2006, Mr. McCarthy has served as the chair for the National Fair Housing Alliance in Washington, DC and is actively involved with the Affordable Housing Options Committee of Montgomery County, OH, the Dayton Community Reinvestment Institute, and the Dayton Fund for Home Rehabilitation, among others.

**Jennifer Mishory** currently serves as the deputy director for Young Invincibles, a position she has held since 2009. Ms. Mishory's prior experience includes testifying before Congress about private student loans; authoring publications on topics such as consumer awareness about student loan decisions and the impact of student debt on buying a house; representing young consumers in numerous capacities, including as a consumer advocacy negotiator in the 2012 negotiated rulemaking around federal student loans; and as a consumer representative to the National Association of Insurance Commissioners.

**William Nelson** most recently served as the executive director for USA Cares in Kentucky, a position he held since 2008. Previously, Mr. Nelson worked as a military family financial planner in New England and Kentucky. In 2002, he was named the National District Manager of the Year. Mr. Nelson served on active duty for twenty years in the U.S. Navy, retiring in the rank of commander in 1992.

**Michelle Peluso** is currently the chief executive officer of Gilt, an innovative online shopping destination offering its seven million members special access to the most inspiring merchandise and experiences every day at insider prices. Prior to assuming the CEO role at Gilt, she served for over three years on the company's Board of Directors. Before joining Gilt, Mrs. Peluso was the global consumer chief marketing and internet officer for Citigroup, a position she held from 2009 until early 2013. Previously, she worked at Travelocity in a number of positions, as senior vice president of product

strategy and distribution, chief operating officer, and CEO from 2003 to 2009. Mrs. Peluso joined Travelocity after the company acquired the site she created and launched, Site59, in 2002. Prior to leading Site59, Mrs. Peluso served as a White House Fellow and senior advisor to the Labor Secretary and worked as a case leader for The Boston Consulting Group.

**Dory Rand** is currently the president of the Woodstock Institute, a position she has held since 2008. Previously, she was a supervising attorney of the Community Investment Unit at the Sargent Shriver National Center on Poverty Law; a senior attorney for the Legal Assistance Foundation of Chicago; an associate attorney at Mandel, Lipton & Stevenson; and a staff attorney at the ACLU of Illinois. Ms. Rand has extensive experience on boards and with professional associations related to banking, housing, home ownership, and asset building, among others.

**The Honorable Annette Rizzo** was appointed to the Court of Common Pleas bench in Philadelphia in 1998. Since that time, she has served in the Trial Division in both the Criminal and Civil Programs and now sits in the Civil Major Trial Program. Since the spring of 2008, Judge Rizzo has been involved with the development and oversight of the First Judicial District's Residential Mortgage Foreclosure Diversion Pilot Program. The conferences bring together homeowners, lenders' counsel, pro bono attorneys and housing counselors in an effort to keep city residents in their homes.

**Ellen Seidman** most recently served as a visiting scholar in the Community Development Department at the Federal Reserve Bank of San Francisco. Ms. Seidman chairs the board of directors of the Center for Financial Services Innovation and she also serves on the boards of three Community Development Financial Institutions: City First Bank of DC, Coastal Enterprises, Inc. and the Low Income Investment Fund, as well as the Board of the CDFI Assessment and Ratings Service (CARS). Ms. Seidman's prior positions include serving as the Executive Vice President for National Policy & Partnership Development and for Mission and Strategy for the ShoreBank Corporation; Senior Managing Director/National Practice at ShoreBank Advisory Services; Director for Financial Services Policy and Senior Research Fellow at the New America Foundation; Director of the Office of Thrift Supervision (OTS) from 1997 to 2001.

**Josh Silverman** is currently the president for U.S. Consumer Services at American Express, a position he has held since 2011. Previously, he served as: an Executive in Residence at Greylock; CEO at Skype; CEO at Shopping.com (an eBay company); a managing director at Markplaats.nl; eBay NL at eBay, Inc.; the GM for International Expansion at eBay, Inc.; was the co-founder and CEO at Evite, Inc.; was VP and GM for Regional Field Service Business at ADAC Laboratories; a Management Consultant at Booz Allen Hamilton; and a Legislative Correspondent for US Senator Bill Bradley.

**Robert Stoll** is the founder of Stoll Berne, LLC, the law firm for which he was chairman from 1977 to 2008. Previously, he was the Oregon Special Assistant Attorney General for Securities Litigation. Mr. Stoll formerly ran private law practices and was also a law clerk for the Honorable Arno Denecke on the Oregon Supreme Court.

**Donna Tanoue** currently serves as Vice Chairman, Client and Community Relations, Bank of Hawaii Corporation/ Bank of Hawaii, and President, Bank of Hawaii Foundation. Ms. Tanoue previously served as Chairman of the Federal Deposit Insurance Corporation (FDIC). She was a partner in the Hawaii law firm of Goodsill Anderson Quinn & Stifel. Ms. Tanoue also served as Commissioner of Financial Institutions for the State of Hawaii.

**Jane Thompson** is the CEO and Founder of Jane J. Thompson Financial Services LLC, a company she founded in 2011. She serves as a senior advisor to the Center for Financial Service Innovation. Previously, she was the founder and president of Wal-Mart Financial Services, a partner at McKinsey & Company, Inc., and a brand manager at Procter & Gamble.

**Jonathan Zinman** is a Professor in the Department of Economics at Dartmouth College, a position he has held since 2005. He is also the co-founder and academic director of the U.S. Household Finance Initiative of Innovations for Poverty Action, a nonprofit research and development organization. Previously, Mr. Zinman was an economist at the Federal Reserve Bank of New York, and a loan fund manager and strategy analyst at the Massachusetts Community Development Finance Corporation.



## **APPENDIX B**

### **CAB WRITTEN STATEMENTS**

The following statements were submitted by CAB members per section 9 (c) of the CAB Charter:

September 30, 2013

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

Dear Director Cordray:

I appreciate the invitation to offer perspectives on the first-year efforts and performance of the CFPB's Consumer Advisory Board (CAB), on which I am privileged to serve.

My primary observation is that the CAB has rapidly created a valuable channel of input, insight, and external connections for the Bureau. As a newly formed advisory group to a newly formed agency, the CAB has had a unique opportunity to help the Bureau's leaders explore how best to pursue its consumer protection mission and the important goals established by the Dodd-Frank financial reform legislation.

I would point to the following items as particular strengths thus far.

**CAB membership:** The Bureau selected a very diverse group of people for the initial CAB membership. We have strong and complementary backgrounds and skills, including in consumer advocacy, industry perspective, legal and academic expertise, technology, regulatory policy and process, and deep focus on specific vulnerable customer groups such as the elderly, students, military members, and recent immigrants. The board includes both members with high-level backgrounds in public policy and members who design and deliver actual services for consumers, in both for-profit and non-profit settings. Many of us have played multiple past roles that enable us to view challenges from a range of perspectives. It seems likely that the Bureau faces almost no important issues on which someone on the CAB does not have expertise.

**CAB dynamic:** The CAB's leaders -- Jose Quinonez and Bill Bynum and our staff team led by Delicia Hand - succeeded quickly in creating a chemistry in the CAB that is simultaneously candid, constructive, and collaborative. I think the key is that the CAB members focus together on the Bureau's mission of protecting consumers, including by fostering a healthy, efficient, competitive marketplace. The members often have sharply different priorities and viewpoints, but express them in a respectful, rich dialogue that grapples thoughtfully with the tough issues. I have no doubt that all the CAB members have learned from each other and I think that, in general, the members feel confident in voicing their views even on controversial topics. Advisory groups of this kind can become low-value due to either being too passive or too contentious. The CAB has avoided these pitfalls and, with each additional meeting, has matured as a working group in which people like, respect, and trust one another.

**Bureau engagement with the CAB:** As noted above, we have enjoyed outstanding guidance from Delicia and her team, who have worked with us to invent from scratch an entire body of goals, governance,

protocols, communication channels, meeting content, and the like. Beyond this, nothing has been as important as the visible commitment made by you personally, along with your senior team, to spend your time with us. You have participated in almost all of the formal meeting time and in many of the telephone meetings. So have the two individuals who have served as your Deputy Directors during the period, Steve Antonakes and Raj Date, and most of the department heads. This engagement is probably the single most important factor in making the effort valuable to both the CAB members and your own team. In addition, the CFPB senior staff have reached out for, and been receptive to, a very wide array of individualized communications and activities that leverage each CAB member's particular knowledge and external networks. I know from discussions with both members and staff that these have been viewed as highly productive. The staff of the Bureau is also always unfailingly responsive to questions and suggestions.

**CAB meetings and briefings:** I appreciate the meeting format that has evolved, which designs each gathering around a mix of high-value elements. We have met in Washington (where we have been able to spend time with many CFPB staff members) and, more often, in locations throughout the country ranging from Los Angeles to rural Mississippi. Each meeting has included a public session in which we have been able to hear directly from consumers and local experts about their concerns. Each meeting agenda also focuses on several specific priority areas, on which we receive in-depth briefings and then have time for extensive substantive discussion. I also like the evolving format for committee meetings (see below).

In addition, the staff has developed a process and rhythm for offering the CAB advance, confidential telephone briefings on critical topics and upcoming initiatives. These permit use of the CAB as a sounding board and also equip members to be conduits for two-way communication with their respective networks, fostering clear understanding and leveraging the Bureau's own efforts.

**Committee work:** The CAB has created four committees and invited members to serve on up to two. This has been a newer innovation, with meeting formats and agendas still evolving. My sense is that the committees are just starting to find ways to focus their efforts to add the most value to the Bureau's efforts. It seems clear that all the CAB members are eager to take on in-depth work through the committees, and I look forward to continuing to see these develop.

The CFPB is a unique agency with an unprecedented mandate and range of powers unlike any other. It has been established at a time of transformation in the financial services marketplace driven by many factors, including profound regulatory shifts and new impacts of technology and innovation. As someone who has worked for decades in both private and public sector roles addressing intractable consumer and regulatory challenges, I have felt fortunate to be able to serve on the CAB this year. I look forward to continuing to share my perspective and to learn from the experience.

Sincerely,



Jo Ann S. Barefoot

Dear Director Cordray,

It has truly been an honor to serve on the inaugural Consumer Advisory Board (CAB) of the Consumer Financial Protection Bureau (CFPB) since September 2012. Always supportive of its creation, I have become even more convinced that the Bureau is a valuable resource for consumers and the general public. Certainly, its high-quality, experienced, and dedicated staff have added additional value to the CFPB as it begins to tackle some major consumer financial protection issues.

What is most impressive about the CFPB is its laser-focused commitment to fulfilling the mission of the organization, especially being a federal agency that is 21<sup>st</sup> century and data-driven in its approach to rulemaking, analysis, and interactions with the public.

We look forward to ongoing pursuit of good public policy in consumer financial protection and ensuring that the CFPB has the resources and capacity to fulfill its essential mission.

Thank you for the opportunity to serve on the CAB.

Respectfully,

Don Baylor, Jr.

Director, OpportunityTexas

Center for Public Policy Priorities

Dear Director Cordray,

A key theme in modern day consumer protection is the problem of complicated industry relationships that the consumer has little to no control over resulting in direct harm to the consumer. Another key theme is the assembly line approach to service provision by various industries, resulting in break-downs in communication between the multiple moving parts that, again, causes harm to the consumer as each portion of the assembly line points to the other portion as being responsible for problem solving, but none of the moving parts actually takes responsibility to fix their own, internal errors.

In the mortgage context, repeated servicing transfers, robo-signing and the Mortgage Electronic Registration System are emblematic of industry practices designed to save industry players time and money but, in reality, causing severe problems for consumers, municipalities and others. The credit reporting industry is another troubling example of the public's being subjected to complex industry relationships that result in significant error rates and difficulties in getting errors corrected and can result in significant harm to consumers- from unwarranted, higher pricing of credit and insurance to the denial of employment.

The Consumer Financial Protection Bureau (CFPB) is mindful of these and the plethora of other concerns affecting consumers. As a member of the CFPB's Consumer Advisory Board (CAB), I have had a chance to see CFPB staffs thoughtful and thorough approach to problem-solving and analysis, which is beneficial to industry and consumers alike. I am grateful for the CFPB's existence, and it is my honor to contribute as a member of the CAB.

Maeve Elise Brown, Esq.  
Executive Director

phone 510.271.8443  
fax 510.868.4521

September 3, 2013

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

Submitted via email

Director Cordray:

As we near the first anniversary of the creation of the CFPB's Consumer Advisory Board (CAB), I reflect back on a question that the Bureau had asked each of the CAB members to contemplate for our inaugural meeting in St. Louis: "What do you hope the CAB will have accomplished two years down the road?" At the time, my answer to this question was:

1. The development and implementation of an effective CAB structure that leads to a highly-effective advisory board, forming the foundation for the CAB to deliver on the objectives envisioned for it within the Dodd-Frank Act
2. The establishment of an advisory board that has become a trusted, respected, and sought out thought partner of the Director and the staff of the CFPB
3. The deliverance of clear guidance and insight from the CAB to the CFPB on the top emerging trends and themes within U.S. consumer finance, providing valuable insight that leads to successful regulatory action and oversight, as well as the development of an environment within U.S. consumer finance that leads to consumer friendly innovation

In no small part due to the efforts of CAB Chairman Jose Quinonez and Vice-Chairman William Bynum, I believe we have made substantial progress on delivering on these objectives. I also want to thank and recognize the dedication and unwavering support you and your staff have shown towards the development of the CAB. The time and energy the Bureau has invested in the CAB is a true demonstration of the value that it places on serving its mission through engagement with a wide range of constituencies.

As we look forward, however, it is clear that we have much more that we can accomplish as the CAB. This past year, we had engaging dialogue during our formal meetings and, to a lesser degree, outside of these. However, the first year was as much about structuring ourselves and learning how to work with Bureau staff as it was on delivering timely guidance and insight to themes of importance to the Bureau. As we more effectively hit our stride as an organization over the next year, I expect we'll experience increased engagement on topics that leverage the experience of the individual members of the CAB, as well as the CAB as a whole.

I, personally, am also looking forward to further assisting the CFPB in fulfilling its mandate from the Dodd-Frank Act to ensure U.S. consumer finance markets operate transparently and efficiently to facilitate access and innovation. While much of the innovation within financial services may have been misguided leading up to the financial crisis, I believe that, moving forward, it is important for the CFPB and other regulators to create and foster an environment that leads to on-going *consumer friendly* innovation. Innovation, for instance, that could enable broader access to more fairly priced products for a wider segment of American consumers. Project Catalyst, in its effort to reach out to both large-scale and entrepreneurial financial services players, is a great example of the Bureau's willingness to engage with all players to better inform regulatory and oversight efforts as relates to innovation.

Thank you for allowing me the privilege to serve on the CAB. I look forward to assisting the CFPB as it builds upon its success to date.

Sincerely,

Steven R. Carlson



601 E Street, NW  
Washington, DC 20049

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1-888-687-2277  
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September 3, 2013

Richard Cordray  
Director  
Consumer Financial Protection Bureau  
Washington, D.C.

Dear Director Cordray,

I want first to thank you for the opportunity to serve on the CFPB's Consumer Advisory Board (CAB). I have learned so much from you, your staff and the other members of the CAB who come from diverse backgrounds and perspectives. I also appreciate that you and your staff listen to members of the CAB, and we have also listened to each other. I hope and expect that our input is helping you and the agency carry out your mandate to create a fair and open consumer financial marketplace. I also need to say that the views expressed in this letter are my own and do not necessarily reflect the official policies of AARP.

I have been particularly impressed by your and your staff's success in standing up the CFPB in such a short time. In the two short years of the Bureau's existence you have succeeded in creating a new agency and hired outstanding staff. You have focused their work on the consumer with all the necessary functions such as supervision, enforcement, outreach, and research.

The CFPB's emphasis on research and data as a basis for regulation underscores the Bureau is serious about promulgating effective regulation which serves consumer's needs. The CFPB's research reports based on supervisory data, particularly on overdraft programs, payday loans and deposit advances should provide a good basis for regulation of these products.

I particularly commend you for setting up a comprehensive complaint system which has the potential for resolving complaints for individual consumers and shining a light on problems in the marketplace. I appreciate that you are already issuing reports highlighting information from the complaint database (e.g. student loans) and encourage the staff to continue to issue such reports as they get more information from the complaint system for other types of loans. In the future, I would hope that they would allow outside researchers to access the information with the appropriate

Director Cordray  
September 3, 2012  
Page 2

privacy safeguards to prepare their own reports in order to further analyze consumer issues in the financial services market place.

Sincerely,

Elizabeth R. Costle, Esq.  
Director, Consumer and State Affairs  
AARP Public Policy Institute





August 30, 2013

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

Dear Director Cordray:

Thank you for the opportunity to serve on the Consumer Advisory Board (CAB) of the CFPB and to submit this written statement regarding the progress of the CAB during its first year. In short, the CAB fulfilled its intended function well this past year. This result was made possible by the consumer orientation of the regulatory and enforcement work by the CFPB, and by the leadership of the CAB in directing our discussions.

Measuring the effectiveness of the CAB requires understanding its purpose. Its purpose, as stated in section 1014 of the Dodd-Frank Act, is informed by the reason for the existence of the CFPB. In 2007, the markets and the public began to understand the consequence of a decade of extraordinarily imprudent and abusive lending practices, especially in residential mortgages. In 2008, the economy experienced a crisis as a direct consequence of this mortgage lending and related secondary market activities. The CFPB exists as part of the regulatory reaction to this economic meltdown. We plow this familiar ground because it is critical to understand how the regulators of the prior era failed to use analogous entities to CAB, and how the CFPB and its CAB differ in this respect.

The Federal Reserve Board (FRB) had the authority to comprehensively regulate mortgage, credit card and other lending products. Banking regulators also possessed substantial authority in this area. The FRB had a Consumer Advisory Board. Members of that CAB told the FRB in clear terms about the disastrous lending practices occurring at the time. The FRB, and even more so the other federal banking regulators, had little use for this information or perspective. As a current member of the CAB of the CFPB put it, the FRB dismissively described these reports by FRB CAB members as “anecdotes,” which is to say the actual experience of people using the financial products. The FRB found little value in these anecdotes for performing its regulatory function. Instead, the FRB relied on data that was the produced

to answer less important questions because this research was not meaningfully informed by or related to the experience of homeowners or other consumers.

The CAB of the CFPB at this point in its existence is in a very different position. The CFPB is doing exactly what it was designed to do, which is to create regulatory policy and pursue enforcement actions designed to create a fairer marketplace for consumers who use the products. This should be an unremarkable result, but it in fact represents a wholesale change from a regulatory system previously dominated by the preconceptions and interests of financial institutions. And even more remarkably, this result was accomplished with a thoughtful but not timid approach to problems by an agency under constant pressure from industry and some elected officials.

The CFPB also is doing with its CAB exactly what it was designed to accomplish. The senior leadership of the agency devotes an extraordinary amount of time and attention to the CAB. You, Director Cordray, are present through most of every session of the CAB and actively engage with our discussion. In light of the pressures on your time, your participation represents a substantial commitment to our work. The other CFPB leadership has been equally attentive to the CAB, including former Deputy Director Raj Date and Acting Deputy Director Steve Antonakes.

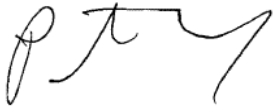
The CAB also has worked well, in part, because Chair Jose Quiñonez and Vice Chair William Bynum have proved effective leaders. They have kept us on task, worked hard to keep everyone informed, included us all in important decisions, and have modeled a respectful and inclusive tone for discussions. Mr. Quiñonez and Mr. Bynum also have helped to build a positive relationship with CFPB staff that appropriately balances the needs of the agency staff and the needs of the CAB.

The CAB's diverse composition has been an advantage. Its membership includes the consumer advocates, representatives of lenders to the underserved and experts envisioned in the Dodd-Frank Act. It also has several individuals from major financial institutions and emerging financial companies who add greatly to the discussion.

In the short-term, the CAB might improve by measuring how the CFPB staff uses the CAB and perceives its relationship with the CAB. The staff presentations at the CAB generally have been effective at generating useful discussions. It is less clear that the CAB is effectively providing input to the CFPB staff between meetings, or at least input that the staff either finds useful or needs to hear.

In the long-term, the CAB should stand as a piece of an institutional structure that acts as a check on and point of resistance to the sort of "regulatory capture" that characterized federal consumer financial regulation in the pre-CFPB era. Academic research shows that regulatory agencies have a nearly universal tendency to accept the framework and perspective of the industry they regulate. Although there is almost no evidence of this problem at the CFPB in its infancy, perhaps the CAB could discuss in the coming year how it can establish formal mechanisms that may help to fulfill its long-term function of serving as the public's advocate to identify and counter tendencies to industry capture.

Again, we thank you for the opportunity to be part of the CAB this past year.

A handwritten signature in black ink, appearing to read 'Prentiss Cox', with a stylized, cursive script.

Prentiss Cox  
Associate Professor of Law  
Co-Director, Law in Practice Program  
University of Minnesota Law School  
Minneapolis, Minnesota

A handwritten signature in purple ink, appearing to read 'Jim McCarthy', with a stylized, cursive script.

Jim McCarthy, President/CEO  
Miami Valley Fair Housing Center, Inc.  
Dayton, Ohio



1608 Walnut St., 10<sup>th</sup> Fl., Philadelphia, PA 19103  
P 215.563.5665 F 215.563.7020 W [clarifi.org](http://clarifi.org)

*powered by Consumer Credit Counseling Service of Delaware Valley*

September 6, 2013

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

Dear Director Cordray,

As an inaugural member of the Consumer Advisory Board (CAB) for the Consumer Financial Protection Bureau (CFPB), I appreciate the opportunity to provide this statement on the first annual report of the CAB. The CFPB staff's professionalism and passion were evident from the start of my engagement and it has been an honor to serve with a prestigious and diverse group of CAB members. On reflection of the past year we have accomplished a great deal in creating a structure that will carry the CAB forward into the future. The staff's willingness to solicit feedback and input on the structure of the operation and governance structure created a cohesive group that is willing to provide insights and discuss trends that impact a diverse set of constituents and consumers.

As the Executive Director of a non-profit that provides one-on-one financial counseling and education directly to consumers, I know first-hand how critical the work of the CFPB is to educating consumers and protecting them from harmful financial practices. We see clients every day that have been taken advantage of because safeguards did not exist or they lacked the financial skills to navigate a complex financial world.

It has been refreshing to see and comment on data driven white papers that give a consumer viewpoint of practices that those of us in the direct service field do not have the volume of data, resources or expertise to develop. We see clients that have been harmed every day by deceptive marketing practices or debt traps and feel they have nowhere to turn for help. It is imperative that the CFPB continue to evaluate these practices from the consumer lens and set appropriate remedies and protections so that they will not happen in the future.

In the past year, the CFPB has created great resources for consumers in the CFPB consumer complaint database and the financial education resources on the CFPB website like "Know Before You Owe". I look forward to your expanding those tools for consumer engagement and proactive education on financial products and services.

It has been my pleasure to serve on the CAB. Because of the depth of knowledge and expertise of my peers on the CAB and the CFPB staff, it has been a great learning experience for me as well. The financial marketplace is changing rapidly and the CFPB is looking to the future and proactively analyzing these trends to protect and educate consumers.

Sincerely,

Patricia Hasson  
President



Dear Director Cordray,

It has been a true honor to serve on the inaugural Consumer Advisory Board (CAB) of the Consumer Financial Protection Bureau. The opportunity to bring the financial concerns of a generation to a new and exciting entity like the CFPB has been thrilling.

About 39 million Americans have student loan debt, and my generation is faced with greater student loan burden than any previous generation. Private student loans have particular pitfalls. They often have higher interest rates and fewer consumer protections than federal loans. In addition, students and families often lack adequate information when making borrowing decisions about federal or private loans. This can be detrimental later on: working with servicers or debt collectors has proven exceedingly difficult for many struggling borrowers, and borrowers can rarely discharge student loans in bankruptcy.

The good news is that the CFPB has enormous potential to improve the experiences of millions of those consumers, and in doing so, to increase the financial security of a generation. It has already begun to do some of this important work.

The CAB has an important role to play in this work, and the CAB has begun to provide advice to the CFPB on issues surrounding student loans, as well as other issues facing young consumers. The CFPB has done a superb job in setting up the CAB to be a thoughtful and important entity. With such a diverse range of expertise, CAB members have provided important insights and can bring in lessons learned in a variety of industries to tackle issues facing this generation.

I look forward to continuing to working with fellow CAB members to give the CFPB further guidance as they address these important matters. Thank you for the opportunity to serve on the CAB.

Sincerely,

Jennifer Mishory

Deputy Director, Young Invincibles

Dear Director Cordray,

It has been an honor to serve on the inaugural Consumer Advisory Board (CAB) of the Consumer Financial Protection Bureau (CFPB). Even before my appointment, I was impressed by the intelligence and commitment of your diverse and knowledgeable staff. Having had the opportunity to serve on the CAB and to get to know members of the CFPB leadership and team, I am even more impressed with the high quality and dedication of the staff, and with the speed and care with which you have put together a 21<sup>st</sup> century agency with a new outlook and mission.

As one of the many consumer advocates whose voice did not always receive the attention of prudential regulators in the run-up to the foreclosure and financial crisis, it is most gratifying to find an attentive audience at the CFPB who will listen to the diverse opinions of the CAB members and take seriously our research, questions, concerns, and recommendations. My observations as a CAB member and as a consumer advocate working independently of the CAB have confirmed my opinion that the CFPB is not only passionate about empowering and protecting consumers, but is also careful to consider industry and academic perspectives and is very interested in promoting innovations through Project Catalyst.

In the past, regulators seemed to be subject to regulatory capture, in which the agencies took on the perspectives of the financial institutions they were authorized to supervise. Congress wisely insulated the CFPB from regulatory capture by making it a truly independent agency with a dedicated source of funding that is not controlled by the entities it supervises or by Congressional appropriation. This is as it should be.

The CFPB's commitment to data-driven policy is evident in its creation of the Consumer Response database and in its thorough research and informative white papers. I believe that the American public is and will be well-served by CFPB's data-driven and inclusive approach to regulation, supervision, and education. We will have better policies when they are based on facts and widespread public input than we previously had when policies seemed to be determined more by political influence and ideology. I urge you to stay the course with evidence-based policymaking, even when it upsets the powerful financial industry or does not fully meet the expectations of consumer advocates.

Thank you for the opportunity to serve on the CAB.

Respectfully,

Theodora (Dory) M. Rand, President

Woodstock Institute



ANNETTE M. RIZZO  
JUD-JE

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
COURT OF COMMON PLEAS JUDICIAL  
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September 5, 2013

Richard Cordray  
Director of Consumer Financial Protection Board  
CFPB Headquarters  
1700 G Street NW  
Washington, DC 20552

Dear Director Cordray,

As the Consumer Advisory Board's ("CAB") Inaugural Year comes to a close it is notable how much has transpired for the group in its support of the CFPB's efforts! From the outset it was clear that the assembly of current Board members contemplated a fusion of individuals from varied work/life experiences as well as geographic locales who could come together to dialogue, consult, and offer critical input on the key consumer finance issues of our times. In line with the statutory mandate under which the CFPB functions, I believe the spirit of the law has been met.

As is evident from the Annual Report, the year has seen a remarkable amount of work within the designated core divisions of the CFPB. In line with the Bureau's structure, the CAB organized specific subgroups along similar lines in order to support ongoing initiatives of the Bureau. I believe that the regularity with which the groups convened to discuss pending topics provided valuable input for the CFPB staffers as they moved forward on various projects.

In turn, the CAB's meetings in Washington DC earlier this year provided an extremely useful roadmap of the Bureau's operations. The various briefings given by several Bureau staffers provided much needed background information on current initiatives for CAB members as well as an opportunity to develop working relationships with them, whether in person or via telephonic conferencing. The presentations driven by current data proved highly useful to the CAB discussions. The assembly of CFPB staffers was very impressive- the level of dedication, intellect and passion for the issues was evident.

The format of the CAB meetings has really provided a variety of means to interact with Bureau members as well as the general public. I find the public portions of the meetings, where we get to focus on specific topics and bring our know-how and inquiry to the various communities on varied topics, most meaningful. Given the areas of the Bureau's concerns, the

settings provide a much-needed "face" to the CFPB in light of the consumer finance issues the Bureau must tackle. In this "toddler" phase of the Bureau, it is vital to get the word out that the CFPB is "open for business". In alignment with local initiatives in specific areas, what better way than to go directly into local communities where there are articulated issues relative to consumer finance protections and give community members on all sides of an issue "the opportunity to be heard!"

Since being named to the CAB I have had the pleasure of participating on a joint CFPB/FTC Business Round Table on Credit Card Debt and worked with co-CAB member Patty Hasson to coordinate a robust "CFPB Listening Sessions" to Philadelphia on a variety of consumer finance topics. The rich alignment of local resources with the CFPB and receipt of regional data in the Listening Sessions I witnessed proved to be extremely informative.

Moving forward I welcome the opportunity to work with my colleagues on the CAB as well as the outstanding professionals at the CFPB to continue to bring thoughtful and provocative discussion to bear on the Bureau's ongoing initiatives. One area of advancement may be to formulate some integration of data collection, information gathering and efforts with state entities, including the judiciary, which provide fora for proceedings involving consumer finance issues.

Whatever the challenge I am grateful for the opportunity to serve in this role in the next phase of the Consumer Financial Protection Bureau's efforts. Thank you for all you do to lead this extraordinary team of professionals for the CFPB's mission.

Sincerely

  
Annette M. Rizzo



2558 36th Street, NW  
Washington DC 20007  
August 27, 2013

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

Dear Director Cordray,

On this occasion of the first annual report of the Consumer Advisory Board of the Consumer Financial Protection Bureau, I want to congratulate you and your entire staff on an amazingly successful agency beginning. As the former head of a federal financial regulatory agency, I know how difficult it is to get the work done thoughtfully, timely, and in a manner that respects all stakeholders. That you and the staff have accomplished this in a new agency with a difficult and far-ranging mandate, at a time of great uncertainty, is particularly remarkable. Congratulations and thank you.

Thank you also for the opportunity to serve on the Consumer Advisory Board. As the report of the CAB outlines, the Board's members have widely diverse experiences and perspectives, reflecting the Bureau's priorities in consumer protection, access, supervision, education and outreach, innovation and research. With the assistance of Delicia Hand and her staff as well as the CAB's leadership, the CAB has melded into an effective entity that provides the Bureau with a range of information and opinions, and an opportunity to develop synthesis of ideas. The Bureau, in turn, has provided us with an understanding of your work and concerns, and invited us to assist you in accomplishing the Bureau's goals.

One area of concern that we have not yet taken up is the Bureau's budget. While the Bureau is often portrayed as having unlimited resources, this is not the case. As a matter of fact, the Bureau, which has an extremely broad and difficult mandate, involving regulation of entities that have little prior history of regulation and supervision, as well as specific education and research obligations, has a far smaller budget than the OCC, FDIC, SEC and, of course, the Federal Reserve. I understand and applaud the Bureau's efforts to become highly efficient and data driven, but I am extremely concerned that the current budgetary situation will become increasingly untenable, with the result that the Bureau will ultimately fail in accomplishing its mandate--a failure that will be blamed not on lack of resources, but on lack of will or ability. That would be a travesty. I urge you to bring the budget issue to the CAB and enlist us in a conversation about how best to overcome the problem.

Once again, congratulations on a job well done, and thank you for the opportunity to serve.

Sincerely,

A handwritten signature in black ink, appearing to read "E Seidman". The signature is fluid and cursive, written on a light-colored background.

Ellen Seidman

September 3, 2013

**SENT VIA EMAIL AND REGULAR MAIL**

Richard Cordray, Director  
Consumer Finance Protection Bureau  
1700 G Street, NW  
Washington, D.C. 20552  
Email: Richard.Cordray@cfpb.gov

Re: Annual Report of Consumer Advisory Board to CFPB Director

Dear Director Cordray,

This is submitted as my individual comments, as a member of the CAB to the CFPB, with respect to the CAB's inaugural Annual Report.

The first year of the CAB has been impressive. At the outset, the people you selected [with the exception of myself] to serve on the CAB are outstanding, representing a true cross-section of expertise, knowledge, and points of view relative to the issues with which the CFPB is involved. Your selections for the members of CAB have been validated by their commitment to and involvement in the issues that have been presented to us.

Secondly, as a member of the CAB I have been overwhelmed by being able to observe close-up all that you have accomplished in less than three years, with a completely new agency, including, but not limited to:

- Bringing together a team of over 1100 highly skilled individuals, who repeatedly have demonstrated in the short life of the Bureau a very high level of competency, commitment, and coordination, without [to-date] being captured by the industry and businesses they are regulating;
- Issuing several in-depth significant reports on critical consumer finance issues facing American consumers, which not only demonstrate a tremendous amount of research, but also a willingness by you and staff to entertain various points of view, from a wide range of stakeholders;
- Issuing important guidelines to industry, in the form of rule-making as well as in more informal suggestions, as to practices to follow to protect consumers of financial products. You have also demonstrated a willingness to listen to industry, and to consumer representatives, and to modify such guidelines, if they prove to not be effective in practice.

- Bringing several important enforcement actions, that have shown both an ability and desire to protect consumers, and in which meaningful recoveries and outcomes were obtained for consumers, quickly and efficiently;
- Establishing systems and offices for the Bureau so that the Bureau can continue on its mission effectively in the future.

On a personal note, I would like to add that the professional manner, and competency of Delicia Hand and your other staff that deal with the CAB have made the CAB's work enjoyable, very interesting, and effective.

It may be too early to evaluate ways in which the CAB, or the CFPB working with the CAB, could be better, but here are a couple thoughts:

- It is unclear to me how much the CFPB staff, particularly those involved in rule-making, listen to the suggestions of the CAB. However, this may be a result of the CAB being in existence only one year, and the CAB not yet issuing specific proposals of its own, as a Board.
- Perhaps there could be more use of CAB members to "outreach" to various American constituencies and communities as to what the CFPB is doing, as well as to facilitate obtaining more input to the CFPB as to "trends and concerns" in the consuming public. On several occasions, I have been asked by various constituency and/or consumer groups, as well as media, to tell them about the CFPB and what it is doing: I have been impressed by how little many know about the CFPB and all of its accomplishments. The CAB is comprised of many leaders in a wide-range of communities, both in terms of geography and industry/constituency, and they could effectively be used by the CFPB to "get the word out" as well as perhaps be used more effectively to get feedback to the CFPB.
- It is unclear to me how much outreach there has been by CFPB staff to the state attorneys general, in terms of exchange of information/complaints from consumers, rule-making, and in enforcement of rules and consumer laws. Certainly there have been some coordinated enforcement actions, and I know you [as the former AG of Ohio] have a real commitment to such outreach and coordination, but I have been impressed by how little at least a couple attorney general offices seem to know about what the CFPB is doing.
- There needs to be more private enforcement of consumer finance protection laws. As good a job as the CFPB and other governmental agencies have done in enforcement actions, it is clear they do not have the resources to do all that is necessary to rein in most predators. Moreover, governmental enforcement agencies do not have either the inclination or frequently the knowledge to deal with individual crooks that are not affecting consumers on an industry-wide basis. Furthermore, there may be some time in the future when the Bureau may not have a Director or staff that is as protective of consumers as is presently the case: thus, giving consumers the ability to

protect themselves will ensure that they may obtain redress even if the Bureau is taken over by those less likely to believe in enforcement. Exercising the CFPB's authority to prohibit mandatory arbitration and class action waiver provisions in consumer finance adherence contracts would do a great deal to protect consumers. However, I am wondering if the CFPB also can provide for private party enforcement of some of its rules, or whether it could issue a report for the need for private enforcement?

Thank you again for the opportunity to serve on the CAB. It has been, and continues to be, an extremely rewarding experience.

Sincerely,



N. Robert Stoll  
Chair, Albina Opportunity Corporation  
Portland, Oregon

NRS:tmk

Cc: Delicia Hand (via email only)  
Jose Quinonez (via email only)