

# PUBLIC SUBMISSION

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Request for Information to Assist the Taskforce on Federal Consumer Financial Law

**Comment On:** CFPB-2020-0013-0001

Request for Information: Assist the Taskforce on Federal Consumer Financial Law

**Document:** CFPB-2020-0013-0044

Comment Submitted by Linda Schneider,

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## General Comment

CFPB Request for Comments on REgulation and Rulemaking

Dear Friends at the CFPB

I am commenting on the request for information about the future direction of this agency and its contemplated future rulemaking. In summary, I don't think the agency should scale back its efforts to protect consumers. I will address the issues raised in the request for comments:

Whether the CFPB should focus on education or enforcement. I applaud your efforts in consumer education, because they enable consumers to help themselves to the extent practicable, but I still think the main emphasis needs to be on enforcement. Consumers often don't have the resources and ability to adequately stand up for their rights, especially in light of the legalese and boiler-plate documents used by banks and other lenders, and consumers have unequal bargaining power with lenders. Companies won't adequately self-police and enforce their own compliance unless they see that violators are curbed by adequate enforcement actions. These problems are aggravated by the disadvantage to many consumers from this pandemic.

This isn't the time to sleep at the switch!

what markets the CFPB should regulate

I don't feel adequate to address this issue in full, but I think at the least mortgage lending, small business loans, student loans if they are within your jurisdiction, payday loans, auto loans, and

other secure debt should be regulated, as these areas leave consumers most vulnerable. which regulations have outlived their usefulness and should be rolled back  
I don't have enough knowledge to address this issue on current regulations, but I generally don't favor rolling back existing consumer protections. I suspect we need more, not less; please see the above item.

what kind of rules the CFPB should write and how the CFPB should measure the effectiveness of its rules

IN addition to rules allowing for enforcement actions against violators of fair dealing rules and consumer disclosure rules, I think your agency should emphasize prohibiting unfair consumer practices and requiring full and fair disclosure by lenders to consumers in language that lay people can understand, non-lawyers. The rules also should allow means for consumers to address legitimate problems with lenders before signing agreements. As for measuring effectiveness, I think careful monitoring of consumer complaints will indicate compliance levels with the rules and whether problematic practices have diminished. Your enforcement case load also will be an indicator, coordinating with state actions.

Whether state attorneys general and others should continue to be able to protect consumers or whether only the CFPB or other federal agencies should be allowed to enforce the federal consumer protection laws.

I think it's better for the states to be able to supplement the enforcement activities of the agency. State attorney Generals are on the front lines and often know the problems in a given market or area faster than the national agency. WE are stronger if we all work together.

Please see my comments on the following other issues:

Concerning payday lending

I'm not sure we should be expanding payday lending, unless it can be done in a way that doesn't dig consumers into financial holes out of which they can't climb. Interest rates and the rate of compounding should definitely be capped. If the agency doesn't have that authority, it needs to go to bat for the consumer with Congress. This issue is especially grave in light of the severe financial hardships resulting from the pandemic!

You ask whether the CFPB should change fair lending requirements under the Equal Credit Opportunity Act. No, unless they change them to make them more favorable to hard-pressed, disadvantaged consumers! You also ask whether the CFPB should reduce consumer privacy and credit reporting protections because of the cost of compliance. Again, I say no, especially in light of the tendency for profiteering and price-and lending-gouging during this pandemic!

Lenders who can't pay the price for legitimate compliance to protect consumers should get out of the business! While I recognize that, in interest rates and other fees, we all absorb compliance costs, these costs still are less expensive in the long run than indirect costs to consumers in exorbitant interest and litigation to enforce compliance. Penny wise often is pound foolish!

Thank you for your consideration of these comments. If you have questions, my comment information is above.

Sincerely,

Linda A. Schneider Esq.