

Joint Advisory Committee Meeting

May 1, 2020



Meeting of the CFPB Advisory Committees

The Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board (CAB), Community Bank Advisory Council (CBAC), Credit Union Advisory Council (CUAC), and Academic Research Council (ARC) met in via conference call at 2 p.m., Eastern on May 1, 2020.

Advisory committee members present	CFPB staff present
Consumer Advisory Board	Director Kathleen L. Kraninger
Chair Brent Neiser	Desmond Brown
Nikitra Bailey	Jason Brown
Nadine Cohen	Matt Cameron
Sameh Elamawy	Robert Cameron
Manning Field	Crystal Dully
Clint Gwin	Andrew Duke
Dr. Ronald Johnson	Daniel Dodd-Ramirez
Eric Kaplan	Alan Ellison
Timothy E. Lampkin	Kirsten Evans
Sophie Raseman	Kim George
Rebecca Steele	Jenice Goffe
Timothy A. Welsh	Michael Herndon
Community Bank Advisory Council	Manny Mañón
Chair Aubery Guzzo	Mark McArdle
John Erik Beguin	Kimberley Medrano
Maureen Busch	John McNamara
Patrick Ervin	Bryce McNitt

Shan Hanes	Tom Pahl
Bruce Ocko	Matthew Pfaff
Valerie Quiett	Jim Rice
Heidi Sexton	Kim Trezvant
Credit Union Advisory Council	
Chair Sean Cahill	
Arlene Babwah	
Teresa Campbell	
Rick Durante	
Doe Gregersen	
Brian Holst	
Racardo McLaughlin	
Eric "Rick" Schmidt	
Academic Research Council	
Michael Baye	
Karen Dynan	
Terri Friedline	
John Lynch, Jr.	
Brigitte Madrian	
Tom Miller	
Joshua Wright	

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Welcome

Kathleen L. Kraninger, Director

Matt Cameron, Staff Director, Office of Advisory Board and Councils

Aubery Guzzo, Chair, Community Bank Advisory Council

CFPB Office of Advisory Board and Councils Staff Director Matt Cameron convened the joint advisory committee meeting and welcomed committee members and members of the public. He provided a brief overview of the meeting's agenda and introduced CFPB Director, Kathleen Kraninger. Director Kraninger provided remarks on the Bureau's priorities, focusing on the Bureau's efforts to provide resources for consumers and institutions during the COVID-19 pandemic. Following Director Kraninger's remarks, CBAC Chair, Aubery Guzzo welcomed attendees and explained the advisory committees' mission and highlighted the Bureau's COVID-19 resources.

Information Exchange: The Impact of the COVID-19 Pandemic on Consumers and the Financial Marketplace

Jenice Goffe, Investigations, Deputy Section Chief, Office of Consumer Response

Matthew Pfaff, Consumer Insights Program Manager, Office of Consumer Response

Bryce McNitt, Chief of Staff for Markets, Office of Small Business Lending Markets

This session began with a presentation from the Office of Consumer Response on "Consumer Complaints and COVID-19." Staff provided a brief overview of the Consumer Complaint Database and the Bureau's process for receiving complaints and identifying trends. Staff also shared examples of identifying trends that mention the pandemic and showed trends by week from March 8 to April 19, 2020. Furthermore, staff explained the trends on COVID-19 related complaint by product, such as mortgage, credit card, credit or consumer reporting, checking/savings, vehicle loan/lease, and student loan among others. Staff also highlighted specific trends captured in the complaints including: struggling to pay a mortgage; trouble during the payment process; applying for or refinancing a mortgage; and closing on a mortgage.

Following the Consumer Complaints presentation, the Division of Research, Mortgage, and Regulations led a presentation on “Household and Market Impacts of COVID-19.” Staff noted that prior to the pandemic, many households were not prepared to weather an extended period of income drop. According to the Bureau’s Making Ends Meet survey (conducted in 2019), 52% of households would not be able to cover expenses for more than two months if they lost their main source of income. The Office of Research is monitoring consumer credit impacts of the pandemic with its Consumer Credit Panel. Staff also discussed consumer relief during the pandemic. Government relief mechanisms include forbearance offered in major markets such as: mortgages and student loan; collection of defaulted federal student loans suspended; credit reporting direction. Relief offered by industry and firms include: deposit account fee waivers and refunds; protection of stimulus relief funds; forbearance, extensions, interest deferrals, being offered across credit products in varying forms; auto servicers offering extensions, suspending vast majority of repossessions; and credit card issuers offering payment deferral and reduction or waiver of interest. There was also mention of consumer credit challenges in: 1. Servicing (i.e. high volume of requests, long wait times; operational difficulty of implementing relief; and liquidity management) and 2. Origination (traditional sales channels closed or have gone virtual; obtaining required loan documentation difficult; adjusting credit standards). The staff also briefly discussed collection trends across the country.

Committee members provided feedback following the presentation. During this session, several themes emerged, including: concerns related to requirements of wet signatures; complaints; the Paycheck Protection Program (PPP) and small business lending; forbearance relief; financial education resources; and standardized options.

Several members representing small credit unions and community banks highlighted that there appear to be issues related to the requirement of in-person signatures on loan documents. Even though most mortgage applications are being done electronically, closings must be completed in person because of state and local notary laws that require in-person closings and wet signatures. This is especially difficult during COVID-19 when most financial institution employees are working from home; the participants reported a distinct trend in customers expressing a preference to conduct transactions from home. Members overall expressed their concern about ensuring everyone’s safety. They also shared challenges related to large call volumes due to forbearance requests and particularly for PPP loans. For instance, they noted that smaller institutions have been “all-hands on deck”; repurposing employees and trying to make sure

anyone who needs PPP can get it has been a significant and time-consuming priority. They also said they are seeing noncustomers calling to request assistance with PPP loans. Members encouraged the Bureau to work with other federal and state regulators on providing flexibilities to notary requirements, processing forbearance and PPP, and other policies so institutions can work more flexibly with customers.

Along with PPP, members discussed other concerns related to small business lending. Some expressed concern about lending to small businesses because institutions rely on historical financial information to determine repayment capacity when underwriting a loan. It might become challenging for banks to do this given the viability of future income. Some noted that minority- and women-owned small businesses are particularly at risk for failing and consequently not receiving loans, including adequate help to seek out and apply for PPP loans.

Some members highlighted and asked questions about the surge in complaints recorded for April and May. Members asked about the steps the Bureau is taking to ensure consumers have access to the money they need and noted that the complaints may represent systemic issues. Members noted that they are seeing an increase in complaints from consumers and attribute this to longer processing times stemming from COVID-19 and signature requirements.

Several members praised the Bureau's work on promoting clarity around available forbearance relief options, including the prohibition of lumpsum repayments. However, some reported that consumers appear to be getting misleading and confusing information about what forbearance options are available. They suggested the Bureau consider working with other federal actors on creating a single website where all consumer-facing information related to mortgage relief could be listed. Members also expressed concerns with deferred payments upon the end of forbearance. Members also said that repayment options should focus on a borrower's ability to sustain forbearance repayment.

There was discussion on the Bureau's COVID-19 financial education resources and feedback on methods of communication. There was large consensus that the Bureau's financial education resources are helpful, and many members noted that they have been sharing the Bureau's COVID-19 landing page and information on their institutions' or organization's website. Members stated that the Bureau should provide support to help connect consumers to third party intermediaries and community resources since many consumers can't interpret the

guidance without assistance. Members also encouraged the Bureau to help consumers understand the need work with their financial institution on understanding the implications of deferral and interest accrual and to consider long-term impacts. Members also mentioned that the Bureau could consider working with other federal agencies on creating a single website where all consumer-facing information related to mortgage relief could be listed and to consider a national hotline that is service-orientated (rather than complaint-orientated).

Additionally, there was a discussion about having (or not having) national standards such as what the CARES Act requires for forbearances. Members said that national standards could help with providing financial education to consumers and suggested that the Bureau look at ways to have automated, built-in responses that can be articulated across the financial system for consumers. Other members said that national standards would not be plausible and that there can't be a "one size fits all" approach given variations between municipalities and states.

Information Exchange: The Impact of the COVID-19 Pandemic on Special Populations

Desmond Brown, Deputy Associate Director, Division of Consumer Education and Engagement

A senior staff member from the Division of Consumer Education and Engagement presented on the Bureau's general financial education resources and resources for special populations related to COVID-19. The Bureau is committed to providing consumers with up-to-date information and resources to protect and manage their finances during this difficult time and as the situation evolves. The Bureau created a central hub on consumerfinance.gov with resources and blogs for consumers to help them protect and manage their finances. These resources are available in English and many are also available in Spanish, traditional Chinese, simplified Chinese, Korean, Vietnamese, and Tagalog. The Bureau's website offers many tools, including a video, to understand the mortgage relief options under the CARES Act. Further, the Bureau offers a detailed guide on COVID-19 economic stimulus relief, including Economic Impact Payments (EIPs). The Bureau also offers resources to help consumer identify common COVID-19 scams such as: scams offering COVID-19 vaccine, cure, air filters, testing; fake coronavirus-related charity scams; fake "Person in need" scams; scams targeting Social Security benefits; scams offering help with errands. The resources also help highlight how to avoid or address such

scams. The Bureau's resources also cover student loan repayment options under the CARES Act. Payments for loans held by the federal government are postponed with no interest until September 30, 2020. Borrowers should contact their student loan servicers for options about other types of loans. The resources also highlight methods to deal with debt and protect credit.

Committee members provided feedback following the presentation. During this session, several themes emerged including: continued conversation on financial education and communication, concerns specific to servicemembers and students; access to credit and credit scores; underserved consumers and discrimination; continued discussion on PPP and working with nonprofits.

There was continued discussion about the Bureau's COVID-19 resources and financial education efforts. Members asked that the Bureau consider language access barriers and suggested we continue working to translate these resources into as many languages as possible. Members also shared feedback about externally communicating and broadcasting these resources more widely, encouraging the Bureau to work with nonprofit intermediaries to help consumers understand the tools we offer. There was a suggestion that the Bureau utilizes social media platforms to share the resources to large audiences given that many consumers are at home and relying on social media for awareness of resources to meet pandemic-related impacts. As part of this, a member shared the idea of the Bureau purchasing web-ads or even television ads to highlight the resources we offer. The member also suggested that the Bureau begin offering a weekly video series that feature subject matter expert staff explaining COVID-19 resources.

There was also discussion on servicemembers and students. Members highlighted the challenges of servicemembers often moving and subsequent delays with address forwarding from the postal service. They are seeing stimulus checks being sent to old addresses in the absence of direct deposit information. They also highlighted challenges students are facing – many are responsible for rents on apartments that they can no longer afford or live in on-campus housing. The uncertainty related to whether universities and schools will only offer distance learning in the fall is leaving them with potential obligations for housing they may not use.

Furthermore, there was discussion on concerns about access to credit and credit scoring. Some members noted that there is going to be significant pull back in the credit market and that credit

underserved consumers and women- and minority-owned small businesses are going to have difficulty finding lenders. Some also spoke about concerns with ability to lend if businesses can't show that they've had revenue recently. They said that any regulatory guidance from the Bureau around flexibilities banks can provide would be helpful. Members worried that lower income consumers are likely to end up with negative reporting likely to emerge and suggested that the Bureau monitor these developments. Other members noted that the credit reporting agencies should consider alternatives to the FICO scoring model given the many complexities that have come up due to COVID-19. There was a suggestion to engage directly with the major credit reporting agencies to see how they are going to adjust their scoring models as part of an overall policy approach and response to the pandemic.

Several members expressed concerns related to underserved consumers and discrimination. Members mentioned that the impacts of COVID-19 are happening disproportionately in underserved communities of color; and further noted that these same communities were disproportionately impacted during the Great Recession. To address the link between discrimination in housing and impacts on credit scores, there was a suggestion that the Bureau use the Equal Credit Opportunity Act as a tool and take other preventative measures. Members asked that the Bureau should consider a significantly increased level of action to prevent harm. They noted that any credit extension during this time needs to be fair and should not facilitate any type of consumer debt traps. They shared concern that there isn't enough guidance that makes it clear that lending during this time needs to be affordable and consumers need to demonstrate ability to repay. There was mention of research being conducted which focuses on how banks are servicing minority and low-to-moderate income customers.

Members continued to discuss their experience with PPP and the importance of nonprofits. Members noted that their institutions are providing PPP assistance to non-customers, including nonprofits, and communicated that non-profits really need the assistance from the PPP and are "boots on the ground" for the Bureau's mission. There was a suggestion that the Bureau research the impact COVID-19 has had on nonprofits.

Additionally, a CAB member later shared a statement with the Bureau detailing her organization's (a consumer advocacy nonprofit) concerns on the Bureau's actions related to COVID-19. The statement highlights the profound impact of the pandemic in the US and the disproportionate impact on people of color and low-income communities; noting for instance

that 45% of African Americans and 45% of Hispanics experienced material hardship (according to a survey by the Urban Institute). The member urges the Bureau to utilize its enforcement authority and to hold financial institutions accountable if they don't uphold legal obligations to borrowers. The member asks the Bureau to prioritize fair lending, specifically as it relates to small business lending noting that many businesses of color were left out of the first wave of PPP distribution; which could lead to more disparities for minority small business owners. The statement outlines instances in a six-week period when the Bureau provided flexibilities to financial institutions; however, the member notes that consumer protection measures should be prioritized. Additionally, the statement highlights small dollar lending and the member expressed concern with the Bureau's action on what was described as "debt traps" and called for the Bureau to extend guidance on responsible lending. The statement ends with an ask for the Bureau to protect Americans from unscrupulous actors. A copy of the statement is available upon request.

Adjournment

CBAC Chair Aubery Guzzo adjourned the meeting of the CFPB advisory committees on May 1, 2020 at 4:15 p.m. Eastern.

Certification

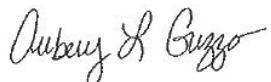
I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.



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Councils
Consumer Financial Protection Bureau



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