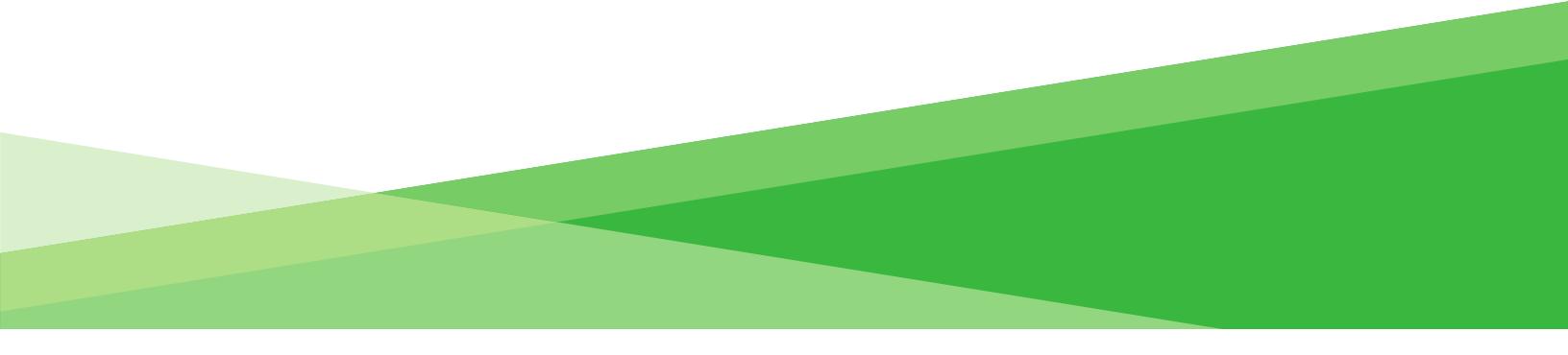


October 1, 2015 – September 30, 2016

# Annual report of the Community Bank Advisory Council



# Letter to the Director from Community Bank Advisory Council - Chair and Vice Chair

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

Dear Director Cordray,

On behalf of the Community Bank Advisory Council (CBAC or Council), we are honored to present our annual report, which details the activities and progress made during the past reporting year.

During this year, the CBAC continued to focus on ensuring that the Bureau had 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. The CBAC met two times this year in Washington, D.C. Opening our meetings to the public continues to add significant value to our work.

As in prior years, in addition to our full Council meetings, the CBAC worked through its three committees: Cards, Payments and Deposit Markets; Consumer Lending; and Mortgages. Through these committees, the CBAC has continued to engage meaningfully among its members and with Bureau staff through in-person meetings and conference calls, providing our collective and individual perspectives on the ongoing work of the CFPB.

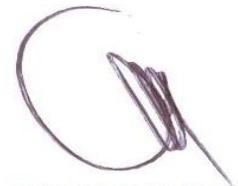
Our committees focused on identifying key observations and principles for regulation on a range of topics, such as small dollar lending (payday), overdraft, consumer reporting, mortgage origination and servicing, faster payment principles, prepaid cards, and innovation in financial technology.

We also discuss any issues relevant to the banking industry with each of the committee members. This interaction, by a group that fairly represents a cross section of US community banks, keeps the pulse on the challenges we face in our markets, with our regulators, as well as opportunities that may exist.

This annual report provides greater detail about these committee discussions and interactions. Some meetings of the Council were open to the public and are reflected in summaries posted to [consumerfinance.gov](http://consumerfinance.gov).

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

Sincerely,

A handwritten signature in black ink, appearing to read "Guillermo Diaz-Rousselot".

Guillermo Diaz-Rousselot, Chair

A handwritten signature in black ink, appearing to read "David Reiling".

David Reiling, Vice-Chair

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# 1. Executive summary

The Consumer Financial Protection Bureau (CFPB or Bureau) is the nation's first federal agency focused solely on consumer financial protection.<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 help consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

The Consumer Financial Protection Bureau's Community Bank Advisory Council (CBAC or Council) was chartered and established in September 2012. The CFPB does not have supervisory authority regarding community banks and other depository institutions with total assets of \$10 billion or less. As a result, the CFPB does not have regular contact with these institutions, and determined that it would, therefore, be beneficial to create a mechanism to ensure that their unique perspectives are shared with the Bureau.

The Advisory Council fills this gap by providing an interactive dialogue and exchange of ideas and experiences between community bank employees and Bureau staff. The Advisory Council advises generally on the Bureau's regulation of consumer financial products or services and other topics assigned to it by the Director. To carry out the Advisory Council's purpose, the scope of its activities include providing information, analysis, and recommendations to the Bureau. The output of Advisory Council meetings should serve to better inform the CFPB's policy development, rulemaking, and engagement functions.

In fulfillment of its responsibility as articulated in requirements of the Federal Advisory Committee Act (FACA), the CFPB's Community Bank Advisory Council is pleased to present its Annual Report to the Director. This report primarily summarizes the activities and progress of the Council's committee meetings held over the last reporting year, September 2015 to September 2016. The discussion portion of the report is divided into sections aligned with the CBAC's statutory responsibilities, and the report also includes, in Appendix B, separate written statements submitted by Council members relating to the report.

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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).

In this last reporting year, the Community Bank Advisory Council:

- Held two meetings – April 2016 in Washington, D.C. and September 2016 in Washington, D.C.
- Organized three subcommittees, which have each met approximately 18 times:
  - Cards, Payments, and Deposits Committee;
  - Consumer Lending Committee; and
  - Mortgages Committee.
- Examined and discussed a variety of topics and issues including:
  - Trends and themes in financial services;
  - Home Mortgage Disclosure Act Database and rulemaking;
  - Know Before You Owe (TILA-RESPA Integrated Disclosures);
  - Home loan toolkit;
  - Marketing services agreements;
  - Arbitration;
  - Overdraft;
  - Marketplace lending;
  - Financial Education;
  - FOIA and ethics review;
  - Credit invisible consumers;
  - Small dollar lending;
  - Innovation in financial technology;
  - Debt collection;
  - Student lending; and
  - Consumer complaint operations.

Detailed summaries of the above topics discussed during full Council meetings can be found at [consumerfinance.gov/advisorygroups](http://consumerfinance.gov/advisorygroups).

This report fulfills the Community Advisory Council, Federal Advisory Committee Act (FACA) requirement to submit an annual report to the Director.



Community Bank Advisory Council meeting in Washington, DC held on April 24, 2016.

## 2. Role of the Community Bank Advisory Council

Section 1012(a) of the Dodd-Frank Act states:

Pursuant to the executive and administrative powers conferred on the Consumer Financial Protection Bureau (CFPB or Bureau) by Section 1012 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Director established the Community Bank Advisory Council to consult with the Bureau in the exercise of its functions under the federal consumer financial laws as they pertain to community banks with total assets of \$10 billion or less.<sup>2</sup>

The Community Bank Advisory Council provides feedback on a range of topics, including consumer engagement, policy development, and research. The CBAC consults on a variety of crosscutting topics, reports on meetings, and provides minutes and/or summaries of their meetings. Members of the Bureau's Council serve for limited, specified terms.



Community Bank Advisory Council meeting in Washington DC, held on April 24, 2016

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<sup>2</sup> Dodd-Frank Act, Pub. L. No. 111-203, § 1012(a).

# Committees

Based on the continued success of the CBAC Committees, the CBAC again organized committees as authorized by Section 13 of the CBAC charter, which outlines that the Council may establish and dissolve committees, in consultation with the Bureau. All committees report back to the Advisory Council and include as participants individuals who are members of the Advisory

Council and/or staff of the Bureau. Committees may, from time to time, call on individuals who are not members of the Council or staff of the Bureau, for the sole purpose of providing specific domain expertise and knowledge. The committees, if any, may not provide advice or work products directly to the Bureau.

The charter directs that each committee will be led by a committee Chairperson who shall be appointed and may be removed by the Chairperson of the CBAC. CBAC committees are called by the committee Chairperson and are 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 CBAC charter and bylaws, members of like expertise and interest are organized into three committees: Card, Payments, and Deposit Markets; Consumer Lending; and Mortgages. The schedule of CBAC committee meetings follows below.

<b>Community Bank Advisory Council Committee Meetings</b> [This table includes in-person meetings]		
<b>Cards, Payments, and Deposit Markets</b>	<b>Consumer Lending</b>	<b>Mortgages</b>
October 8, 2015	October 8, 2015	October 8, 2015
November 5, 2015	October 29, 2015	November 17, 2015
January 28, 2016	February 11, 2016	April 21, 2016
February 4, 2016	March 24, 2016	July 29, 2016
March 24, 2016	June 23, 2016	August 2, 2016
May 12, 2016	July 7, 2016	August 4, 2016
July 7, 2016	August 9, 2016	August 16, 2016
		September 29, 2016

In October 2015, each committee chair led a process to identify committee priorities, including issues about which committee members wished to learn more, to identify and highlight trends, and to raise issues with Bureau staff members. The reporting year's priorities are outlined below.

- **Cards, Payments, and Deposit Markets**  
The Cards, Payments, and Deposit Markets Committee focused on work relating to prepaid cards, mandatory arbitration and class action waivers, third party payments, financial industry data breaches, financial technology, and virtual currencies.
- **Consumer Lending**  
The Consumer Lending Committee focused on work relating to the consumer lending lifecycle, from origination to collection. Specific issue areas included student loan servicing, alternative data, and small dollar lending.
- **Mortgages**  
The Mortgages Committee focused on work relating to Title XIV mortgage reforms, collaborated and provided feedback during the design of the Your Home Loan Toolkit and the Spanish translation, discussed the effects of GSE down payment revisions and mortgage insurance reductions, marketing services agreements and their impact on consumers and real estate markets, access to credit issues, Know Before You Owe, foreclosure and servicing issues post recent RESPA regulations, as well as analyzing the impact of CFPB enforcement actions in the mortgage markets more generally.

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

## **Cards, Payments, and Deposit Markets Committee**

The Cards, Payments, and Deposit Markets Committee met six times between September 2015 and September 2016, **twice** in person as part of CBAC meetings and **four** times by phone. Committee membership changed in October 2015 to account for newly appointed members. During this timeframe, the committee discussed important topics in the consumer financial marketplace such as overdraft, payment networks, data aggregators, and Fin Tech (financial technology).

From October 2015 to January 2016, the committee spent three meetings focused primarily on data security; the committee engaged on the topic of Fin Tech. The committee discussed how

Fin Tech presents an opportunity that community banks can take advantage of to engage with consumers on a deeper level.

Then, from February 2016 to March 2016, the Card, Payment, and Deposit markets committee met via conference call to review a set of guiding principles on overdraft products. The committee had spent three previous meetings focused on narrowing down the suggestions.

During the March 2016 in-person meeting, the committee finalized and presented the paper to the entire council for feedback.

In June 2016, the council had a conference call during which the Card, Payment, and Deposit markets committee presented the final Guiding Principles Document on Overdraft.

## Consumer Lending Committee

The Consumer Lending Committee met **6** times between October 1, 2015 and September 30, 2016, **two** in person as part of CBAC meetings and **four** times by phone. During this timeframe, the committee discussed important topics in the consumer financial marketplace such as small dollar lending, debt collection, auto lending, and student lending.

In November 2015, the committee received a brief overview of the CFPB's small dollar lending Small Business Regulatory Enforcement Fairness Act (SBREFA) proposal. After the overview, committee members engaged in a discussion on the proposal. While members agreed that the objective to encourage more community banks and credit unions to enter the small dollar lending market is admirable, some members wondered if the proposals outlined would provide a framework that would be profitable for financial institutions. Additionally, members shared concerns regarding restrictions on payment collection attempts outlined within the proposal and also noted that many lenders may end up changing the terms of their current small dollar products post-final rule, by simply offering longer term loans.

In March 2016, the committee met to discuss auto lending and shared their market information with CFPB subject matter experts. A majority of the committee stated that they were not actively involved in the auto lending marketplace and cited difficulty competing with captives and tax exempt credit unions. Members noted that if an auto loan is provided, it is typically done as an

accommodation for a customer. In terms of auto sales throughout their communities, some members stated that they believe the auto lending marketplace will continue to be strong and show growth over the next few years. Committee members shared a concern that during tax season, some of them have seen auto dealers taking advantage of consumers by placing the consumer in an auto loan that might not be affordable because the dealer is using the consumer's tax refund as a down payment.

In April 2016, the committee was briefed on the Bureau's work on debt collection. Staff provided background on the debt collection industry and its important role in consumer lending. Staff reviewed the Bureau's consumer education and engagement work on this issue, discussed the Bureau's risk-based approach to exam prioritization and covered the Bureau's debt collection related enforcement actions.

In June 2016 and August 2016, the committee met twice and focused on the Bureau's Payday, Vehicle, Title and Certain High-Cost Installment Loans Notice of Proposed Rulemaking (NPRM).

During the first meeting, members were briefed on the NPRM; members asked clarifying questions to enhance their understanding of the details. Then, in August 2016, the committee met and provided comments on the Bureau's Payday, Vehicle, Title and Certain High-Cost Installment Loans NPRM. The committee has included a memo which includes the ex-parte comments as an appendix to this report summarizing those conversations. Committee members also shared their thoughts about the year's work and ended the meeting with appreciation for the service of those committee members with expiring terms.

In September 2016, the committee met for its last time of the reporting period and welcomed new members and leadership. The committee spent time planning for fiscal year 2017 and also heard from a Bureau subject matter expert about the student lending marketplace.

## Mortgages Committee

The Mortgages Committee met 9 times between October 2015 and September 2016, **two** in person as part of CBAC meetings and **7** times by phone. Committee membership changed in October 2015 to account for newly appointed members. During this timeframe, the committee discussed important topics in the residential mortgage marketplace such as: Mortgage

Servicing, Know Before You Owe Mortgage Disclosure (KBYO), Home Mortgage Disclosure Act (HMDA), Qualified Mortgage Rule, Small Creditor-Rural and Underserved conversations and Access to Credit Issues.

From October 2015 to January 2016, the committee spent two meetings focused primarily on KBYO regulatory implementation and HMDA. During the first meetings, members shared their institutions' KBYO implementation status and operational updates. Members expressed some frustration regarding originating and closing construction loans in the current KBYO environment. Some members noted that they had to stop offering construction loans to their consumers due to "vendor confusion" regarding CFPB's new KBYO requirements. In addition some members highlighted that vendors needed guidance from CFPB before making the needed software changes to the origination systems. Members also expressed dissatisfaction with title companies, as they have not prepared for the new KBYO requirements. Closings were being delayed and some were even using HUD-1s instead of the required Closing Disclosure. Members asked if the Bureau could explore doing more KBYO outreach to title companies; these closing delays increase consumer cost, as they had to pay rate extension fees due to closing delays. Lastly, members recommended that the Bureau consider separating buyer and seller information in the Closing Disclosure; some sellers do not want to share private information with the buyer's realtor and the buyers during the loan closing.

During the HMDA conversations, CBAC members provided candid feedback regarding the Bureau's HMDA rule proposals. Members expressed some frustration with the proposed loan volume thresholds and reporting requirements for HMDA reporters, specifically that the 25 closed-end mortgage loan threshold is too low and it could negatively impact smaller financial institutions' ability to remain in the mortgage lending space. A member added that the Bureau should consider increasing the threshold to 250 loans per year and reduce this reporting burden for smaller financial institutions. Members stated that they learned from KBYO implementation that vendor communications and feedback sessions are critical before the rule is effective. Some members have started engaging with their HMDA vendors and are making sure that the systems will be in place and fully operational before the HMDA rule effective date of January 2018.

From February 2016 to May 2016, the committee spent two meetings focused on KBYO, HMDA, Mortgage Servicing, and Small Creditor-Rural Rule / HELP Act Amendments. During these meetings, members provided feedback regarding recent KBYO examinations performed by their

regulator. Members noted that their regulators wanted to ensure that their institutions had the resources to comply with KBYO requirements. Most CBAC members expressed improvements with vendors and KBYO origination and closing activities, members did express frustration regarding how title companies are operating post-KBYO effective date. It appears that these companies were having compatibility issues, including lack of systems integration. These issues trigger consumer frustration and 7-10 day closing delays. In addition, a member reminded the Bureau that title companies are interpreting the KBYO rule differently when it comes to the disclosure of realtor commission on the buyer's side of the closing disclosure. It appears that some title companies do not want to disclose realtor commissions and seller information, as they think this violates the listing agent and sellers' privacy. Members have highlighted that consumers are incurring higher costs to obtain the loan due to rate lock extensions caused by closing delays.

A member expressed concerns regarding the time zone requirements in the new KBYO regulation. It appears that some investors are not buying some loans due to confusion with the different time zones of loan closings that the rule mandates. A member also addressed an existing issue with appraisal costs in rural areas. The member provided an example of a \$48,000 loan, where the appraisal cost is \$848 dollars due to the subject property's distance (appraisers charge per mile). In addition, the appraiser has to go multiple times to the property to re-inspect the property condition prior to loan closing. This issue affects consumer cost and also could potentially violate KBYO tolerance requirements, as the bank discloses a much lower appraisal fee in the loan estimate. Members expressed some frustration with realtors, as these individuals "are not providing clear expectations to sellers and buyers." Sellers and buyers are expecting mortgage loans to close in less than 30 days and that is not doable under current KBYO requirements. CBAC members did praise recent Bureau KBYO webinars, which focused on construction loan disclosure requirements and provided more rule clarity.

During HMDA conversations, members provided feedback regarding HMDA implementation updates, including vendor interaction updates. Members continue to proactively prepare for these new requirements and to avoid making vendor communication mistakes similar to those which took place during the KBYO implementation process. Members expressed some frustration regarding these HMDA requirements, as CBAC members said the requirements will dramatically increase operational costs and could impact their lending activity. A member expressed some concerns regarding the new HMDA tolerance levels; specifically due to the fact

that, under the rule, the data points are now doubled. Members noted that this will dramatically increase the institution's error rate and potentially cause burdensome regulator corrective action or even fines. A member praised the Bureau's online resources; she said they are very useful as Community Bankers prepare to comply with these new HMDA requirements. She stated, "So far these tools have been very helpful during this period and members look forward to more CFPB tools and HMDA trainings."

During this period, CBAC members engaged with Bureau staff during Small Creditor-Rural Rule and Mortgage Servicing conversations. Members shared concerns about upcoming balloon loan restrictions effective April 1, 2016 and its negative impact, specifically on access to credit issues and institutional risk to the imminent rate resets of their current balloon loan portfolio. A member expressed concerns about how this Small Creditor Qualifying Mortgage rule will affect smaller institutions across the nation. Consumers will have fewer options, including those with less than perfect credit who used to be able to access these products. Regarding mortgage servicing, members expressed concerns about how the Bureau's mortgage servicing rule is driving small financial institutions out of the servicing space due to what some characterized as burdensome collection requirements, excessive documentation responsibilities, and unnecessary paper shuffling. A member stated that since the rule took effect, his bankers have seen consumer complaints increase due to the fact that consumers are feeling harassed during the financial institution outbound calls every day. Members highlighted that the rule has had a negative impact on their operational costs, as they have had to double their staff in order to comply.

From June 2016 to August 2016, the committee met four times and focused on the Bureau's Future of Loss Mitigation Principles, Small Creditor-Rural Rule, Mortgage Servicing, HMDA and KBYO. Several members praised the Bureau's recent expansion of balloon loans in certain rural and underserved areas. The Helping Expand Lending Practices in Rural Communities (HELP) Act allowed more small creditors operating in rural or underserved areas to take advantage of these balloon loan provisions and other benefits. It also allowed other institutions to originate balloon loans as long as they comply with certain flexible rural guidelines.

Members continued the discussion on KBYO, including clarifying questions to staff regarding the KBYO follow up rule released in July 2016. The Committee Chair reminded committee members to access all the online educational and regulatory compliance resources that the CFPB

creates for the industry. The Chair stated that these tools are extremely helpful given the current regulatory environment and also highlighted that the Bureau has done a good job when it comes to providing these user-friendly resources for the community bank industry. Members praised the Bureau's proposal to separate the buyer and seller transaction information in the final closing disclosure. Members have socialized this proposal with their stakeholders, including the title companies, and they have only heard positive remarks about this. Members felt that this proposal will help industry understand better most rule requirements and avoid consumer issues and/or closing delays. A member did emphasize that the Bureau should provide more guidance on construction loan disclosure requirements.

In September 2016, the committee met in person for its last time of the reporting period and provided substantive feedback regarding HMDA implementation and institutional readiness. Bureau staff provided a brief demonstration of how the financial institutions will submit their HMDA data, provided brief rule updates and also asked members to share their current experiences with vendors. The Bureau would like to engage with vendors in the coming months and confirm that they are aware of upcoming changes and clarify any questions they may have. Committee members also shared their thoughts about the year's work and ended the meeting with appreciation for past committee members whose terms expired earlier in the month and also welcomed newly appointed CBAC members.

### **3. Conclusion**

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

# Community Bank Advisory Council Biographies<sup>3</sup>

**Chair Guillermo Diaz-Rousselot** currently serves as President and CEO of Continental National Bank a \$365 million asset bank in Miami, where he has worked for the past 38 years. He serves on the Office of the Comptroller of the Currency Minority Depository Institution Advisory Council and the Minority Depository Advisory Council. Mr. Diaz-Rousselot is also a Director of the American Bankers Association and recently concluded a two-year term as Chairman of the Minority Council of the Independent Community Bankers Association. Guillermo also serves as a board member of both Citizen's Crime Watch and the Center for Financial Training (CFT). He also Co-chairs the Banking and Finance Committee of the Greater Miami Chamber of Commerce.

**Vice Chair, David Reiling** is the CEO of Sunrise Banks. David is a social entrepreneur with a long history of innovation in community development finance. David has served on the Board of Directors of the Minnesota Bankers Association, University of Wisconsin-Madison's Graduate School of Banking and the Capitol Area Planning & Architectural Board. He is also a member of numerous civic and professional associations including the St. Paul Chamber of Commerce and the Midway Chamber of Commerce, Community Development Bankers Association, Entrepreneurs' Organization, Young 4 Community Bank Advisory Council Presidents' Organization, Strategic Coach and the Global Alliance for Banking on Values.

**Jonathan "Jon" T. Allen** is a banker and an attorney. He is a graduate of Brigham Young University's Marriott School of Management (emphasis in finance), the University of Idaho College of Law, and Pacific Coast Banking School at the University of Washington. He is certified by the Institute of Certified Bankers as a Certified Regulatory Compliance Manager. He has written articles on banking and finance. He currently serves as Chief Compliance Officer at Bank of American Fork and Lewiston State Bank, and has been a bank compliance officer for 15 years. He oversees consumer protection, Community Reinvestment Act, and third-party risk management for those banks. Jon is a former member of the American Bankers Association's Compliance Administrative Committee and teaches personal finance as an adjunct at Utah Valley University. Before his current role, he was a commercial and consumer loan officer and branch manager at a community bank.

**Angela Beilke** currently serves as Vice President, Mortgage Department Manager of American Bank & Trust. She has been with American Bank & Trust since 2005 and has more than 15 years of industry experience. Ms. Beilke has extensive knowledge & expertise in Legal Issues, Community Banking, Supervisory Management, Mortgage Accounting, Mortgage Servicing Law, Federal Rules and Regulations and Technology in Mortgage Banking. She has

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<sup>3</sup> Community Bank Advisory Council biographies reflect the membership of the CBAC between October 2015 and September 2016.

enjoyed directing and maneuvering through the delicate balance of dedication to consumer protection, lending in underserved areas, and the application of sound trends, practices, policies and procedures. Ms. Beilke plays an advisory role and serves on numerous Community Committees and Volunteer projects. American Bank & Trust is a Community Bank with 9 locations throughout South Dakota.

**Kathleen J. Cook** currently serves as President and Chief Executive Officer of The Village Bank, a 95 year old community owned banking facility, in St. Libory, Illinois. During her 37 years of service, she established Village Bancshares, Inc. a, one bank holding company, with S Corporation tax status. She now enjoys the position of Chairman of the Board managing all aspects of the bank's operations. She is a devoted advocate of small community banks serving rural areas throughout the country. She is a member and past director of the Illinois Bankers Association and continues to serve on its Government Relations Committee. She is also a proud member of the Community Bankers Association of Illinois and the Independent Community Bankers Association.

**Julia R. DeBery** currently serves as SVP Risk Management and Internal Audit at Bath Savings Institution, a \$780 million asset community bank in midcoast Maine. She has more than 17 years experience in all areas of banking compliance. Ms. DeBery serves on the Compliance Committee of the Maine Bankers Association and is Treasurer of the Patten Free Library and the Bath Water District in Bath, Maine.

**Michael Gallagher** currently serves as the Executive Vice President and Chief Risk Officer at Enterprise Bank in Lowell, Massachusetts. Enterprise Bank is a 22 branch community bank offering a full range of commercial and consumer banking products throughout the Merrimack Valley and North Central in Massachusetts and in Southern New Hampshire. Mr. Gallagher has served on numerous nonprofit boards over the past two decades, and is a Director and Past President of the Risk Management Association-New England Chapter. Mr. Gallagher currently serves as Chairperson of the New Hampshire Bankers Association Risk Committee. Mr. Gallagher is a graduate of the Advanced Management Program at Harvard Business School and currently holds designations as a Certified Public Accountant and a Justice of the Peace.

**Jack E. Hopkins** currently serves as President and CEO of CorTrust Bank. CorTrust Bank is a 25 branch community bank located in South Dakota and Minnesota offering a full range of bank products and services. Mr. Hopkins has extensive experience in mortgage lending, secondary market mortgage servicing, and credit card issuance. He currently serves as chair of the Independent Community Bankers of America Housing Policy Task Force and is a member of their Federal Delegate Board of Directors. Mr. Hopkins past experience includes being one of the first members of the FDIC's Advisory Committee on Community Banking, past chair of the Independent Community Bankers of South Dakota, and has served on various committees in the past for the Independent Community Bankers of America. He has also served and has been chairman of various non-profit organizations and economic development boards.

**Ricardo "Ricky" D. Leal** currently serves as Senior Vice President of First Community Bank, Harlingen, TX; a community bank with 9 locations throughout the south Texas Rio Grande Valley. He joined the company in 2005 and is responsible for commercial/consumer lending, branch management and asset/liability management. Mr. Leal is a Regional

President for the Independent Bankers Association of Texas Leadership Division and Finance Committee Chair for the State of Texas Product Development & Small Business Incubator Fund. He is also active in numerous civic associations including Chairman-Elect of the Harlingen Area Chamber of Commerce, Chairman Pro Tem of the Valley International Airport Board of Directors and President of the Board for the Loaves & Fishes community homeless shelter and food kitchen. Prior to banking Mr. Leal served 5 years active duty as a Munitions & Missile Maintenance Officer in the United States Air Force.

**Paul Mackin** became President and Chief Executive Officer of Think Mutual Bank in 2008 and was appointed to its board in 2012. Prior to his current role Mr. Mackin served as Think Mutual's President and Chief Operating Officer from 2003 to 2008 and Senior Vice President from 2002 to 3 Community Bank Advisory Council 2003. His 29-year banking career spans across large national, regional, and community banking organizations. Mr. Mackin's community and industry volunteer experience includes serving on the boards of the Rochester area Ronald McDonald House, Chamber of Commerce, and Independent Community Bankers of Minnesota along with several non-profit agencies supporting health care, education and economic development. He is currently Chair of the ICBA's Mutual Bank Council and member of the OCC's Mutual Savings Association Advisory Committee.

**J. David Motley** currently serves as President of Colonial Savings. Mr. Motley is responsible for managing all phases of residential mortgage lending, including construction lending. He also oversees the depository banking, commercial and consumer lending divisions. He joined the company as a mortgage branch manager in 1980 and relocated to the corporate office in 1983 to serve as Vice President of mortgage lending. He was named President in 2006. He holds a B.A. in Economics from the University of Texas at Austin, is a graduate of the School of Mortgage Banking, and is a Certified Mortgage Banker. David has served on the board of the Texas Mortgage Bankers Association and is currently the Chairman of the national Mortgage Bankers Association's 2013 and 2014 Residential Board of Governors.

**Cara Quick** currently serves as Vice President for Compliance, CRA Officer, and BSA Officer of First Hope Bank, NA, a \$469 million bank in Northwestern New Jersey where she has worked for the past 30 years. She currently serves on the New Jersey Bankers Compliance/CRA Committee and previously served on the ABA Compliance Administrative Committee. Ms. Quick currently serves as an instructor for the ABA National Compliance School. Ms. Quick holds the designation of a Certified Regulatory Compliance Manager and has served on the Housing Task Force for Norwescap since 2005.

**Thomas E. Spitz** is the founding Chief Executive Officer of Settlers bank in Madison, Wisconsin. He has over 30 years of banking experience that ranges from community banking to corporate commercial lending. He has worked at some of the nation's largest banks and was president of a de novo effort aimed at the nationwide delivery of banking services to low-income consumers. This experience set provides him with an extensive knowledge base in regulatory requirements and compliance. Beyond banking, he was an executive for an information technology firm and a television production company giving him extensive experience in entrepreneurial business formation and the successful operation of start-up companies. He remains an active volunteer and community board member for a number of organizations and is a gubernatorial appointee to the Banking Review Board for the State of Wisconsin.

**Yee Phong “Alan” Thian** currently serves as the Chairman of the Board, President, and CEO of Royal Business Bank (“RBB”). Mr. Thian has more than 30 years of banking experience in the Chinese-American banking community. In 2008 Mr. Thian and a team of business leaders in the Chinese-American community formed RBB locating in Los Angeles. RBB is a full-service commercial bank specializing in financial services to businesses operating in the U. S and the Pacific Rim. Over the past seven years, RBB acquired and merged three community banks and has grown its assets to over \$1 billion as of June 30, 2015. Mr. Thian was a member of the FDIC Advisory Committee for the past three years and he is very active in supporting non-profit organizations and local community service activities.

**Monica Thomas** currently serves as Executive Vice President of Illinois Service Federal (ISF), a position she has held since 2009. She has over 30 years of community banking experience that has covered retail banking, human resources, information technology, operations and strategic planning. She is also a member of the bank’s Board of Directors. ISF specializes in responding to financial services gaps that exist within the local markets. The bank’s business strategy focuses on the foundation of asset building for individuals and neighborhood stability by providing lending products that foster home-ownership and business revitalization. Ms. Thomas is active in various community and civic organizations.

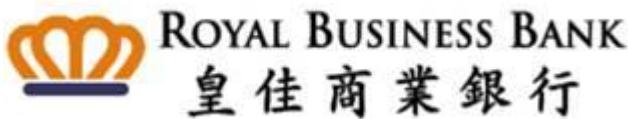
**Christopher Triplett** currently serves as the Director, President, CEO, and CFO of Newport Federal Bank in Newport, Tennessee. Newport Federal is a community bank with three offices. Mr. Triplett has service in a variety of positions in community organizations and volunteer boards of directors. Mr. Triplett has more than 23 years banking experience that covers branch management, operations, audit, compliance and financial management.

**Kathryn Underwood** currently serves as President and CEO of Ledyard National Bank in Hanover, NH, where she has worked for the past 9 years. Prior to joining Ledyard, Ms. Underwood was with Key Bank for 25 years. Kathy is a Director and past chair of the New Hampshire Bankers Association, Director and Audit Chair for the Federal Reserve Bank of Boston, Delegate of the Independent Community Bankers of America, Director of ICBA Securities, and a Director of the American Heart Association and Kendal at Hanover, a continuing care retirement community.

**Samuel Vallandingham** currently serves as President and CEO of The First State Bank in Barboursville, WV. The First State Bank is a community bank serving the commercial and consumer needs of western West Virginia. Mr. Vallandingham has served on several national committees and various boards. Currently, he is an ICBA board member, chairs ICBA’s Bank Operations and Payments Committee, serves on FHLMC’s Community Lending Advisory Board, serves on the Richmond Federal Reserve’s Payment Advisory Committee, as well as the board of Community Bankers of West Virginia. His extensive knowledge in lending, compliance, information technology and payments is evidenced in the various positions he holds.

# Community Bank Advisory Council written statements

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



September 15, 2016

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

Dear Director Cordray,

I appreciate the opportunity to provide a statement as part of the CBAC annual report for 2016. This first year serving on the CBAC has been interesting and rewarding for me, and I truly feel the CBAC adds invaluable, customer-facing feedback and advice, allowing the CFPB better meet its goals.

Many of the topics on which we covered this past year have direct applications for consumer protection and education. As an example, I personally helped to create a Chinese-translated copy of the "Your Home Loan Toolkit" guide to help better educate those consumers in the Chinese-American community which my bank serves. I was impressed by the response from both consumers and other lenders in our community. Consumers genuinely appreciated having the information in a primary language and other lenders felt it made the process easier to explain.

As I look forward to future CBAC discussions, I hope to continue to improve the ability of community banks to offer consumer mortgage loans without lowering the standards, goals, and expectations of the CFPB in protecting consumers. As it stands, consumer residential lending continues to be difficult for smaller community banks. A focus on clarifying CFPB expectations and streamlined consumer protections can maintain a valuable source of credit for specific communities in which community banks truly know their customer.

It has been a privilege to serve on the CBAC this year, and I look forward to addressing new challenges and discussing solutions with my fellow members in the year ahead. Thank you again for the opportunity to serve.

Sincerely,

Alan Thian  
CEO  
Royal Business Bank

Dear Director Cordray:

I would like to express my gratitude for the opportunity to serve on the Community Bank Advisory Council. I personally feel the suggestions and information we impart to the Bureau are analyzed and applied to the ongoing rule or regulation being discussed and implemented.

My time spent has been most beneficial. I have enjoyed the coordinated effort of community bankers across the country working shoulder to shoulder with individuals from the Bureau. Armed with sufficient data to support varied suggestions, I believe our input is considered when the Bureau takes on the heavy burden of new regulations. I have come to understand it is a balancing act between, consumer's wellbeing, financial industry stability, and Congressional mandates.

Considering the vetting process, education, and organization of new members to the Council, I encourage the Bureau to extend the term to 3 years or an option to serve a one time additional term of 2 years if approved by the Bureau. I believe it would benefit the Council and the Bureau for individuals to assist in projects through fruition.

Sincerely,

Kathleen J. Cook

President

The Village Bank

PEOPLE'S INTERMOUNTAIN BANK

August 15, 2016

Manny Mañón  
Policy Analyst, Advisory Board and Councils Office  
Consumer Financial Protection Bureau  
1700 G Street  
Washington, DC 20552

Dear Mr. Mañón:

In connection with the Consumer Financial Protection Bureau's requirement under the Federal Advisory Committee Act to issue an annual report for its advisory committees, and pursuant to your invitation, I am pleased to submit this written statement expressing my thoughts about my time and service on the Bureau's Community Bank Advisory Council ("CBAC") for the period of October 1, 2015 to September 30, 2016.

I joined the CBAC in October 2015. Since then I have attended each of the CBAC in-person meetings and each of the meetings by telephone. In addition, I have participated in several interim meetings by telephone and several email exchanges with other CBAC members and with Bureau staff. In each of these meetings, calls, and email exchanges, I have tried to provide meaningful input to the Bureau regarding the impact of its rulemaking and other activities on community banks. I am one of only two compliance officers on the CBAC. As our bank's chief compliance officer, I am responsible for our bank's implementation of the Bureau's rules. As such, I understand from "the trenches" the challenges these rules present for community banks. The Bureau continually requests the CBAC's input and the CBAC continually provides it.

I have enjoyed the opportunity to learn more about the Bureau, its objectives, and the way it operates. Within the bounds that the Bureau has communicated to us, I have tried to share what I am learning through my CBAC experience with officials at my bank and with other colleagues outside of CBAC such as trade associations. I believe that this has helped to provide increased understanding between industry and the Bureau on issues that can be divisive.

I believe that CBAC serves an important purpose and I am honored to be able to participate in it. I look forward to continued service with CBAC and the Bureau.

Sincerely,



Jon Allen  
VP/Chief Compliance Officer