

SEPTEMBER 2013 – SEPTEMBER 2014

# Annual report of the Consumer Advisory Board



Consumer Financial  
Protection Bureau

# Letter to the 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 annual report, which details the activities and progress made over this last fiscal year.

During this year, the CAB 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 in America. We have also continued to have engagements in the field where American consumers live and work, and this has added value to our work. In September of 2013, we traveled through the Mississippi Delta to Itta Bena, Mississippi and saw clearly the effects of predatory lending in rural and low-income communities. In June of 2014, we visited Reno, Nevada and observed and discussed the challenges that still exist in the mortgage market.

The CAB again this year worked through its committees: Cards, Payments and Deposit Markets, Consumer Lending, and Mortgages. Through these committees, the CAB has continued to engage meaningfully 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 variety of topics, including digital and mobile payments, prepaid cards, payday lending, student lending, mortgage origination, and servicing.

This annual report provides greater detail about these committee discussions, as the larger CAB's discussions were open to the public and are reflected in summaries posted to [consumerfinance.gov](http://consumerfinance.gov).

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

Sincerely,



José A. Quiñonez, outgoing 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 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 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 of the CAB's commitment to accountability, the CFPB's Consumer Advisory Board is pleased to present its Annual Report to the Director. This report primarily summarizes the activities and progress of the Board's committee meetings held over the last fiscal year, September 2013 to September 2014. The discussion portion of the report is divided into sections aligned with the CAB's statutory responsibilities, and the report also includes, in Appendix B, separate written statements submitted by Board members relating to the report.

In this last fiscal year, the Consumer Advisory Board:

- Held three meetings – [September 2013](#) in Itta Bena, MS, [February 2014](#) in Washington, DC, and [June 2014](#) in Reno, NV.

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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).

- Organized three policy committees, which have each met approximately six times:
  - Cards, Payments, and Deposits Committee;
  - Consumer Lending Committee; and
  - Mortgages Committee.
  
- Examined and discussed a variety of topics and issues including:
  - Access to Credit, Information and Financial Resources;
  - Trends and Themes in Financial Services;
  - Home Mortgage Disclosure Act Database and Rulemaking;
  - Approach to Disclosures;
  - Your Money Your Goals financial coaching tool;
  - FOIA and Ethics Review;
  - Managing Consumer Credit;
  - Approaches to Regulation;
  - Protecting Consumer Credit Profiles;
  - Debt Collection; and
  - Consumer Response.

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



*Participants at the Consumer Advisory Board meeting in Reno, NV.*

This report fulfills the Consumer Advisory Board charter requirement to submit an annual report to the Director.

# Role of the Consumer Advisory Board

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

*The Director shall establish a Consumer Advisory Board to advise and consult with the Bureau in the exercise of its functions under the Federal consumer financial laws, and to provide information on emerging practices in the consumer financial products or services industry, including regional trends, concerns, and other relevant information.<sup>3</sup>*

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 participants, community members, and consumer advocates. The CAB consults on a variety of cross-cutting topics, reports on meetings, and provides minutes and/or summaries of their meetings. Members of the Bureau's Board serve for limited, specified terms.

## CONSUMER ADVISORY BOARD COMMITTEES

Based on the success of the 2013 CAB Committees, the CAB again organized committees as authorized by section 7 of its charter, which allows the Board to establish and dissolve committees in consultation with the Bureau. As provided in the charter, committees report to the Board (not directly to the Bureau) and may include participants 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.

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 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 like expertise and backgrounds are organized into three committees: Card, Payments, and Deposit Markets; Consumer Lending; and Mortgages. The schedule of 2014 CAB meetings follows below.

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<sup>3</sup> Dodd-Frank Act, Pub. L. No. 111-203, § 1014(a).

## Consumer Advisory Board Meetings

[This table includes in-person meetings]

Committee	Meeting dates	
Cards, Payments, and Deposit Markets	February 26, 2014	July 24, 2014
	April 17, 2014	September 10, 2014
	June 18, 2014	November 20, 2014
Consumer Lending	February 26, 2014	July 17, 2014
	April 10, 2014	September 10, 2014
	June 18, 2014	November 13, 2014
		December 4, 2014
Mortgages	February 26, 2014	July 10, 2014
	April 3, 2014	September 10, 2014
	June 18, 2014	November 6, 2014

In January 2014, at the outset of the 2014 committee cycle, each committee chair led a process to identify committee priorities, including issues where committee members wish to learn more, to identify and highlight trends, and to raise issues with Bureau staff members. The 2014 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, credit repair and Europay, MasterCard and Visa (EMV) technology; and virtual currencies.

- Consumer Lending

The Consumer Lending Committee focused on work relating to small dollar lending, student lending and student loan servicing.

- Mortgages

The Mortgage Committee focused on work relating to Title XIV mortgage reforms as well as the impact of recent CFPB action 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 2014 CAB Committees' work.

### Cards, Payments, and Deposit Markets Committee

In 2014 the Cards, Payments, and Deposit Markets Committee discussed a range of topics, including prepaid cards; mandatory arbitration and class action waivers; third party payments; financial industry data breaches, credit repair and Europay, MasterCard and Visa (EMV) technology; and virtual currencies. The Committee also discussed topics for future consideration by the Committee and the CAB. For each topic the Committee considered, we have provided a summary below of the underlying consumer concerns, suggested research and principles for regulation or further action, and recommendations to the CFPB.

Some of the **overarching consumer concerns** discussed by the Cards, Payments and Deposits Committee included consumers' needs for:

- Clear and concise information about financial products and costs in a manner that facilitates comparison shopping and good consumer choices and avoids debt traps caused by hidden or confusing fees;
- Protection from harm, including debt traps and loss of funds;
- Multiple options and clear information to obtain effective redress and timely correction of errors in the event they are harmed by financial products or practices;
- At least one transaction product through which consumers cannot spend more money than they currently have which this is not to say that every provider must offer this option); and
- Guidance on risks, opportunities, and changes due to new technologies in the financial services field.

Some **overarching principles** for regulation discussed by the Cards, Payments and Deposits Committee included the following:

- The CFPB should continue to conduct research and collect complaints to inform both the public and the Bureau's evidence-based rule-making, supervision, and enforcement; and
- The CFPB should balance regulation and consumer protections with fostering of good innovation offering significant value without significant risk.

The Cards, Payments and Deposits Committee suggests that the CFPB consider the following topics for CAB public meetings:

- Prepaid cards;
- Mobile banking, payments, wallets; and
- Data security

Other possible topics for Cards, Payments and Deposits Committee consideration could include:

- The potential impact of information collection on fairness and access in cards and payments; and
- Fair lending analysis affecting cards, including disparate impact concerns and analysis.

### Consumer Lending Committee

This year, the CAB's Consumer Lending Committee focused on two issues within the CFPB's purview: small dollar lending and student loans. Prior to the June 2014 CAB meeting, the Committee met with individuals knowledgeable about small loan issues, including Bureau staff and external experts<sup>4</sup>. Robust committee discussions led to an outline of principles and considerations, which were presented and discussed during the Consumer Lending Committee session of the June 2014 CAB meeting. Details of this discussion are outlined in the June 2014 meeting summary. A highlight of the principles and considerations on this issue included:

- Much small dollar lending involves a segment of borrowers who use the product in a way that creates a substantial risk of financial distress in repaying the loan. In the context of the well-known two week payday loan, this means borrowers who obtain repeated "roll-over" loans form the essential customer base for payday lending creditors. With these or other high-cost small-dollar lending products, these borrowers may default on either the small dollar loan or on other obligations for which creditors do not have the same access to the borrower's accounts as the small dollar lender.

Since June of this year, the committee has focused on student loans. Experts in the student lending and servicing field have briefed the committee during this time.<sup>5</sup>

### Mortgages Committee

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<sup>4</sup> External experts on small dollar lending with whom the CAB's Consumer Lending Committee met include: Maura Dundon, Center for Responsible Lending; Mike Calhoun, Center for Responsible Lending; Nick Bourke, The Pew Charitable Trusts; and, David Rothstein, Neighborhood House.

<sup>5</sup> External experts on student loans with whom the CAB's Consumer Lending Committee met include: Deanne Loonin of the National Consumer Law Center; Joseph Mais of the Institute for College Access and Success; Chris Hicks from Jobs with Justice; and Joe DePaulo, formerly with Sallie Mae's private lending operations.

This year the CAB's Mortgages Committee focused on work relating to Title XIV mortgage reforms as well as examining the impact of recent CFPB actions on the mortgage markets more generally. Although it is too soon to have much definitive information on the impact of those actions, the committee discussed a variety of issues, which are outlined below.

- **Preliminary observations regarding the implementation of the Title XIV mortgage rules:**
  - a. The Ability to Repay (ATR) and Qualified Mortgage (QM) rules seem to have created a more even playing field. Prior to the financial crisis, competition was primarily product-driven which led to an unfortunate "race to the bottom" in terms of credit quality. Today competition is primarily driven by price and service quality. This allows smaller players to compete more effectively with larger companies, with market share beginning to be spread more evenly.
  - b. The implementation of the QM rule seems to have had little impact on the market, but that is primarily due to the agency patch. Without the patch, the 43% debt to income ratio would reduce credit access to borrowers on the margin.
    - i. We may be beginning to see a decline in loans under \$100,000, even at the Government Sponsored Enterprises (GSEs)
    - ii. It is hard to get a good handle on what's happening at smaller banks and credit unions; we'll get some information from the 2014 Home Mortgage Disclosure Act (HMDA) data, but it won't be definitive, and won't be out until fall 2015.
    - iii. Some lenders have expressed confusion about how to best implement ATR, particularly in determining income accurately.
  - c. Lenders do not seem to have consistent interpretations of the compensation rules.
  - d. Some companies have agents creating their own compensation plans and give them the option of changing them on a monthly basis. A single company can end up with dozens of different plans paid to hundreds of agents.
  - e. There are a number of changes to the mortgage market occurring simultaneously, including capital rule implementation, servicing rule implementation, and attempts to get full usage of the credit box by Federal Housing Administration (FHA) and Federal Housing Finance Agency (FHFA), which make it difficult to assess the impact of the ATR and QM rules in isolation from other changes.
  - f. The cost to originate a loan is increasing, which may make smaller loans more expensive (and might put additional pressure on the QM rules) or make lenders not inclined to originate them at all.
  - g. More lenders are holding loans on their balance sheets. A recent survey indicates that approximately 15% of mortgages are currently being held on balance sheets. It is not clear what is driving this trend but it appears to correspond with the implementation of the mortgage rules.
- **Title XIV mortgage rules -- issues for potential consideration:**
  - a. Consider developing an opportunity for lenders to consider compensating factors for loans with debt to income ratios above 43%.

- b. Explore or consider providing guidance on alternate ways to evaluate income. Forty-three percent Debt to Income (DTI) might be fine if income is accurately assessed and non-traditional forms of income are recognized.
  - c. Consider requiring lenders to post their rates on a regional or statewide basis to further reduce pricing abuses.
  - d. Consider some additional flexibility on points and fees for small loans.
  - e. Consider some additional flexibility on compensation rules for bond loans and jumbo loans.
- **Potential areas of concern for consideration moving forward:**
    - a. Marketing fees and kickbacks paid by lenders to builders, real estate agents, and brokers.
    - b. Servicing of distressed loans, such as loan modifications, remains suboptimal and problems may accelerate in judicial states. Many servicers do not have the required capabilities or commitment to adequately manage their servicing portfolios.
    - c. Non-QM lending especially to people 55 and older, in part because of the emphasis in QM on income rather than assets.
    - d. The servicer data systems are problematic with little improvement observed in the last several years. This is still creating substantial problems, including their effects on distressed loans and with borrowers who are entitled to receive settlement money.

## **CONCLUSION**

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

# APPENDIX A

## CONSUMER ADVISORY BOARD BIOGRAPHIES<sup>6</sup>

**Chairperson Jose Quinonez** has been the executive director of the Mission Asset Fund in San Francisco California since 2007. Mr. Quiñonez'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

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<sup>6</sup> Consumer Advisory Board biographies reflect the membership of the CAB between September 2013 and September 2014.

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

## CONSUMER ADVISORY BOARD WRITTEN STATEMENTS

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

August 29, 2014

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 second year. The CAB started well in its first year, and it has shown great progress as a sophomore.

The strengths of the CAB remain the same. The leadership of Chair Jose Quiñonez and Vice Chair William Bynum was superb. They helped build a culture of open and respectful communication in a group with diverse membership. As with the initial year, I have been amazed by the amount of time and attention that you and Deputy Director Steve Antonakes have devoted to our discussions. The CFPB has undertaken an ambitious regulatory, supervisory and enforcement agenda, and it has accomplished an extraordinary amount in a short time despite being under constant attack. Yet senior leadership of the agency has been present for almost every discussion. That is remarkable, and appreciated.

The CAB improved in two important ways this year. First, the function of the committees was much better. CFPB staff for the CAB worked with the Committee Chairs to reform the structure and process of the committees. The changes worked and the committees are producing more useful and focused presentations to the full CAB on specific policy matters.

Second, the quality of discussion at CAB meetings improved. In the first year, members identified with either a consumer advocacy or industry position were more likely to assume default positions on issues. As the group matured, the discussions became more reflective. For example, during the February 2014 meeting in Washington, DC, I found myself agreeing with Josh Silverman and disagreeing with CFPB on an approach to a regulatory issue. As Mr. Silverman rarely share a “default position”, it was a sign of the maturity of the Committee’s discussions that we were able to wrestle the issue to a point of consensus.

Unfortunately, areas for improvement remain the same. The interaction between CFPB staff and the CAB could use some attention. It remains unclear to me 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. While it is clear that it is often difficult to arrange time for staff members to brief and interact with the CAB during the committee meetings.

Again, 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

**Board of Directors****Chair****Maria Choca Urban**Cook County Bureau of  
Administration**Vice Chair****Natalie Abatemarco**

City Community Development

**Secretary****Michael Seng**

The John Marshall Law School

**Treasurer****Ed Williams****Members****Bobbi Ball**Partners in Community  
Building**Byna Elliott**

Fifth Third Bank

**Adrian Esquivel**

Enlace Chicago

**Thomas FitzGibbon, Jr.**

Fulmer Bank and Trust

**Ghian Foreman**Greater Southwest Development  
Corporation**Gordon Mayer**

Garnahel Foundation

**Megan O'Neil**Independent Asset Building  
Consultant**Dory Raad**

Woodstock Institute

**Lori Vallejunga**

Bethel New Life

**Stacie Young**Community Investment  
Corporation**Founder****Sylvia R. Scheinfeld**

1983-1990

September 4, 2014

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

Dear Director Cordray,

It has been an honor to serve on the inaugural Consumer Advisory Board (CAB) of the Consumer Financial Protection Bureau (CFPB). Having had the opportunity to serve on the CAB and to get to know members of the CFPB leadership and team over the last two years, I remain impressed with the high quality and dedication of the staff, and with the professionalism with which your team has implemented its mission through research, public education, supervision and enforcement, and rule-writing.

As president of a research and policy nonprofit, I share CFPB's commitment to data-driven policy. The Bureau's research, white papers, testing of models, and use of its Consumer Response database to inform its regulation, supervision, and public education foster public trust in the integrity of our financial system, something that has been sorely lacking since the Great Recession. We 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.

I was especially pleased to have had Deputy Director Steve Antonakes keynote our 40<sup>th</sup> anniversary symposium in Chicago last fall and to have CFPB staff present on a panel. I was also fortunate to have had the opportunity to host several meetings between you and your staff and Chicago colleagues. While I often serve as a "bridge" between local constituents and national policymakers, it is very important for you and your team to get out of the Beltway and hear from folks working at the community level. The Bureau does a good job of holding field hearings, CAB meetings, and other forums throughout the country and I encourage you to continue that policy.

As chair of the Card, Payment & Deposit Markets Committee this year, I can appreciate even more the tensions you must feel in addressing the concerns of a diverse constituency. While it is appropriate that the CAB reflect the diversity of the American public, including industry representatives, at the end of the day the Bureau must be confident in making choices that protect and empower consumers, even if that means some disagreement from or cost to the industry.

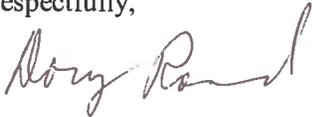
Previously, I wrote that "in the past, regulators seemed to be subject to regulatory capture, in which the agencies took on the perspectives of the financial institutions they were authorized to supervise. With the CFPB, our Congress wisely insulated the agency

Director Richard Cordray  
Consumer Financial Protection Bureau  
September 4, 2014  
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from regulatory capture by making the CFPB an independent agency with a dedicated source of funding that is not controlled by the entities it supervises or by Congressional appropriation." I feel even more strongly now that this is as it should be.

Thank you for your leadership and for the opportunity to serve on the CAB.

Respectfully,

A handwritten signature in cursive script, appearing to read "Dory Rand".

Theodora (Dory) M. Rand, President  
Woodstock Institute

TR/bab

2558 36<sup>th</sup> Street, NW  
Washington DC 20007  
August 20, 2014

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

Dear Director Cordray,

It has been an honor and a pleasure to serve on the Consumer Advisory Board (CAB) during its second year of existence. We were witness to some critically important CFPB milestones, including your own confirmation; the completion, on time, of the mortgage regulations; and major steps toward the expansion of the Home Mortgage Disclosure Act mandated by Dodd Frank Act. Your highlighting of the importance of third parties such as mortgage servicers and credit bureaus in the financial life of consumers is extremely important. And the Bureau's actions to regulate and supervise non-bank financial services providers is beginning to level a very unlevel playing field.

In addition to these Bureau accomplishments, this has been a very productive year for the CAB. In particular, the CAB is a group of people who come to their concern about both access by consumers to the financial products and services they need and protection from harm from very different perspectives and backgrounds. During this second year, under the able leadership of Jose Quinones and Bill Bynum, with the support of the CFPB staff (in particular Delicia Hand) and personal attention by CFPB leadership, including you and Deputy Director Antonakes, we have come together in a manner that encourages open and honest discussion, often generating the synergies one would hope for from a diverse group of professionals.

I believe that in particular, the CAB has been helpful in highlighting the opportunities and challenges of the immense growth of technology in consumer finance. This includes not only mobile banking, but also multifunctional non-bank products such as prepaid cards, savings and alert strategies enhanced through social media and other technology, and digital currencies. Technology has, of course, also led to increased presence of online credit opportunities, some of which challenge the CFPB's jurisdiction. How the Bureau is able to bring these lenders (as well as others, such as auto dealers) into a unified regulatory and supervisory system will be a major challenge going forward.

The CAB has also been very productive in helping the Bureau understand the implications of both financial services practices and potential Bureau actions on the ground. For example, we have discussed how the mortgage rules are being implemented with respect to widows and other heirs, and how the remittance rules are likely to play out for a population accessible largely through cell phones, but who tend to change numbers frequently. Our recent discussion about the challenges of accessing the financial services system, especially after problems arise, and the cost in time, money and anxiety of not being able to do so, was another example where multiple on-the-ground and professional perspectives being heard together in discussion (rather than in a hearing or comment structure) has hopefully proven useful to the Bureau.

Going forward this coming year, small dollar credit, mandatory arbitration and debt collection are critical topics for both the Bureau and the CAB. The CAB should also continue to explore technology

issues, as well as the effects of implementation of the mortgage rules, about which we should be getting additional information as 2015 unfolds.

Once again, thank you very much for the opportunity to serve on the CAB, and for all you and your staff do for the American consumer.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'E' followed by a long horizontal stroke.

Ellen Seidman