

April 2015

Community Bank Advisory Council

April 22, 2015

Meeting of the Community Bank Advisory Council

The Community Bank Advisory Council (CBAC) of the Consumer Financial Protection Bureau (CFPB) met in person at 8:30 a.m. on April 22, 2015. The CUAC met at the CFPB Headquarters located at 1275 First Street, NE, Washington, D.C.

Board members present	CFPB staff present
Tyrone Fenderson, Jr., Chair	CFPB Director, Richard Cordray
Guillermo Diaz-Rousselot, Vice Chair	Julian Alcazar
Angela Belike	Matt Cameron
Michael Gallagher	Kelly Cochran
Donald G. Giles	Jennifer Draper
Sheila Mathews	Tiao Guan
Jo Ann Merfeld	Delicia Hand
J. David Motley	Thomas Kearney
David Reiling	Jeffrey Langer
Farid Tan	Emmanuel Mañón
Monica Thomas	Zixta Martinez
Chris Triplett (via phone)	Margaret Plank
	Corey Stone

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Welcome and Agenda Overview

Richard Cordray, CFPB Director

Delicia Hand, staff director for Advisory Board and Councils Office

Tyrone Fenderson Jr., Community Bank Advisory Council Chair

CBAC Chair Tyrone Fenderson called the CBAC meeting to order on April 22, 2015 at 8:30 a.m. EST. He welcomed the members and provided the agenda for the day. He noted that the Council's priorities would focus on key issues affecting community banking and welcomed the opportunity for engagement between CBAC members and CFPB staff. Director Cordray also welcomed the group and provided an overview of the Bureau's work to date. He discussed the Bureau's work in in mortgages, integration of key rules, rulemaking, compliance issues, and lastly, credit scores and credit reporting. He thanked the members for their time. Delicia Hand, staff director for Advisory Board and Councils office, also greeted members, thanked them for their time and provided an overview of the agenda for the day.

Committee Breakout Sessions

Donald Giles, Chair, Consumer Lending Committee

CFPB staff members provided an overview on peer-to-peer marketplace lending, noting key players that make up the market's composition, the growth of the industry, and noted how loans are created and processed.

CBAC members discussed different related topics such as loan origination fees for borrowers, securitization purchase process, the role that community banks have in small-dollar lending, and the importance of offering that product within this context. Members asked whether there was any tracking of consumer defaults on revolving debts and a member noted that the Bureau's CEE team would be helpful in ensuring individuals were educated about these products.

Jo Ann Merfeld, Chair, Mortgages Committee

The Mortgages Committee discussed the proposed amendments to Title XIV mortgage rule and had some clarifying questions about definitions for staff. The committee also discussed TILA-RESPA Integrated Disclosures and implementation challenges. Members shared the challenges with document generation, vendors not meeting deadlines, obtaining new software, concerns regarding fees and training for various elements of this process.

The Committee also discussed the Bureau's rural definition. CFPB staff described a tool that would facilitate financial institutions knowing whether they were classified as rural or not. CBAC members inquired about the file format that this tool would be available in, the applicability of this tool for state-chartered banks, and whether or not the tool was mandatory for the banks to use.

Tim Zimmerman, Chair, Card, Payment and Deposit Markets Committee

Committee members discussed overdraft, checking accounts, prepaid cards, and credit reporting, specifically some of the distinguishing features of the accounts they provide and related screening processes. Members highlighted ChexSystems as a means of reporting in order to allow customers to open checking accounts at their institutions and enhance their credit. Members noted that there are different types of account screenings which allow for unbiased and accurate information when reviewing credit and checking account reports. Members noted the flexibilities that enable banks to mitigate risks of overdraft through providing discretion on customer's selection.

Additionally, members discussed the importance of ensuring fraud definitions were clear in regards to customers attempting to cash bad checks. Members also noted the importance of ensuring that individual cases were reviewed properly when accounts are closed for either fraud or due to financial hardships, and delineating the difference between these types of cases. Members also discussed safeguards for consumers to ensure that they do not continue to make mistakes and highlighted institutions that provide courtesy calls for customers who are spending a lot of money at once or who are overdrawing their accounts to inquire before returning the checks or adverse actions.

Mortgages Committee: HDMA Non-DFA reporting requirements

Tom Kearney, senior counsel for Office of Regulations, Division of Research, Markets & Regulation

Tom Kearney, senior counsel for the office of Regulations, provided an overview on the Home Mortgage Disclosure Act (HMDA) rulemaking for the additional reporting requirements not required by the Dodd-Frank Act. Staff and members discussed various types of loans including small business loans and commercial loans. A staff member noted that the scope of HMDA did not extend into agricultural loans. Members and staff also discussed debt-to-income ratios. Lastly, staff discussed privacy issues relating to collection of disclosure information.

CBAC members discussed small business lending, agricultural loans and inquired about debt-to-income ratio requirements. A CBAC member expressed concern about the inputting of necessary information into the system. Another CBAC member expressed concern about the cost-benefit analysis of implementing HDMA and how this affects the larger population of banking institutions.

Working Lunch- Communication and Ethics

Margaret Plank, senior counsel for General Law, Ethics & Oversight, Legal Division

Delicia Hand, staff director for Advisory Boards and Councils office, External Affairs Division

Staff members provided guidance to members regarding best practices for communication with members of the public, as well as reviewing ethics guidelines. CFPB staff also discussed the requirements of Federal Advisory Committee Act (FACA); although the Bureau is not required to follow FACA, the Bureau has adopted practices in alignment with FACA requirements. CFPB staff and CBAC members discussed interactions with the press.

Regulatory Overview Discussion

Kelly Cochran, assistant director, Office of Regulations

Kelly Cochran, assistant director of the Office of Regulations, provided a briefing on the Bureau's overall regulatory agenda. She mentioned the completion of the Home Mortgage Disclosure Act (HMDA) rule, a servicing proposal, and a proposal on the definition of small and rural property for various purposes under the mortgage rules for the Dodd-Frank Act. She noted the Bureau's work with other agencies on appraisals-related projects that are joint rulemakings with other agencies, as well as work on rulemaking related to prepaid accounts, debt collection, and overdraft. Lastly, she mentioned the Small Business Review Panel and the Regulatory Outreach hotline that members of the public can contact for questions on mortgage rules.

CFPB Consumer Advisory Board public session

Zixta Martinez, associate director of External Affairs, welcomed audience members to the CBAC public meeting and introduced CBAC members and CFPB staff. Director Cordray addressed the CBAC and members of the public. The Director welcomed the chair, vice chair, and CBAC members. Director Cordray provided remarks about credit reporting and credit scoring. He noted that credit reporting has an important impact on smaller lenders and community banks. Following Director Cordray's remarks, CBAC chair, Tyrone Federson provided brief remarks. Corey Stone, assistant director of Deposits, Liquidity Lending, and Reporting Markets, in the Office of Credit Information Collections and Deposits Markets, provided a brief overview of the Bureau's work in the credit reporting space. CBAC members provided feedback and responses to this discussion and explained what they were doing in their institutions in order to improve the processes of credit reporting. The video of the session is available on consumerfinance.gov.

Adjournment

CBAC Chair Federson adjourned the meeting on April 22, 2015 at 4:30PM EST.

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



Delicia Reynolds Hand
Staff Director, Advisory Board and Councils Office
Consumer Financial Protection Bureau