

Credit Union Advisory Council

March 14, 2019

Meeting of the Credit Union Advisory Council

The Consumer Financial Protection Bureau's (CFPB) Credit Union Advisory Council (CUAC) met in person at 9:45 a.m., Eastern on March 14, 2019. After the morning sessions, the CUAC, Consumer Advisory Board (CAB) and Community Bank Advisory Council (CBAC) convened for a combined roundtable meeting.

CUAC members present	CFPB staff present
Chair, Eric Schmidt	Director Kraninger
Arlene Babwah	Deputy Director Brian Johnson
Sean Cahill	Matt Cameron
Christopher Court	Patrick Campbell
Teresa Campbell	Crystal Dully
James Hunsanger	Andrew Duke
Bryan Price	Kim George
	Mechel Glass
	Timothy Lambert
	Wendy Kamenshine
	Jonah Kaplan
	Gene Koo
	Manny Mañón
	Mark McArdle
	Zixta Martinez
	Alexa Reimelt

	Janneke Ratcliffe
	James Rice
	Eric Spry
	Joel Singerman
	Laura Stack

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Welcome

Crystal Dully, Outreach and Engagement Associate, Office of Advisory Board and Councils

Eric Schmidt, Chair, Credit Union Advisory Council

Outreach and Engagement Associate Crystal Dully welcomed attendees to the CUAC meeting, provided a brief overview of the meeting agenda, and introduced CUAC Chair Eric Schmidt. Next, CUAC Chair Schmidt welcomed attendees, explained the history of the CUAC, its mission, and the direction of its future work. Following Chair Schmidt's remarks, CUAC members introduced themselves.

Information Exchange: Trends in the Consumer Reporting Marketplace

Jonah Kaplan, Financial Analyst, Office of Consumer Lending, Collections and Reporting Markets

Laura Stack, Senior Counsel, Office of Regulations

Staff from the Office of Consumer Lending, Collections and Reporting Markets and the Office of Regulations discussed the importance of an efficient credit market and the role credit reporting plays. Staff also explained the value of the consumer credit market to the economy, as well as the other areas in which consumer reporting plays a vital role, such as employment and tenant screening, checking account eligibility determination, and insurance rates. Staff shared and explained topic areas the Bureau focused on around credit reporting: data accuracy, dispute management, credit expansion, and consumer access and control. Next, staff provided some statistics in these areas and explained tools available to consumers on the Bureau's website.

Staff also outlined the Bureau's recent activities in consumer reporting. Staff highlighted the Bureau's focus on compliance with accuracy requirements, dispute investigation, and permissible purpose provisions outlined in the Fair Credit Reporting Act (FCRA) and discussed recent cases the Bureau brought in these areas. The Bureau had also continued to prioritize the consumer reporting market and had released a special edition of the Supervisory Highlights, which was focused specifically on the consumer credit reporting market. It also issued an interim final rule to implement new amendments to the FCRA made by the Economic Growth, Regulatory Relief, and Consumer Protection Act.

Committee members discussed important current or emerging trends with respect to credit reporting and scoring. Members spoke about the role credit repair organizations play in the dispute process. Some members mentioned that they have observed an increase in ambiguous or unnecessary disputes, primarily from credit repair organizations. Members pointed out disputes over positive histories or credit repair organizations reporting inaccurate disputes. They highlighted misleading information conveyed to consumers by credit repair organizations.

Members discussed the efforts of various entities to remove items from consumers' credit reports and the negative impacts to other consumers and institutions. A member felt that a safe harbor should be created to protect institutions against meaningless technical violations resulting in massive lawsuits. Some members cautioned that frivolous claims could lead to financial institutions not reporting information due to the fear of lawsuits brought about from inaccurate information. Members also discussed the impacts credit freezes have had on their institutions with some noting that they have resulted in longer loan origination times.

Members discussed disputes through the e-OSCAR process. Members agreed that e-OSCAR disputes are being submitted by credit repair organizations on behalf of consumers, who might not be aware of what is being disputed. There was consensus that this was becoming a trend. Some members pointed out certain fields within the e-OSCAR process that could not be updated or took up to 90 days to process, which might lead to inaccurate record updating. Members discussed tools available on e-OSCAR that are helpful for flow management and what they would like to see.

Members discussed emerging solutions useful in responsibly expanding credit access and helping consumers build credit records. Members mentioned the uptick in synthetic identity fraud but noted that consumer reporting agencies (CRAs) have tools to use for monitoring for fraud. Members discussed the purposes and use of these tools. Members also discussed potential ways to improve the dispute process. Suggestions included: CRAs filtering and scrubbing the data; a mechanism to note that a dispute has been investigated and resolved; and a history database (knowing where a dispute originates). Members spoke about the most beneficial ways the Bureau could use its authority in the credit reporting market. Some members requested continued flexibility in the frequency of reporting credit reporting data to CRAs.

Information Exchange: Home Mortgage Disclosure Act (HMDA)

Alexa Reimelt, Senior Counsel, Office of Regulations

Eric Spry, Project Manager, Office of Technology and Innovation

Timothy Lambert, Senior Counsel, Office of Fair Lending and Equal Opportunity

Staff from the Office of Regulations, the Office of Technology and Innovation, and the Office of Fair Lending and Equal Opportunity provided an update on recent Home Mortgage Disclosure Act (HMDA) activities, including Bureau reconsideration of some key aspects of the rule, such as the institutional and transactional coverage thresholds and the discretionary data points. They also discussed the Economic Growth, Regulatory Relief, and Consumer Protection Act, which added partial exemptions from reporting most of the new data points for smaller-volume credit unions. The Bureau issued an interpretive rule to clarify those partial exemptions and plans to issue a proposal regarding reconsideration of key aspect of the 2015 rule. The Bureau also plans to propose implementation of those partial exemptions into the text of the regulation itself and clarification of additional issues.

Staff noted that HMDA validation accuracy was important to the Bureau, and that the Bureau did recognize the challenges posed during collection of the 2018 dataset, which contained some data points reported for the first time as required by the 2015 HMDA Final Rule. Therefore, the Bureau does not intend to require data resubmission unless data errors are material and does not intend to assess penalties with respect to errors in data collected in 2018 and reported in 2019. Staff also discussed improvements to the HMDA data submission platform and requested feedback on process improvements made by the Bureau to the HMDA data reporting, processing, and publication process.

Members discussed their reactions to the Bureau's announcement of the opening of a rulemaking to reconsider the 2015 HMDA Final Rule, what aspects the Bureau should focus on, and whether the partial exemptions address concerns over new requirements added by the 2015 HMDA Final Rule. Some members noted that adding only statutorily required data points would be helpful. They stated the need to add data points that add value, not just information. Some members shared appreciation having the HMDA platform beta version available in December.

Members discussed different systems used by financial institutions and costs of and challenges in submission. Members highlighted pain points in trying to ensure successful submission. Members suggested reevaluation of filing thresholds, with some suggesting that the Bureau

reexamine exemption thresholds due to the costs to smaller institutions and the need to streamline the process. Members said a pain point involved application received in one calendar year but not decided on until the next calendar year and suggested grandfathering in those loans in the event of changes to the required HMDA fields. A members also noted that financial institutions' interactions with vendors were a pain point in the HMDA process.

Some members flagged the responsiveness and accuracy of answers received when their institutions requested help as challenges. Members also provided feedback on available HMDA guidance resources. Members requested more resources on what data regulators might look for in fair lending trends and suggested that the Bureau do risk assessments on fair lending in this space. Members and staff discussed the role artificial intelligence could have in aiding the HMDA process. Members and staff discussed the Bureau's evaluation of additional data points in relation to fair lending violations.

Combined Advisory Committee Roundtable

In the afternoon CAB, CBAC, and CUAC members met with Bureau leadership and subject matter experts for a combined roundtable discussion on the Bureau's Smart Small, Save Up initiative, the Bureau's work on Property Assessed Clean Energy (PACE), and the Misadventures in Money Management (MiMM) tool. Zixta Martinez, Associate Director of the Division of External Affairs, welcomed audience members to the public meeting and introduced advisory committee members. Andrew Duke, Policy Associate Director of the Division of External Affairs, provided remarks and introduced Director Kraninger. Director Kraninger provided opening remarks and welcomed the committee chairs, committee members, and members of the public.

Following Director Kraninger's remarks, Janneke Ratcliffe, Assistant Director, Office of Financial Education, and Gene Koo, Assistant Director, Office of Consumer Engagement, provided an overview of the Bureau's Smart Small, Save Up initiative. Next Mark McArdle, Assistant Director, Office of Mortgage Markets and Joel Singerman, Counsel, Office of Regulations discussed the Bureau's Advanced Notice of Proposed Rulemaking (ANPR) on PACE. Following the PACE discussion, James Rice, Assistant Director, Patrick Campbell, Deputy Assistant Director, and Mechel Glass, Financial Education Program Analyst, of the Office of Servicemember Affairs shared the Misadventures in Money Management tool and sought to receive feedback from advisory committee members. The video of the roundtable is available on consumerfinance.gov.

Adjournment

Community Bank Advisory Council Chair Maureen Busch adjourned the meeting of the CFPB advisory committees on March 14, 2019 at 5:15 p.m. Eastern.



Matt Cameron
Staff Director, Advisory Board and Councils Office
Consumer Financial Protection Bureau



Rick Schmidt
Chair, Credit Union Advisory Council