Thank you Tracy and good afternoon everyone. I would like to officially convene today's joint advisory committee meeting. Today we are joined by the Community Bank advisory Council or CBAC and the credit union advisory Council. I would like to welcome these members as well as members of the public. That are listening in today. Thank you all for making time. And being with us today. My name is Manny I serve at the staff director for the advisory board and councils section here at the Bureau. Today I will be serving as a designated federal officer for this advisory committee meeting. Background the CFPB establish its advisory committees to provide feedback information analysis and expertise and knowledge of their communities. To inform the Bureau. The committees are comprised of a wide array of stakeholders and include leaders and experts from organizations and consumer advocacy financial education, academics, community banks, credit unions,. Financial technology companies and more. By the full list of the Bureau's advisory committees on our website at consumer finance.gov.

The advisory committees help the Bureau engage on a consistent basis diverse set of stakeholders and garner input of what is happening all over the country. The -- provide timely important information about how Bureau policies may impact smaller community banks and credit unions with thorough assets of 10 billion or less. As a reminder the views of the CBAC members are their views. They are greatly appreciated and welcomed. However they do not represent the views of the CFPB. I would like to go over what you can expect today during this meeting. The meeting will run from one p.m. and conclude at five p.m. Eastern time. We will start with remarks from the Bureau's acting director David --. Our first agenda item is a discussion on COVID 19 updates and resources. The second item is a conversation about 2020 mortgage lending data and the last item on the agenda is a discussion of student lending. Along each session there will be time for Q&A and discussion with advisory committee members and Bureau staff. During this meeting we will have two 15 minute breaks. As a reminder to Bureau staff and advisory committee members, during the Q&A sessions if you would like to make a comment please press the raised hand icon. The chair Ricardo McLaughlin will call on you. After your comment please lower your raised hand. Before you speak be sure to unmute your line and provide your name title and organization. Please be sure to mute your line when you are not speaking. Everyone should have received an email from my team with the meeting materials including the agenda and the presentation. Please open those documents now so you may follow along with us.

I am pleased to introduce David -- who was appointed by President Biden to leave the CFPB as the acting director. Since joining in 2012 acting director -- has served as the acting chief of staff as lead for talent acquisition and most recently as the Bureau's chief strategy officer. Prior to this time at the CFPB he served as the national institutes of health, office of personal management, and the office of secretary of defense. Please join me in welcoming acting director -- to today's discussion.

Thank you. And good afternoon everyone. My thanks to all for joining today's combined Community Bank advisory Council and credit union advisory Council meeting. My thanks to Valerie and Ricardo for their services as chairs of these two respective councils. As with our previous meetings I expect we will gain valuable insights into our policy development. Rulemaking and cons -- consumer engagement. With your help and commitment we are able to become proactive in keeping markets fair and protecting consumers. Thank you for all of your contributions. The first session today will focus on the impacts of the COVID 19 pandemic through the lens of the mortgage market data and consumer complaints. We will then move into a discussion on racial and economic disparities in home mortgage disclosure act. A discussion on student lending. I sat one of my two main priorities is seeking relief for consumers facing hardship due to the COVID 19 pandemic. Since then multiple vaccines have rolled out to fight COVID 19. Most all schools will be open this fall. Most people are either headed back to or actively searching for work. The fast spreading Delta variant has refused to give us an opportunity to fully recover financially physically or psychologically. In this middle ground consumers seem to feel the sun at their backs as they cautiously watch storm clouds forming just ahead. We need to ensure we are helping individuals and families participate in the recovery. While doing what we can to protect them from future financial shocks caused by the pandemic. In March 2020 the government knew it had to act to get families in their homes. 18 months later housing remains a priority. As various federal foreclosure and eviction bands and many of the adverse financial effects of the pandemic are catching up to millions of families who now owe potentially 18 months of deferred mortgage payments are over a year of rental payments. So despite seeing the country's GDP returning to pre-pandemic levels we Muscatine to provide support to individuals and families who are recovering and not yet fully recovered. Following past recession some policymakers focus on macro economic data did to determine that the country has recovered. Ignoring regional and household data can cause families and communities to be left behind. In fact less than a year prior to the start of the pandemic researchers from UC Berkeley Institute for research on labor and employment argued that stagnating wages and increasing inequality show that many parts of the country had never recovered from the great recession. Right as the great recession hit the AFL-CIO publish an article arguing many workers continued to feel the aftereffects of the 2001 economic crisis. That we seem to always have people trying to recover from the last crisis when the new crisis hits tells me we must focus on transitioning consumers and families to this post pandemic economy. So they reap the benefits of the country's current economic growth. We've taken steps to do just that. When August 31st poorly amended mortgage servicing rules will go into effect. The rules are designed to prevent avoidable foreclosures. While ensuring the housing market remains open fair and competitive. We want all qualified homeowners to know their mortgage options and to have time to make a decision that is best for them and their families. For renters we recognize many families -- the threat of eviction. We want them is to find appropriate housing and we do not want actions outside of their control to stand in the way. As such we released an enforcement compliance bulletin July 1st. Reminding consumer reporting agencies and furnishers of their critical obligations to accurately report rental and eviction information. We also recently launched a renter assistance finder tool on our coronavirus and housing assistance website. To help them find relief. The sooner renters and landlords can find financial relief the better the chances of 10 and staying in their homes after the CDC eviction moratorium ends. We know more needs to be done. Throughout the pandemic and even during this recovery stage we have received tens of thousands of complaints each month. The months preceding March 2020 we average slightly over 24,000 complaints a month. Recently the average has been more than 75,000 consumer replacements complaints a month. To the continuing struggles of summers and their families. We continue to monitor and review complaints to understand the problems and issues faced by consumers because we want to know what we can do to help consumers thrive in the post pandemic economy. When we begin today's COVID 19 discussion we will continue to discuss the evolving economic and market effects of the pandemic. We will explore with the data can tell us about the current financial shape consumers and families. And how we can continue to help them transition to the new economy and benefit from the national recovery. The second item on our agenda connects to my other main priority. Racial and socioeconomic equity. The pandemic has highlighted the many unique struggles facing communities of color and historically underserved communities. Today we will focus on the racial and economic disparities in the mortgage market. That we have identified through data. Data alone cannot lead us to dependence of conclusions. It can help us to ask the right questions and identify the most relevant problems. We know mortgage applications and originations grew substantially in 2020 because of the refinancing boom and a pickup in homebuying in the second half of the year. On that refinancing boom all racial groups saw increases. Even those proportion of the ablation the shared -- black and Hispanic homeowners. Other areas we also continue to see a lack of significant improvement. A few examples. Black and Hispanic mortgage applicants continue to be denied at a higher rate than white applicants. Borrowers continue to play higher interest rates. Overall black and Hispanic applicants and borrowers continue to have lower medium credit scores and lower asthma compared to white applicants and borrowers. Homeownership is important to the growth of sustained family wealth. We need to determine how we can begin to significantly move the needle on home purchases by minority and lower socioeconomic individuals and families. Also how do we ensure that minority loan applicants paid loan application interest rates --. Or for that matter even be able to receive financing in the first place. I look forward to hearing what you think the data can tell us about how we can support the growth of minority wealth and increase racial and socioeconomic equity. Today's final discussion is on student lending. Specifically we will receive a presentation on the 2020 annual report of the CFPB private education loan. We will also receive a presentation on the recent student loan work. We will discuss student lending trends and things. Student loans enable borrowers who otherwise may have been unable to enroll to go to college and many of those borrowers are nonwhite or disadvantaged backgrounds. As many of the boroughs students just out of high school who may not be familiar with credit loans or interest rates. Our work is to empower and educate student loan borrowers. The CFPB is committed to educating borrowers so they can make informed decisions about how and how much to borrow. Website we help student borrows and families pay for college. And apply for student loans as well as provide educational resources on managing the money they receive and their rights during the repayment process. Student loans can open doors for many people. Student loans can also carry significant risk. Students may take out more than they can afford. Family members may jeopardize their personal financial security by acting as cosigners. The education loans may not provide students with the desired job or career edge. When these outcomes are due to unfair or deceptive or abusive practices we must hold lenders and creditors accountable. The 2020 annual report suggests we are making progress on educating borrowers and enforcing regulations. Complaints were down significantly in 2020. The kids act and other COVID response factors played a role. It is just a certain other factors played a role as well. Including the CFPB Brower education and outreach. Internal and external compliance and monitoring. And the maturation of compliance management systems. We still have a long way to go. As a share household debt private and federal student loan debt is second only to home mortgage debt with current outstanding student loan debt totaling more than $1 trillion as of March 2021. That debt is not spread evenly across races and socioeconomic groups. On average a black borrower will owe approximately $32,000. A white horror will owe close to -- result is that black bars represent a disproportionate share of that one .7 to 8 trillion. Student loan debt is also not just a young person's problem. Most student loan borrowers are young adults consumers 60 and older of the fastest growing age segment of the student loan market. This trend is not only the result of borrowers caring debt later in life but also the growing trend of parents and grandparents financing their children's and grandchildren's college education. This increasing debt burden is jeopardizing retirement security and alarming rate. Despite our progress we need to continue research into student loan relief. Socioeconomic and racial gaps in student loan financing dead and graduation rates. Borrower education and empowerment. In student loan debt relief and stamps. We are dedicated to preparing for and assisting student loan borrowers when administered a forbearance for federally held student loans ins. During today's discussion I want to hear how the administered of forbearance for federally held student loans is affected your communities. And how you expect the eventual end to impact those communities. I want to hear how we can support borrowers when they resume repaying their student loan debts. On student loans and other topics for the day your feedback and insights will help us protect consumers and the financial marketplace through informing our enforcement supervision education and rulemaking work. I want to thank you for continuing your work during this pandemic. We all took on so much more familial and community responsibility during these challenging times. Your commitment is especially appreciated. Constantly pivot as the effects of the pandemic has offered altered communities. We will continue to pivot. As the effects of the pandemic move through and as we move through into a recovery phrase and hopefully the tail end of the pandemic. I know you can all continue to adjust and I'm grateful consumers have you in their corner. I also want to acknowledge unfortunately I need to -- at 1:30 for a commitment. I want to assure you the members of my staff will remain throughout today's session let me know all of the key takeaways and action items. Updating everyone on the vacancies across the advisory committees. We continue to review applications and will make decisions in the near future. We received a number of outstanding individual applications. So thank you for helping to spread the word and for your service today. Thank you so much.

Thank you very much acting director. Certainly appreciate those comments. I'm pleased to be here today with all of you. I would like to echo Manny and acting director's comments welcome all of you to today's meeting. As many mentioned were joined by members of the Bureau's advisory committees including the community banks advisory Council Oris CBAC. In the credit union advisory Council. I serve as a chair of the --. I would like to acknowledge other committee leadership on the call including CBAC chair Valerie quiet. Vice chair José --. And vice chair John Burmaster. Pleasure serving with each of them along with all of the committee members. For general information the Bureau created a landing page on its website which includes all the resources and information that has been developed for consumers and is in one easy to find location. The public listening in, I would like to encourage you to visit consumer finance.gov/coronavirus. My credit union has found these resources so helpful that we linked to this website on our own website to help get the word out. I know others on the committees have done something similar. And I hope more organizations will consider doing so as well. I would like to say thank you again to active director for this platform to share in dialogue and thought. The Bureau does good work. We are pleased to be here to add some value to the conversation with the hopes you can continue to apply our comments suggestions or thoughts to the ice of our membership and credit unions and consumers when we represent. I would like to say thank you to the Bureau staff and its leadership for setting the foundation by which our voices can be heard and knowing it will be taken as a guide in future rulemaking. COVID's impact on the financial markets and on our individual daily financial lives has created pause and almost all that we do. COVID has spawned the need for forbearance rent moratoriums while at the same time it has created for driven challenges, technological challenges that remain unbalanced towards people of color that have difficulty accessing credit and certain financial services. These varied areas have heightened the need for consumer protection and the very simple concept of caring. With that let ship to our first agenda item on COVID 19. There will be 4 presentations within the session. Including recent Bureau research on mortgage challenges, mortgage servicing's final rule overview, work development on recovery related Bureau resources and consumer response complaint. Snapshot. We are joined by Bureau leaders and subject matter experts from the office of regulations the office of markets and the office of consumer response. They include Mark -- office of mortgage markets. Kristin Wong office of regulations. Carrie Randall office of regulations. Jessica Russell office of mortgage markets and Barbara Marie's office of consumer response. Mark and Kristin will begin the discussion. Mark and Kristin.

Thank you so much for that introduction. My name is Kristin Wong. I'm a part of the markets tame. Today I'm going to talk a little bit about the current market data what we are seeing in their market with respect to challenges. Homeowners are facing. I'm going to talk about some of the research the Bureau has put out. If we can move to our next slide please.

So my short disclaimer. Any opinions or views are my own and may not represent the Bureau's views. The next slide.

So today I want to start off with the good news. Currently foreclosure rates are at a historic low. That is in large part to the federal foreclosure auditorium act forbearance programs. The have provided millions of consumers with mortgage relief. And then the not so great news is that the federal foreclosure moratorium dated July 31st. Clearly not over. Many homeowners are still struggling. To the next slide.

How do we measure this? How are we looking at homeowners that are struggling and how are we getting a sense of the problem? In March the Bureau released a report on housing insecurity. The support shows just how the pandemic has affected both homeowners and renters. Provides data points and an important brings up his housing insecurity is not just about having a place to live. It affects your health both physical and mental. Your education and it has wide impacts on communities. In this report we saw 2.1 million borrowers were more than three months behind on their housing payments at the end of 2020. We view this pretty significant sign of distress. And since then there has been improvement -- 1.7 million. But this number is still much higher than the pre-pandemic days. Nearly 3 times as high.

Onto the next slide.

What are some of the risks that can come out of this? As I mentioned one of the good stories from the pandemic is that millions of consumers received mortgage forbearance. 1.9 million are currently in forbearance. If you think back to that last graph the vast majority of borrowers that are significantly behind are receiving some sort of help through forbearance. But one of the risks that we can see and the horizon is that an estimate at 900,000 borrowers were projected to exit forbearance in the second half of the year. The bulk of those exits happening in September and October which is very soon. And in that time services are going to need to work with borrowers in a short amount of time to find the appropriate workout options for each household. This could result in confusion delays errors and in the worst case avoidable foreclosures. Particularly in this chart I want to draw your attention to the fact a large portion of these borrowers in forbearance have FHA loans. FHA loans serve communities of color lower income borrowers and first time in bars. These are some the borrowers we particular want to watch out for in the next couple months.

Which brings me to the next slide. In May the Bureau filed a report called the characteristics of mortgage borrowers during the COVID 19 pandemic. Our office of research they did some great work and they found that borrowers with forbearance or behind on their mortgages and not in forbearance are disproportionately black and Hispanic. And black and Hispanic hours were likely to have less equity in their homes. So these communities these borrowers are not -- high risk of foreclosure in the coming months. And when you think back to history and the director was talking about. Black and Hispanic borrowers were hard-hit during the 2008 financial crisis. Another blow is likely to have another lasting impact on these communities. And their ability to maintain and accumulate wealth. This is a really critical time. If we are thinking about how weak are advancing racial equity.

Finally to the last slide. I just want to talk about another group of consumers that have faced greater housing security risks during the pandemic. That is those living in manufactured housing or also known as mobile homes. First on average homeowners of manufactured homes have lowered incomes. And were more likely to work in industries affected by the pandemic. They are generally more economically vulnerable. And also many manufactured housing homeowners might not use a traditional mortgage to pay for their home. But rather a personal property loan that is also referred to as a -- loan. These loans have fewer consumer protections which can make the homeowners more vulnerable. In the case of four closure and repossession. I want to make sure I highlighted this group of consumers today.

With that it is time to pass it on to Terry.

Thank you Kristin. Good afternoon everyone I am Terry Randall in the office of regulations at the Bureau. I'm going to provide a brief overview of the mortgage servicing ruled the Bureau issued in late June. Next slide please. This is just a disclaimer that Kristin provided. Next slide.

First I'm going to provide some high-level points about the final rule. The final rule as it says on the slide aims to facilitate its smooth the transition is certain federal foreclosure protections expire. As Kristin mentioned. A number of these protections have started to expire this summer. All of the amendments that are adopted in the final rule are temporary. And we will talk about that as we go along. And also none of the amendments and the rule will apply to small services. Small servicers are not subject to these amendments. The final rule takes effect at the end of this month on August 31st. But servicers may voluntarily comply with the new requirements early.

Next slide please.

There are 4 main amendments that we will talk about today. They are listed on the slide and I can read them quickly. Temporary special COVID 19 procedural safeguards. The second is a streamlined loan modification exception. The third is an expanded early intervention messages. And finally the fourth new provision are the timing requirements for reasonable diligence contact at the end of forbearance. We will talk through each of these.

Next slide please.

So first we will talk about the first key amendment and this is the special COVID 19 procedural safeguards. The amendment related to these pieces. The goal of these safeguards are to make sure that borrowers have a meaningful opportunity to be reviewed for loss mitigation options before the servicer can make the first notice for filing foreclosure. This provision does not apply to mortgage loans. It only applies at the mortgage loan obligation became more than 120 days delinquent on or after March 1st 2020. And the applicable statute of limitations would expire on or after January 1st 2022. And these provisions sunset on January 1st 2022.

Next slide please.

So what does this provision to? A little more detail. What this provision does with the final rule does is prohibit servicers from making the first notice or filing required for foreclosure due to a delinquency. Until the servicer cannot make that first notice or filing unless the servicer ensures that at least one of three procedural safeguards is met. The three procedural safeguards are listed on the slide. Complete loss of mitigation application review. Essentially this means that the servicer has received a complete loss mitigation application from the borrower. And has complied with all of the requirements that are currently listed in regulation expert for the review notification the disclosure requirements and appeal of that loss mitigation application. In essence the rule would permit the servicer to make that first noticed or filing now. But that generally means that this rule permit the servicer to make the first notice or filing for foreclosure. Now it means there is no loss mitigation options available for the borrower or the borrower has rejected all offers of loss mitigation options. The second safeguard is that the property is abandoned according to state or municipal law. You would look to the state or municipal law in which that property is located to determine the definition of abandonment. And in the third safeguard is one for unresponsive borrowers. Just a few high-level points here. There are more details in the role. What this essentially means is that the servicer has for a 90 day period before the servicer makes the first notice or filing for foreclosure for those 90 days the servicer has completed certain outreach that is specified in the rule to try to communicate with the borrower. During that period of time the borrower has not communicated with the servicer. If the borrower was in a forbearance program made available to borrowers experiencing COVID 19 hardship the servicer must not make the first notice or filing until 30 days after the forbearance period ends.

So that is the special COVID 19 procedural safeguard. And now we will move on to the next key amendment.

This is the second amendment that we will talk about today. The amendment that provides an exception for streamlined loan modifications. As you may know the current mortgage servicing rules generally prohibit servicers from offering a bar or a loss mitigation option ace in the evaluation of incomplete loss mitigation application. The final rule creates a new exception to that requirement. For certain streamlined loan modifications. To be eligible for this exception the loan modification has to meet certain criteria that are laid out in the rule. And this is similar to an exception for certain deferrals or partial claims but the Bureau adopted last summer.

So that is the streamlined loan modification exception. We will move on to the third amendment. These are the expanded early intervention messages. This is what I have been calling them. As you may know the existing rules require servicers to make good faith efforts to establish live contact with delinquent borrowers on a certain timeline. If the servicer establishes that contact with the borrower or the servicer has the discretion to determine whether or not to share information with the borrower about loss mitigation options. During that live contact. So the final rule in essence removes that discretion in certain circumstances. Require servicers to discuss certain information with borrowers about their loss mitigation options if they establish live contact. Those two circumstances are first the borrower is delinquent and not in a forbearance program. And there is a forbearance program available for the from the owner or assignee of a borrowers mortgage loan for bars experiencing a COVID 19 related hardship. The second situation is if the borrower is near the end of the forbearance program that was made available to borrowers expressing a COVID 19 related hardship. And then in the circumstances in addition to providing some specified information about the borrower's loss mitigation options servicers also must tell borrowers how to find contact information for HUD housing counselors. This provision sunsets October 1st 2022.

So now we will move on to the next and I think the final key amendment that we wanted to discuss today. This is the timing of the reasonable diligence contact. As you may know the existing rules require servicers to contact delinquent borrowers at the end of a short-term payment per forbearance program that was offered based on the evaluation of an incomplete application. When the service or contact bearers they had to determine the borrower wants to complete a loss mitigation application. The final rule just adds timing around this requirement. The current row does not have a timing requirement. The final rule specifies that this contact must take place no later than 30 days before the end of the forbearance period if the borrower is in a COVID 19 related hardship forbearance program. So that is in a nutshell the mortgage servicing final rule. I look forward to your questions. At the end of the session. And now I will turn it over to Jessica Russell.

Thank you so much Terry. And good afternoon everyone. My name is Jessica Russell. Today I get the pleasure of highlighting a few of our COVID 19 resources for consumers. Next slide please.

This is the standard disclaimer. So skip that.

Let me just start by saying that protections and resources exist for both homeowners and renters. Which is fantastic as Kristin was saying. But they are not always automatic. And some consumers are still unaware of their rights or their options. So we provide a variety of resources and particularly in this session we welcome your help to get out the message and really boost awareness so that consumers can make a better informed decisions.

Next slide.

The primary research we have on the housing side is our interagency housing website. It is available at consumer finance.gov/housing. Nice and easy to remember. I will also put a big shout out to our interagency partners for their collaboration on these resources. This is really meant to be a one-stop shop for issues around housing relief and help related to COVID 19. As you can see from the screenshot we have information from homeowners. For renters and for landlords.

Next slide.

On the homeowners side a lot of the information really centers around the forbearance plans because as Kristin was saying this is a really key part of the COVID relief. And so our resources here walk through the process of requesting forbearance, extending forbearance as needed, and getting ready to exit obviously the last piece the getting ready to exit is incredibly important. As though wave of forest prepared to exit this is. They reached the end of their maximum forbearance times. We also have information about avoiding foreclosure. And information for first mortgage borrowers. They have unique experiences.

Next slide.

On each of these pages we really encourage consumers to recognize that they don't have to navigate this process alone. We encourage them to get expert help as they need. By for example talking to housing counselors in their area. We have a link to a search tool where you put in your geography and it finds how to find a housing counselor near you.

Next slide.

We have specific protections for reverse mortgage borrowers all in one place.

Next slide.

So that is what we have on the homeowners side. We also have a plethora of resources for renters. Most recently we launched the rental assistance finder tool. It is very easy to use. Next slide I have just a quick screenshot of it. So really you just select your geography and then it will show you the applicable state and local programs in your area. It also has information based on tribe or tribal lands if that is applicable. And what this is intended to do to help consumers easily find the rental assistance programs that would be relevant for them. These programs can help cover rent but they can also cover utilities. It is a great option and definitely something that we encourage and are trying to spread the word on. It has been very popular so far. I definitely encourage you to check it out. And to please share it widely so we can get this information in the hands of those who need it. You can access it directly at consumer finance.gov/rent help.

Next slide.

As I said we also do have some resources for landlords. Some of those mirror what is available for homeowners. But recognize it is a slightly different population. It is important for protecting tenants as well. So since I'm out of time or close out of time I will go through these last lies a little bit quickly. But just on the next slide I wanted to note we have a whole variety of videos. We found the engagement with those is really good. We have put a lot of effort into providing those in both English and Spanish. On the next slide I will also note we have a variety of resources available in multiple languages. We offer seven different languages. For many of the key materials. So you can find when you look on the pages you will be able to see what languages are also offered as well.

Next slide.

We also provide what we are calling a digital toolkit. It is kind of aimed at media. We definitely encourage others to use it as well. It has ready-made handouts, emails, social media all sorts of things that you are more than welcome to use. And take for purposes to spread the word we wanted to provide some things so people would not have to create their own if they don't want to or don't have the time or just want additional help. Next slide.

Those are all of the resources. That is just for our housing stuff. I cannot end without pointing out we have resources for a whole bunch of other COVID related topics. Including things like dealing with student loans, staying on top of bills and budgeting, avoiding scale and scams and other topics. As was referenced in the beginning those can be found at consumer finance.gov/current coronavirus. Take you so much. Let us know if you have any questions. As I said please do help us get the word out on these. With that I will pass it off to Barbara.

Thank you Jessica. Good afternoon everyone. My name is Barbara Murray's from the office of consumer response. Consumer response is responsible for collecting, monitoring and responding to consumer complaints. Complaints are one of the primary ways we understand the problems and issues consumers are experiencing in the consumer financial marketplace. In 2021 the CFPB has received an average of 75,000 complaints per month. We use this information to support a range of CFPB activities including our supervisory enforcement rulemaking and educational work. Next slide please.

Since the declaration of a national emergency response to COVID 19 in March 2020 we have been monitoring consumer complaints to better understand the problems and issues consumers are experiencing in light of the pandemic. We periodically publish complaint reports to share what we are seeing in complaints with the public. And in July we published observations about what we are seeing and products where Congress or the CFPB took action to provide relief to consumers. These products include the federal student loans economic impact payments and the eviction protections for renters. Today I will summarize some high-level observations of these reports which are available on the CFPB website.

This past May -- can go back to the previous slide? This past May we published observations about what we are seeing in mortgage complaints where consumers discussed forbearance. As shown here in figure 1 targets complaints mentioning forbearance keywords increased significantly in spring 2020. Since this initial spike and subsequent decrease in May and June, 2020 the volume of mortgage forbearance complaints remains steady. Until increasing again in March 2021. A common topic raised by consumers in mortgage forbearance complaints concerned services communications. Some consumers expressed frustration at services did not communicate clearly about which relief options would be available when there forbearance period ended. Other consumers described the confusion with mandatory account notices. Based on complaints and company responses it appears Reese consumers would benefit from clearer communication from servicers over the phone and in writing. Next slide please.

In our July bulletin we analyzed complaints about federal student loans economic impact payments and debt collection complaints related to rental evictions. For complaints about federal student loans as shown here in figure 2 we saw complaint volume decreased significantly following suspension of payments in March 2020. In their complaints to the Bureau borrowers described issues that arose with interacting or attempting to interact with their loan servicers. Many of these borrowers described encountering issues when attempting to complete routine account activities. For example, borrowers described loan delays to get answers to questions about their account status. These issues raise concerns about services preparedness for when borrowers entered repayment. However, last week President Biden directed the U.S. Department of Education to extend the pause on federal student student loan payments until January 31st.

Shown here in figure 3 the CFPB received complaints and mention economic and compact payment after each disbursement. For consumers who had overdrawn accounts several financial institutions advanced an amount equal to the negative balance so that these consumers could take full advantage of the economic impact payments. Later on financial institutions reversed at this payment consumers reported that they were not expecting the reversal. Some consumers reported being assessed overdraft charges when the reversal happened. Some of these consumers reported that they were more overdrawn after the advance was reversed than they were before the stimulus payments were deposited. Consumers raised additional issues related to economic impact payments including problems with account closures or difficulty accessing their funds on prepaid cards. Next slide please.

Finally, debt collection complaints related to rental evictions. As shown here in figure 4 the volume of debt collection repaints were consumers discussed evictions was relatively consistent over the past year until seeing an increase in recent months. This increase in complaints discussing evictions may be explained in part by the CFPB increased focus in this area. In their complaints few consumers described a current eviction proceeding where they were being contacted by a debt collection or attorney. More often consumers described debt collection activities following eviction. That concludes my remarks for today. I thank you for your attention. I will hand it back over to our meeting chair.

Thank you so much Barbara. I appreciate it. You certainly appreciate the information that your team has provided. It is very insightful. We can certainly open it up for discussion now. Committee members please press the raised hand icon on your screens and I will call on you. As a reminder, prior to speaking be sure to unmute yourself and provide your name, title and organization. When you are done speaking please be sure to mute yourself. Please also put the raised hand down when you have finished speaking. We do have some time left. We can go to roughly around 2:30. However we do want you to please keep your responses and comments to somewhere between two and three minutes. In order to allow as many committee members as possible to speak. We do have one. We will start with Ryan.

Brian.

Thank you Ricardo. Thank you to all the Bureau staff. I first want to commend the Bureau staff on the COVID 19 resource pages. They have been used extensively here. Like Ricardo is mentioning we have done something similar here. We have linked some of those resources pages to our own website and we disseminated them to our members -- 176,000 members. We have found an incredible response from our members. My comments today really are directed not only to the Bureau staff but the other committee members. The General Counsel with elevations credit union in Colorado. I forgot that part. To introduce myself. We are we serve a lot of mortgages. We have between five and 6 billion mortgages that we service. That is around 20,000 mortgages or so. We did have quite a significant response to forbearance and deferral request. I'm pleased to say over 93% of those mortgages are now out of forbearance. And have resumed payment. The remaining mortgages that are still in some form of forbearance or relief frankly are we are having some difficulties with those folks. The difficulties seem to fall into 2 categories. One despite all of our efforts there is some hesitancy for those borrowers to resume communicating with us. They have gone dark and are not terribly willing to communicate with us despite our attempts at in-person contact. I'm very curious at the other members are experiencing part of that. Then the other group of borrowers are borrowers that we are finding to be in panic mode at this point. They are somewhat in disbelief there is not more relief obviously they have participated in the relief over the last 18 months. And are having a difficult time understanding that that relief is coming to an end. The other comment I would like to make and I have some curiosity -- for the other committee members. Is with respect to the regulator response they have received. We have received obviously is a state-chartered credit union we are governed by both the national credit Union administration and our local state regulator. And we have received some differing opinions on what the expectation will be with how much leniency and deference that we can provide to a homeowner in distress. There are certain regulatory expectations that we have to promptly follow through with certain loss mitigation options. And so it appears there may be somewhat of a disconnect between what our regulatory expectations are and what may be good for the consumer what we would like to do for the consumer. So again I would much like to hear from other committee members on whether they had those discussions with the regulators and whether the regulators have given any kind of thoughts in that regard.

Thank you.

Thank you Brian. Very good information. And certainly if anyone has any comments related to Brian's comments feel free to raise your hand. We have John Burmaster who is the vice chair of the CBAC. John feel free.

Thank you for calling on me. John Burmaster. First National Bank of Scotia in upstate New York. 650 million Dollar Community Bank. Been around for little over 100 years. To answer the previous comment, Brian's comment. As far as reaching out to our customers, coming out of forbearance. Our feeling was we never stopped from the beginning. We've always had the process of reaching out to consumers when they get delinquent early -- even before 30 days to see what is going on. We have trained our consumers to be used to that type of contact. It doesn't mean there aren't people that won't contact us. We have several thousand mortgages that we service and we hold. Or that we have sold. A range from the 500s to the 800s. It is not a total prime portfolio. It is not a bat portfolio. It is a community portfolio. Which is what you get when you're in a community. So we were pleased as the servicing rules were put into place. That a lot of the traits of credit unions and community banks were worked into this process. Large servicers they can handle. I know there is increased communication required with your borrower. That is how you take care of a borrower. There is technology available for the large servicers. They are going to be able to do it I don't have any doubt. It was really heartwarming to see the model that we have that is working so well at the smaller financial institutions. Be adopted as part of this. I hate to say it but we've only got two in forbearance right now. But we have paid a lot of attention. We did have many more at one point. We have worked with people and got them out of it. As far as the regulators giving us Rome, this is one of the questions that was asked. We are told to take a look at the gray areas. You can write a regulation all day. And still have gray areas that happen. Especially in a crisis like this. When we ask our regulator how do we handle this type of situation, they give us the latitude to do the right decision that is proper for -- that doesn't violate a regulation but also is flexible. It may not be a product we normally offer. But you have to be -- listen to the person situation and customize it to get them back on track. It is those gray areas that our regulators that OCC are arguing us the ability to work. Very happy with that. And last I just want to praise the Bureau for the outstanding work. This is not something that people are used to out of a government agency. Jumping on a problem and attacking it. And coming seeking a solution. And implementing them in a rapid way. When we identified the issue with the eviction and the foreclosure crisis looming the CF BP spring to action. They talk to every involved group that they could pick and once we had not thought of before. And came up with that great program that great website that our bank as well has been promoting through social media and our website. Jessica's presentation was outstanding. And I just want to thank everybody in the Bureau for their quick action. It is literally being used as the model for quite a few nonprofits around the area. Some of the charts that were used here were excellent. That is all I have. Thank you Ricardo for chiming letting me chime in.

Thank you so much John. I appreciate your comments. Absolutely. Again, we are the closest to a lot of these issues that are being discussed. We deal with our membership through credit unions and our consumers through the community banks. I'm sure the Bureau is interested in your comments. Appreciate it very much. Valerie quiet. She is currently the chair of CBAC. Take her away.

Thank you so much and good afternoon everyone. Thank you for this opportunity today and for the discussion thus far. I would like to also come in the Bureau in terms of the consumer awareness information and the tools and the housing portal that is available. Whether it is for our consumers who may be facing evictions or are tenants who may be facing foreclosures and or evictions based on their status. I would like to just say perhaps another way to get that information into the hands of the consumer is may be through partnering with our agencies perhaps state agencies and local agencies as well. That work with vulnerable populations such as local social services facilities or departments. And that may be a great way to get information out to the community so that we can avoid any unnecessary foreclosures and any unnecessary evictions. Among our populations. I just wanted to share that as an idea. Thank you.

Thank you so much Valerie. I actually was looking at some characteristics of our own company. I was just looking at the fact our forbearance actually request significantly reduced. It doesn't mean there is still not a problem out there. But they have tapered off. One of the things that we do really as an institution is that we focus really on the individual of course. However we tried to be as consistent with the guidelines that are set forth as much as possible. And many of our accounts really have resulted in modifications. One of the questions really that I have for the team -- the Bureau is that I'm just curious really. About your continued work with the agencies. Oftentimes there could be a conflicting strategy -- with regards to what the agencies are looking for. When I mention agencies we are talking Fannie Mae and Freddie Mac. Because they drive underwriting. They drive servicing pretty much guidelines. They set those standards. However, oftentimes those standards may contradict really with credit unions or community banks and how we actually deal with our membership or consumers. I was just curious how you balance that or if there is any discussions with the agencies that you deal with. In developing certain rules. Can you speak to that a little bit? It doesn't matter who. I just wanted to speak to the team.

Yes, other people can chip in. We coordinate closely with the other agencies. We discuss it with them. We have consultations. We also like it to be reciprocal. They propose a rule -- or a new program change we love it if they float it by us to see if we spot any conference with our rules. There is frequent and more or less constant communication between all the major federal agencies involved with the housing space.

Thank you so much. I appreciate that.

I was wondering through the members that really are on the panel here. If they can identify additional risks that we wish the Bureau to address really with the COVID scenario. Are we looking at anything that could be unforeseen, that may not have been addressed by the Bureau at this point? Just curious if there is any comments they are. How might the Bureau address those concerns if there are any? Any comments at all?

Have a hand up. Christina Schaefer.

Good afternoon. Sorry if my computer -- a little bit. I will offer a couple comments on some of the other topics and then dive into another issue I see moving on the horizon. I'm General Counsel for First Bank and trust. We are in South Dakota. And we have branches into the Minnesota into the Minneapolis Metro. Market as well. In South Dakota because our state government took a position the state remains largely open. We did not perhaps immediately see all of the economic consequences that other geographic areas did. There were some. Right now we have in our organization under 20 borrowers on some sort of forbearance or modification program. I think one thing we have always taken the position as is our bank as someone who cares about our community. Is that it is better for people to stay in their homes. It is better for the consumers. It is better for the communities. It is better for everybody if we can find a way to keep people in their homes. As a result I always appreciate the flexibility to echo John's comments little bit earlier as well. For us to be flexible in working with customers in order to find an option that is in truly end their best interest. Flexibility is critical for us to come up with a plan that is going to work well for somebody long-term. I would also agree with Brian. When someone is facing losing their home, that is incredibly vulnerable position for them to be in. Sometimes frankly the last person they want to hear from is their bank. I think the efforts the CFPB has done in terms of education, particularly with their social media outreach has been remarkably effective in terms of communicating with people who might not be willing to take a call from their bank or may be worried about answering their letter that they see something on social media. Perhaps that is enough to get them to make some phone calls or start to respond a little bit better. To Valerie's point as well I think one thing we have found remarkably helpful as partnering more of the social service agencies in our communities. At least in our experience when people have financial trouble many times they are reaching out to one of those entities. Some sort of consumer counseling, local group before they are reaching out to their bank. Making sure everyone has access to the CFPB wealth of information. We have found incredibly helpful. I think the thing that we are seeing may be to get to your point Ricardo. As we look up the horizon. There has been incredible housing shortage in South Dakota. Up through our Minneapolis Metro area. As a result housing prices have increased and people are currently offering more than list listing values. Offering a lot of money for some of these houses and they are snatching up quickly. I just wonder as we watch the Delta variant hopefully we will be in a good position and won't need to lock down. But increase in housing prices and the housing shortage does give me a little bit of concern as I look 6 to 12 to 18 months on the horizon as something that I think behooves us all to be watching very carefully. With that thank you for your time. I appreciate the opportunity to speak and participate today.

Thank you so much Christina. You are right. We are experiencing the same thing in this region here. In the Northwest. Pacific Northwest. Astronomical values. Values are increasing astronomically. Affordability is a huge issue. As we move forward. The ability for one to qualify with very little down is diminishing somewhat. Nonetheless as well I'm also curious if anyone has any thoughts with regards to whether there forbearance activity has diminished. As they roll off of foreclosures just curious if they have given any thoughts or any comments to you with regards to the experience. Just curious if there is anyone out there willing to share how their shop is performing with forbearance scenario.

Brian

Somebody else gets motivated to do the raise the hand function. Largely all our borrowers have been very happy with the forbearance option in the deferral options that have been provided obviously for some it is not as much as they probably would have liked. But it was a good experience. I will comment and would again invite comments from the rest of the committee members. As it relates to consumer loans. Obviously we are focusing primarily on mortgage here. We have seen that substantially substantially greater percentage of mortgages have gone off of forbearance and then have consumer loans. We are seeing consumers struggle a bit more on the consumer loan side. The auto loans and personal loans and other types of consumer loans. Much more so then maybe on the mortgage side. We still have a larger percentage of loans that are in forbearance on the consumer side.

Thank you Brian. I appreciate that. Patrick. Patrick Irving.

Thank you Ricardo. A couple different comments that I wanted to make. First I will tell you that I complement the Bureau because the foreclosure rules I believe are flexible enough and we are not going to have a problem following those. They are giving us the flexibility we need. Go back to my introduction. I'm with independent bank in Michigan. Verna have billion dollar community bank. I'm responsible for mortgage lending as well as servicing. I'm pleased with that. It is interesting right now the foreclosures we do need to get underway. We have some deceased borrowers. It has been quite a while. This is part of the process. We have 28,000 loans we service. We have some people living in the home that are really should not be living there. It is going to take some time. Those of the kind of issues we are dealing with. Some of the houses are getting beat up pretty good too. We as lenders sometimes services get painted into this idea that somehow we want to foreclose or they are overly aggressive with it. Absolutely a lender does not win and the foreclosure process. Even if there is equity in the home today. By the time the entirety of the process is run through. You are talking about a minimum of six months redemption plus the time to file. Most likely from the beginning of the process through the actual end there are eight months where the house can be redeemed and there is a lot of indication as much as possible. We even higher there are two companies that we hired to do doorknocking for us. We do make the outreach every way we can. I will tell you knocking on the door is not usually effective. People don't come to the door. I want to mention that. I complement the Bureau on that. I wanted since we interact as the CFPB with our other agencies -- like it was talked about earlier. There are a couple things that negatively impact the market. We've seen Fannie and Freddie do tightening of credit. We saw the new program roll out for to try to make it easier for people to to refinance and could not participate previously in refinancing. It is just the very beginning of that. The success of those may not be as effective as everybody hoped. It seemed like a headliner than it does a substantive change. When you get into the details of it you still have people that end up being charged higher rates than others because going into lower FICA bands. They are extra pricing adjustments made. I think there may be a more substantive run at trying to get others to be able to participate in the refinance -- hopeful. Remember also smaller loan amounts are more difficult to read finance. Because of the fees that go with it. Many Community Banks and others has special programs. We offer a program or if the home is located in a low income since this track, the bank will pay for the closing fees. That allows for somebody that has $40,000 mortgage at 5 1/2% to go ahead and get those lower rates of today. And not have that fees eat up all the benefit of a refinance. We've had some good success with that. We pledge $1 million this year. We are on pace to spend the entirety of that. Another thing that came down earlier this year, in response to what I would call a fabricated emergency. The limitation of investment homes investment loans and second homes. In particular the limitation on loans to buy investment properties. Fannie and Freddie put a limitation of 7% of the overall loans delivered to them with about a quarter of that is made up of these investment loans. By discouraging individuals to buy and hold investment properties it just constricts and makes less desirable the idea of creating housing or creating rental housing. We talked about trying to get people to be homeowners and the benefits of that. There also is a very large population that renting is a good option. And having good landlords and good competitive market in that area serves all the parties involved. And having to financing severely restricted to encourage that activity really is detrimental to all involved. Along the lines of the landlord and tenant relationship, one of the big roadblocks that I have not heard discussed is that federal government has allocated $36 billion for the landlord and tenant to get people paid up and to make grants. But according to the Department of treasury only 3 billion of those 46 billion have been dispersed. We are again I see a headline that gets a great deal of attention. A lot of at a boys. But the implementation and the bureaucracy behind the program is harming that whole marketplace. Both the renters and the landlords. It is important to point out of all the rental properties in this country, 75% of them are owned by individuals. Sometimes we paint this picture of megacorporations which there are large blocks. The majority are owned by individuals that have to support a mortgage payment or go into forbearance on that loan as well. Here we are with 43 billion of our money allocated but not dispersed. I think that is a shame. Those are my comments.

Thank you very much Patrick. I endorsed those comments as well. It is one of those things where I mentioned earlier. Where they do a lot with the agencies and working with the agencies. Before they develop rules. Which is great. I commend them for that. There seems to be a continuous conflict of strategies especially during the COVID 19 era where you just mentioned Patrick regarding the investment home restrictions. And the adverse market fee. All of these things that are detrimental to the consumer. I think that as long as we continue to have those dialogues I commend the Bureau for taking a stance on that. And assisting the consumer in that way. I did have one question. As well for the Bureau team. And that is with the Delta variant that seems to be going rampant at this point. In certain areas and certain markets. Just curious if there is any discussions about that and if you anticipate that having any impact on future decisions that we are making with regards to consumer protection?

Anyone can answer that question on the team.

Lot of data including where the Delta variant is popping up. We look at where the forbearance laws are high and what the variants are high. Texas has an overlap of both. It is something we look at. It might help outreach and other efforts. Those areas might have more stagnant recovery than others. If this keeps up like this.

Got it. Thank you so much Mark. Appreciate it.

I was wondering clarifying comment that you wanted to make? Terry Randall.

Thank you Ricardo. I'm just realizing I think I might have misspoken earlier when I was describing the COVID 19 special procedural safeguards. If it is okay I want to make a little minor correction. This is not a major issue. Thank you so much. I would hate for anyone to act on my what I said. The slides are accurate. I believe when I was talking about the unresponsive bar safeguard. I may have indicated the time restriction for bars and a forbearance program was limited to bars and a forbearance program made available to borrowers of the COVID 19 hardship. That was not correct. Timing restriction applies to all forbearance programs. Not just those with a COVID 19 hardship. Thank you for the opportunity to correct my incorrect statements from before. Thank you for the opportunity to give the overview today.

Thank you so much as well. Thank you for clarifying. Appreciate that.

I was wondering if there any other comments related that we have from the membership. We have Valerie quiet. Absolutely.

Thank you so much. Valerie quiet. Down in North Carolina. Established in 1907. Chief legal officer and compliance officer. A follow-up question I think Terry was speaking about the unresponsive borrower. I was wondering whether what type of outreach is deemed sufficient or what should the level of outreach be regarding that unresponsive horror? How is it best to document that outreach that financial institution has had with an unresponsive borrower?

Sure. Happy to address that. Specifies a couple pieces. When I'm going to do is add to the chat a link to the small entities compliance guide. This week or last week we released an update to the small entity compliance guide that has an appendix with a plain language summary of the role. Which I think would be pretty helpful. With respect to the outreach for the unresponsive horror essentially there are two pieces to the outreach. First the servicer has complied with the all of the early intervention requirements. During that 90 day period. Remember the servicer has to make good faith efforts to establish live contact with delinquent borrowers. The first piece they are doing that. For each missed payment during those 90 day period. And then the second piece is the servicer has since all the notices required by section 41 of regulation acts. These of the loss mitigation procedural notices that are required. For example if a borrower submits an incomplete loss mitigation application the servicer has to send the acknowledgment notices within five days. An example of the type of outreach required during that period. Finally the servicer has to have sent the something called the 45 day letter. This is the written early intervention notice. They have to have sent that I think I'm not sure about the timing. I think it is no later than 10 days before the servicer makes the first notice filing for foreclosure. No earlier than 45 days. 45 days before. Within that period of between 10 and 45 days before the servicer it makes the first notice of filing. The servicer has to has sent that written early intervention notice.

Let me before I forget I will add a link to the compliance guide to the chat.

Thank you very much.

Let's see. I think Brian has some comments. Regarding the housing shortage that he wanted to make as well.

I just wanted to add we are actually seeing the same kind of problem in this part of the country as well. Obviously the reasons for the housing shortage are several. Not just pandemic related. But may be stemming from the pandemic in some regard. The amount of sale price that we are seeing over and asking price is in some cases shocking. We had one the other day on a home that was in the four to $500,000 range. The people were so anxious to get it. They were paying almost $100,000 more than the asking price. Which causes all sorts of appraisal and other problems for that property. We are experiencing the same kind of problems that you commented on and Christina commented on. We do see that coming a problem for a while. Based upon the information we are getting from the real estate community. It appears to shortage is not going away anytime soon.

Thank you Brian. We don't see that either. I'm just curious if there are areas throughout the country or certain regions where values have fallen. I know that in certain markets of course the property values are becoming significant from that standpoint. I appreciate everyone's comments. I would like to know if anybody else has anything to add to the conversation again. We are closest to the activity that takes place really within our areas. As it pertains to COVID 19 and mortgage lending. Those areas. If anyone has any comments that they want to throw in we have five minutes left before we take a break.

Tran02

I think you are on mute. There you go.

Yes, this is run at. I'm just -- the tail end of the conversation regarding appraisals. It has been a conversation for years about the shortage of appraisers. I think the last year has really shown us what an impact that can have. The appraisal management companies we work with -- the appraisal fees. Because the appraisers are not expecting orders. Because they are offered more money to do appraisals. They are all increasing their fees. There is only so many appraisals they can get to. Every week. The fee increases is going to impact the consumer ultimately. The problem with how appraisers get trained and get license is they have to sit with another license appraiser. Who wants to train their competition? Take business away from them. Typically a family member that they have offered to do the supervisory training for to allow somebody else to become licensed in their market. I think with property inspection -- being offered and more technology being used that is good. Long term. I still think that there should be some look at the way appraisers are licensed and what the requirement is to do that.

Got it. Thank you. We appreciate that. We appreciate those comments. One of the areas that we look at as well is appraisers and the fees they are charging. I'm just curious from the membership, that is out there. Any comments with regards to appraisers increasing their prices primarily for work that they are doing currently during this refinance era?

Patrick I see your hands up.

Thank you. I want to echo -- the this is a self-created disaster. If that is not too strong. The rules drove many good appraisers out of the business. The pricing -- the solution is not to impose price controls on appraisers. Because this is a demand and supply issue that has been created because of the rules put in place. And now we -- Traverse City Michigan is a popular place northwestern Michigan. People are going there and buying a lot of homes. It now takes 30 days to get an appraisal back there. The cost of the appraisal the Avril average appraisal cost is over $750. By opening up the way people can get into this profession we have restricted it so badly by requiring them a unique way in. Not through education but by an existing appraiser taking someone under their wings. On the goodness of their heart and allowing others in the industry. The average appraiser age is over 50. We are headed for a rough time in this field. This one is frankly squarely in the CFPB ballpark. I say a lot of complements three things about the CFPB. This is one area we created this issue within this Bureau. I think we need to address it.

Thank you so much Patrick. Appreciate those comments. Anyone else have any comments? Concerns?

We are close to time. We can give you back about 4 minutes before we go to break we will go to break now. We would end the discussion. We will return back at 2:45. Then we will start a discussion regarding [Inaudible] a conversation about mortgage lending data. We will see you at 2:45. Thank you.

One down and 2 to go.

[Captioners Transitioning]

[Captioner standing by.]

Back

Welcome back everyone. We will now shift to the next agenda item on the conversation about 2020 mortgage lending data as a reminder you should have received the presentations by email that you can find these on consumer finance.gov. For this session we are joined by the Anglo senior economist from the office of research and please take it away.

Thank you Ricardo. To begin with a disclaimer [ Indiscernible] the HMDA the Data Collection reporting and disclosure statute that was enacted in 1975. HMDA used data are used to assist in the determent financial institution observing the housing needs of the local community facilitate public entity distribution of bonds to local communities to attract private investment and to help identify possible discriminatory lending patterns. Financial institutions covered by HMDA are required when will collect and report specific information on each mortgage application acted upon and purchased during the prior calendar year.

The 2020 HMDA data on reported in 2021 on the date of to the ad 2015 HMDA and 217 the static 2020 on datafile consolidated individual and data was not to late submission the Dodd-Frank Act the 2015 Honda to include additional data points and provide pre-existing data points and change coverage and self as result started with the data collected in 2018 and reported in 2019 the home today the difference significant data based on the HMDA data we publish report Asian American Pacific Islanders and continuing tradition planning to release a new report with 2020 market trends with the home to data and based on highlight on report number of financial forwards and backwards with over 18% in 2020 compared to 2019 and that was most likely due to the change of reporting threshold and we saw on 2020 Honda and increase by 65 .2% in 2019 to 34.6 million and that increase was driven by increasing the number of refinance in particular number of home refinance loan secured by single-family properties increased by roughly 149.1% from in 2019 to [ Indiscernible] this slide shows single-family close and application origination application green origination black in 2020 total number of applications was 20.3 million and origination [ Indiscernible] looking closely at this chart origination volume beginning of 2018 and 2020 three different loan purposes home purchase refi and cash out and [ Indiscernible] a dip in 2020 April and May when housing market in the past gearing up summer season. [ Indiscernible] refinance [ Indiscernible] you can see Asian among refinance loan took off compared to 2019 see significant increase relatively slower rate. [ Indiscernible]

Thank you so much we appreciate the information. We will go into a discussion and questions for you. Committee members of course a reminder raise your hand on the icon and I will call on you as a reminder also prior to speaking be sure to unmute yourself and when you are done speaking please be sure to mute yourself again and put the raised hand down when you finish speaking and what that with that I will take the John Burmaster.

Thank you Ricardo. Great presentation really breezy point home. You hit on a couple points that are really -- I am passionate about and want to talk about for a couple moments in the first one is on slide seven, there was a note a bullet point was about the number of reporting banks and down 1000 from 2019 to 2020 and 1000 less banks and 2018 changes went in, thanks like us smaller banks we were saying you will see people getting out of the mortgage business. I think that's a clear indication and there may be things part of that statistic I'm not aware of, but I do think that is a clear statistic that even with counting mergers and failures of banks and credit unions, that is a significant drop in the 20% drop in places for people to get mortgages. So I think the CFPB has to take that into consideration it is a great statistic you look at when getting to look at the 1071 role because inventory burden whatever it may be when it comes in such large chunks such as the HMDA role, it lowers the number of institutions able to financially afford it and our bank we don't make a lot of money mortgages despite doing 50 million because we have too many people and add extra person to handle the HMDA and that is fine and good. Something to remember. You take a look at this happen in a year where applications were up and it did not stop people some people from applying, I believe it stopped some people in underserved areas because when you lose banks you lose small banks you do lose the providers financial services in communities that need them. That is an answer that could be to some of the issues and questions asked. The second thing, if we take a look at it why consumers have been taken advantage of low mortgage interest rates and refinancing, I firmly believe that it all starts with financial literacy and you have borrowers that have had the advantages in their life to get some of that financial training through their homes that were taking advantage of it and yet those that have not had that privilege of getting that literacy training which should be in schools, they don't see the ability to refinance a mortgage and frankly as banks and credit you need to do a better job of reaching out to those communities using alternate methods to let them know about these products and services and they can refinance because they are different forms of communication banks aren't always trusted in underserved neighborhoods. I think working with the education department and financial literacy can certainly help with equity and housing and I think that is something that is quite important in CMP be and education a department getting together holding hands and going to schools and making it part of curriculum because in the end, a lot of the charts you showed our people that don't get the privilege of having a financial role model and they will need to get it through our schools we will have to provide it and CFPB I talked to several directors about this before, you have the opportunity to be the leaders in educating young people on financial literacy. One of the other things on slide 12, how to address racial disparities one of the things we have tried to do with local banks as we formed a coalition to provide counseling to different agencies in our area and also running a federal loan bank down payment program and there's three banks running first home buyer programs for special areas of the community and I think promoting that giving us incentives to do that I cannot suggest what they would be but whether it regulatory incentives financial incentives or incentives to borrowers, any of that would help get us deeper into the communities that really need us to make home loans. With that I will pass it back to you Ricardo. It's a lot in a short time so thank you for putting up with me.

Great comments, John, we appreciate putting up with you and your comments you made they are intriguing and appreciate that very much and again, feel free to raise your hand and we will call on you with your comments. I did want to pretty much make a statement with regards to the reasons why or to make an assumption, of the reasons why some people still are not taking advantage of the low rates in this economy the belief also is that many members are still reeling from the effects of the mortgage meltdown 10 years ago, property values may not have appreciated to the point where they can refinance their homes because perhaps they have a second mortgage of course back in seconds were the way of the world. Even though those second mortgages may have been charged-off, they still will remain on title and if they remain on title of course the lender refinancing the home will require that to be paid off. But there are certain situations really where there may not be enough equity or the borrower themselves may have credit that may not be satisfactory to take advantage of those lower rates and a couple of things really where it may be impactful to the member or consumer being able to take advantage of the lower interest rates in this particular environment. Looking at a few hands up let's start with Christina Shafer and go to Patrick urban.

I believe thank wants to make a comment

-- Want to respond there is a point I want to make and significant drops in numbers that doesn't necessarily mean on the mortgage market it is because in a way [ Indiscernible]

Appreciate the clarity. Thank you so much. Christina?

Thank you, just to echo your comments Ricardo I think there's a lot of actors including credit scores and different things like that that at times prevent people from refinancing and I know we've talked about the cost of appraisals and people are unwilling to incur that additional cost for a slightly better rate and the other comments to expand a little bit on what John said also one thing we've seen that does appear to be a barrier for some people with an initial purchase is the amount of student loan debt that some people have when they after they obtain their College degrees or medical debt. Sometimes I agree with John financial literacy and financial education are incredibly important but I think the demographics are showing us that people are waiting to purchase sometimes their first on they might be renting or making other financial choices that before they end up in homeownership. I wanted to talk a little bit about some disparities that exist regarding the different groups that are purchasing homes or refinancing homes in the barriers I know we see in our market, one of the issues that we come across from time to time is making sure we have staff that are fluent in Spanish and being able to find people who can service the customer that English may not be a first language up in Minnesota we have several other groups where English is not a first language and making sure that we have the ability to serve them and answer questions and provide materials appropriate language can be a challenge at times and some of our markets so again applaud any efforts the Bureau can undertake to make sure that even information about homeownership is provided in alternative languages I know you do it great job of that already in the other thing that I know our organization tries to be very cognizant of is our advertising when we are talking about mortgages and trying to make sure that her advertisements don't send messages that indicate that only one type of group or one type of applicant or type of applicant's that should be applying for mortgages. We received feedback in some instances even the clothing people are wearing can send messages that yes perhaps you can be this race budget have this sort of job and should be wearing a suit into undertake efforts to reach out to different groups in our communities to make sure they understand we are here to partner with you to achieve ownership and also to make sure there is not any unconscious bias or anything appearing in our materials or ads that would make people has a 10 to come into our bank or otherwise shy away from a financial institution in terms of looking at their options from lending from a bank and I would offer those comments as well I know a lot of other banks and credit unions are probably doing the same things but those are some things we found have worked well for us in terms of establishing trust and helping to build relationships with various groups of individuals. And with that I will turn it back over to you. Thank you. Back thank you so much Christina very good comments. Patrick?

We will get back to Patrick if that is okay and Brian I saw your hand up,

I was going to send you a note you can call me anytime

Okay thank you

And I applied comments of John and Christina certainly credit unions and community banks do a wonderful job of consumer education. It is something we do and certainly elevations we do focus on that candidly we've not had any shortage over the course of the last couple years although modify the format that we've done education we have no shortage of members that are interested in buying their first home or interested in potentially refinancing and signing up for seminars and attending our seminars and giving us great feedback. It is simply there are no homes for them to buy. So that is our primary impediment. We are meeting about it almost weekly here and that is particularly acute in the lower home price lower price homes category, we simply have not enough homes for the people that really would like to buy a home or refinance and also I do have to comment that the agency rules, we do a lot we probably sell 80% of our originated mortgages to the secondary market Danny or Freddie or other investor and frankly the agency rules as it relates to employment interruption and the time you have to be out of forbearance and cannot be in forbearance to actually apply for a refinance and all of that has greatly impacted the number of consumers that have been able to refinance over the course of the last year or by home over the last year and that is been directly impacted by the pandemic. So -- with that --

Very well said, Brian, I appreciate that and agencies do play a huge role in this and so will go on and see if Patrick Ervin is available now?

Thank a couple questions thank a couple questions thank -- have one of these charts the breakdown you had race ethnicity what percentage of the outstanding loans were able to refinance instead of the raw numbers, compared to each other if you compared 100,000 African-American outstanding loans and 40,000 able to refinance for example versus loans for Asian maybe 80,000 some percentage look at refinance what the available pool was a think would be a helpful comparison and as I say that and look on page 19 and there's 18 1/2% of respondents are not sharing with us the data which statistically a significant amount of people not willing to share the data and also concerning not that this is in your area but looking on page 18 at a three-year history that number of those people not willing to share this data is increasing year-over-year and that seems to be trending the wrong way. I want if you could address that to see if there is a way to understand the share potential refinance if there is a risk disparity readiness disparity and echo the the impacted by Fannie and Freddie we went to the world that it's a past four forbearance and turnaround and not quite up repast if you want to take pride place part that we put up strict rules were on the low rates and that was not well-timed or executed in our messaging to consumers and finally they -- you dove deep in these numbers did we have conclusions speculating the statistics tell us about the why?

Thank you very much great question and I'm an economist and as a researcher [ Indiscernible]

Denominator GSE good starting point should be able to start at the beginning of 2020 and give a breakdown of the type of makeup of loans outstanding and that could be a starting point for denominator, just a thought.

[ Indiscernible] there's a lot of information in the report and conclusions [ Indiscernible]

Information from Patrick as well and move on to Valerie and then have Brad Williamson afterwards. Valerie?

Thank you Ricardo and observation in the question and observation is topics we discussed today I see a pattern around disparities and communities of color where other mortgage area with foreclosures and or evictions for renters, same here in terms of denial rates and or lights of refinancing and also and we get to the topic next of student lending where you have some same disparities and I think it all those things you can take a look at together and give you an idea about disparities we need to figure out how we can actually address and some of the course will be around -- other items we could do to help make things better for communities of color so we are not always seen the disparities across e-Board we've seen through our across-the-board we've seen for the presentation and seen that and basically observation and the question for Feng what were surprises you may have seen as you are reviewing analyzing data did you see anything that made you go aha?

Thank you Valerie.

Thank you for the question and [ Indiscernible]

Thank you. Good points and thank you for the question Valerie appreciate it and Brad Williamson you are up.

Thank you Ricardo. Again thank you very much for the analysis and I had to comments one I really want to echo John with respect to the 1071 information going forward. I do think notwithstanding what Doug said I think one of the reasons there's so many less reporters is the increased data required last year in so I really keep that in mind as setting up a small business reporting to make sure that it is not feared and something that would drive people out of the market. Secondly, I would like to comment on it is striking how many institutions financial institutions have stopped being reporters. Looked like it was about 20% drop which is really -- in my view most likely smaller financial institutions that there was too much compliance risk with additional datasets and one of the things I think this brings to my mind I know it brings to my mind is that I think it would be great if the CFPB would work with the financial institution regulators on a compliance approach with respect to things like HMDA data and small business data and the reason I say that is there is no going back obviously with rocket mortgage clicking if everybody there's a lot of [ Indiscernible] it would be very good if all the regulators of all the mortgage providers would have us sit down and say how are we dealing with problematic reporting because I know it's a reasonably called off acquisition we are not HMDA report Mike implies people said look we already home to report a and we don't want to do it and we called off the purchase but it would be great if all the people across industries are treated the same with respect to reporting errors and financial institution depositories HMDA errors dealt with very harshly it was my experience with the FDIC is HMDA errors work harshly dealt with and I never got the same feeling from my friends in the mortgage industry that reporting errors [ Indiscernible] dealt with quite as harshly by state regulators for nonmortgage FI organizations and I think it would be great if across-the-board everyone felt like they were facing the same compliance risk because I think that's why we didn't have a lot of financial institutions drop off HMDA reporting and drop those products and don't think that's good for anybody and comments thank you very much.

Good comments Brad, appreciated very much and next up Sean Hayne.

[ Indiscernible] regarding the presentation I question a comment and a question I guess in our area small rural Southwest corner of Kansas -- we saw an influx of people moving because they're able to work local now and my neighbors now in California and able to sell the house in California and [ Indiscernible] by a nice house in our community with cash and my question I'm assuming those numbers since there's no debt I'm assuming those numbers are not included anywhere in our community they are more transactions being handled in cash than with mortgages right now and might be a unique area or housing is so much cheaper as compared to other parts of the country and I wanted to throw that in there. My question and I may have missed it with a number of mortgages and borrowers in forbearance, with the refinancing [ Indiscernible] I have things I'm worried about right now and rates are low and might be able to refinance I am trying to make it through the pandemic and the last thought on the mind was refinancing even if they got a lower rate because [ Indiscernible] was I considered or dressed and I missed it? Thank you.

-- Was that considered or addressed and I missed it?

Feng want to address that?

[ Indiscernible]

Thank you so much and thank you Sean for the question as well. I do have a few minutes left certainly so if you would like to ask a question please feel free to raise your hand. I have some hands up and I believe they've already commented and grown at -- run at Hauser Hauser Jones asked her question. Or provide a comment

I may be MRS in the narrative of the conversation but previously before the HMDA information 20 team came out when we would have examiners coming they would have brought data and did not understand what interest rate was good pair to another and have to dial down and give information on credit scores and loan to value and dates loans were locked one lock the enclosed form is before the other one and my question is how much that analysis now we are reporting how much of that is included in the analysis and also down payment assistance program a lot of those programs to help first-time homebuyers get into homes but with the down payment assistance program comes generally a higher interest rate as well. I guess that is my question is how much of all of that aggregated information is reflected in those charts?

Thank you for the question and my understanding a a credit score -- HMDA and show up analysis [ Indiscernible]

Thank you and appreciate that and they can run that for the question and I had a comment about evolved to a question for Feng I was looking at it slide 22 and had discussion regarding cost and mentioned that perhaps the higher interest rates that are charged to people of color is primarily driven by FHA which is one of the reasons and various other some other reasons as well we discussed, I was wondering I guess where the question may come in your thoughts regarding the loan level pricing adjustments with regards to FICO scores? And just primarily whether your thoughts as to whether that could be a heavy factor really in determining increased cost for people of color? Interested in your comments regarding that.

Thank you for the question. I emphasize [ Indiscernible]

Thank you so much appreciate it. We are at time and see if there's any comments or questions. Yes, John Burmaster please it may be a few minutes for you

Just a quick question, but question you asked Ricardo I was curious if there's any data on higher mortgage rates being charged to certain minority groups. Is there data on how what their first mortgages are? Are they getting them directly from banks and credit unions or are they getting is that sample getting them primarily from brokerage? When there's a broker involved you tend to see fees and rates go up because the for the broker has to earn something and that would be an interesting statistic to see because it certainly would help underscore our argument that you do need more small banks and credit unions in these others are underserved areas

To answer that again [ Indiscernible]

I certainly think it would be worth knowing that data compiling it and looking at it and we have seen that we do get a lot of foci come in from brokers and are surprised they could actually get the wholesale right instead of the marked up rate. Thanks.

John thank you so much for the question and Feng thank you for your presentation appreciated very much it was intriguing getting good information, we shall break now and we will return that 4:00 where we can begin discussion regarding student lending. Thank you so much.

Event is on break until 4:00 Eastern time.]

[Captioner standing by.]

Welcome back everyone and thank you so much for that lively discussion. We will ship to the final agenda item today on student lending. As a reminder, you should have received these presentations by email and you can find these on consumer finance.gov. We are joined today by Bureau Subject Matter Expert's from the front office office of markets, and office of consumer education. They include, Bob Cameron, private educational loan ombudsman, Patricia, office of markets and Kristin Evans office of consumer education. Bob will begin the discussion today. Bob?

Thank you Ricardo. As you said on the ombudsman at the Bureau and we will do our student loan session this afternoon and that will be me and Kristin and I will start out with the disclaimer that is important to note our presentation do not constitute interpretation guidance or advised of the Bureau any opinions or views stated -- we will look at complaints, issues with COVID19, socioeconomic and racial gaps as well as recommendations and policymakers on last year's report in next slide please

This reflects complaints from September 2019 through August 2020 and that's the time period of my report it's important note the Bureau has at a record number of complaints during the pandemic and we've seen the decrease in student loan complaints and they make up 1.6% of all complaints we receive and if you break it down by private and federal student loan complaints, we can see the private loans are 20% federal student loans make 72% as far as market share student loans actually make a -- this shows the overall complaint trends and support to note the downward trend started back in 2017 and I think there's reasons for that as far as organizations getting better responding to complaints and compliance management systems mature more recently during the pandemic because of the COVID relief in effect and nonfederal loans affects 92 present a market and private lenders have been very generous and you'll note that even as a number of complaints trended down the absolute number and percentage distribution of complaints received for problems with the credit score or credit report and note that all complaints regarding federal student loans are for the Department of Education. This slide depicts the organization with the most complaints by federal student loans and private student loans and the federal side the largest number of complaints received in via AES is the largest federal student loan portfolio for private student loans the largest is Matthew and they have the largest private student loan portfolio and it's important to take a look at normalization of the data in the Bureau is not ready to take a position how to normalize the data there's a lot of ways to do it by volume market share and I go with complaints for 10,000 bars a week on the complaints didn't matter -- the breakdown for federal complaints is 1.54 complaints for 10,000 borrowers and 1.89 and know that a Great Lakes .06 complaints for 10,000 borrowers and not-for-profit 7.12 and next slide. Markets will update the COVID relief measures in greater detail the section is with the COVID related complaints in these complaints mentioned COVID19, coronavirus or related terms in the time for it is March 1, 2020 through August 31, 2020 the last week reporting period in August was two days why we had the low total at the end and more federal student loan complaints and private student loan complaints and most common issue of dealing with your lender or servicer and a lot of confusion regarding payroll loans subject to the CARES Act relief and those not federally loan. Take a look at socioeconomic racial gaps these gaps highlight important issues because gaps and outcomes in educational based on race socioeconomic status suggest risk in the system and look for Marliatou -- and look at two -- increased earning capacity increases student loan borrowers ability to repay and students take out those loans and don't graduate are three times more likely to default borrowers who complete and at the same time it must be noted the degree attainment in and of itself does not a silver bullet in addressing student loan debt financial hardship or eliminating default is not populations receive the same benefit from -- 53% for for your 75% for six years but the question whether sufficient to strive for and if we can do better. This data from the quarterly December 31, 2019 and used it because ending March 31, 2020 and onward are not necessarily represented in the debt relief measures implemented in fact delinquency rates are pretty much the across-the-board particularly for federal student loans and the other important thing I want to point out is when we go back into repayment if everything else remains exactly the same as it was before the pandemic we can inspect to see comparable numbers and perhaps even higher numbers. This slide as a percentage of all 29 2009 postsecondary institution socioeconomic status and 2009 and needs ninth graders in 2009 graduated in 2012 and within four years did they or not start school if you look at it by quintile the highest percentage people going to school 70% and the lowest fifth at 20% significant difference and Laurent quintiles of percentages get lower it's important to know students from low-income families are less likely to enroll in the complete College and even when academic ability is taken into consideration. The past year recommendations on the report the first recommendation would CARES Act related and a recommended consistent treatment for all federal loans regardless of held by Department of Education or commercial entities and this is important because the department given permission to almost during less financial crisis and liquidity problem this was in an unforeseen circumstance were bars had no input into whether loans were borrowers had no input back in the October 2020 recommended really be extended and was extended now extended till January 31, 2022 and recommended we use the phase approach for transition repayment recommended this for the simple reason the entire student loan servicing system is geared onboard uprising 1 to 1.5 million borrowers every year and repayment start $40 million in repayment after I've not paid for almost 2 years there will be three [ Indiscernible] 10 different loan forgiveness cancellation to start programs and the challenges complexity limits access and we emphasize access to our location and have the access is for borrowers regarding income driven repayment public-service forgiveness reopen sharing of information Department of Education Department of Defense OPM, IRIS replication and recertification this number took a burn up borrowers and number two increased accuracy and speed of processing for these benefits. Made a couple recommendations regarding bankruptcy and one was to revisit the undue hardship standard I don't think it's and currently interpreted the way it was intended when we revisit you to keep two things in mind and number one if the loan is discharged that borrower needs a clean start if we can't get on the clean first start there's no point to it and the second one as important we do not want to increase the cost of future borrowing for future generation since access is limited I recommended borrowers to declare bankruptcy be required in IDR and suggested we may want to consider whether or not when the loan reaches a certain stage of delinquency be automatically be enrolled in IDR. A lot of subject matter experts and together can make progress. University has done good work University of New York and others doing things meaningful reducing the gaps one of the things important to note is given the diversity in higher education not cut and paste or one-size-fits-all but there's universal principles like strong leadership that encourages her to reduce the gaps and -- that relief scams do incredible harm to borrowers and we had criminal actions people of gone to jail and criminal actions provide the greatest deterrent and with that I will put it over to [ Indiscernible]'s back thank you Bob good afternoon, everyone's back we can go to slide five

On the next presentation because the disclaimer Bob Redd applies to this as well anyway on this slide you can see the nation's outstanding balance of student loan continues to increase reaching nearly 1.3 trillion by March 31 of this year the growth rate of the student loan portfolio has slowed in the pasture reflecting in part 0% interest accrual on federally owned loans courtesy of the CARES Act and extensions and keep in mind that of this 1.73 trillion the federal government owns more than 80% and there's a payment suspension so borrowers are making payments and we've seen the pandemic's impact on College enrollment the past year there was reduced enrollment and then there was reduced demand for borrowing needs because students going from to school from home didn't need to borrow for deceptive vapor dorm fees. Still the past year the upcoming year and previous years millions of students will be enrolled and a significant percentage of the students need to borrow especially under the federal loan programs to gain access to postsecondary education. In March of last year the federal government cast a wide safety net to help student loan borrowers during the pandemic. The CARES Act enacted in late March provided key protections for federally owned loans 0% interest accrual, across-the-board no matter the status of the loan, suspension of monthly payments that preserve key benefits for borrowers enrolled in income driven repayment plans which have a set number of payments and for borrowers personally PSLF loan forgiveness for set number of payments required. Then there was suspension of involuntary collection activity for defaulted federal loans including administrative wage garnishment in the treasury offset of income tax refunds and Social Security payments for defaulted loans. The CARES Act provisions have been extended several times by administrative action with the most recent extension announced just last Friday and these protections have been extended for an additional four months running through January of next year. During the COVID emergency borrowers with federally guaranteed loans that are owned by private entities that is the government safety net did not completely apply to these loans they are eligible however for disaster forbearance under federal rules which is available for up to 90 days at a time and they can keep repeating that during the COVID emergency. Lenders of private education loan that is loans that don't carry any kind of federal backing have been offering short-term disaster forbearance relief among other debt relief measures forbearance for privately held the student loans including the federal guaranteed loans rose significantly in the second quarter of last year and began to decline as borrowers went back into repayment. The current forbearance usage rates have dropped down to near or that pre-pandemic levels and we have not yet seen a major uptick in delinquency rates for the student loans but this is something that we do monitor that the Bureau. As you can see in the next slide, we have seen steep decline in the overall serious delinquency rate 90 days plus delinquent for student loans. This reflects a large part the payment suspension for the federally owned loans because to facilitate the CARES Act provisions, the servicers placed those loans into a and administrative forbearance and per the instructions of the CARES Act these loans are reported to the credit reporting agencies as if they are current and in repayment and they are not reported as a forbearance.

We have seen concerns grow over the transition to repayment partly due to the length of the payment part closet it was going to be six months and now going to run a bit over 22 months if the January end date is final in the Department of education indicated in its announcement last week that they should be expected to be the final extension. As you can see in the chart on the right, the student loans account for about 2/5 of nonmortgage debt and which has one reason why consumer advocates have expressed concerns that borrower still struggling with the loss of income because of the pandemic may struggle with their student loan payments and they still need some sort of payment relief. Although exact numbers are not available in estimated 30 million or more borrowers will be asked to start making payments when the pause ends including the borrowers who have recently graduated or left school as referenced earlier pretty borrowers will be entering repayment for the very first time in the repayment on boarding process requires some extra paperwork for example the selection of a repayment plan. What is more we have more than 9 million borrowers were currently enrolled in repayment plans and these plans require borrowers to annually recertify their eligibility for income-based payment and this recertification process also requires paperwork. The Department is committed to managing the restart that will smooth in a way that will smoothly transition borrowers into repayment. One thing to note is that when borrowers into repayment at the end of suspension, their balances will be current and interest has not accrued during the suspension. And those are factors to be taken into account here. In the interest of time I'm going to quickly summarize the next two slides. I don't want to overstay my welcome here. There is some concern about the anticipated servicing transition coming up. In July just last month two of the departments a contract servicers announced they would not seek to renew their contracts. The servicer exits will require the transfer of more than 10 million account to the departments other servicers in the coming months. This transfer is being planned. In addition the department has been working to overhaul the current servicing environment and the new platform is still in development. Again the department is working to ensure smooth account transfer process and a smooth transition from the current servicing structure to the new servicing system. This is something we continue to watch. With the next slide the final slide, one thing that we do in the office of markets is to monitor industry developments and trends in one development is the end of LIBOR is going away and lenders who have variable-rate loans tied to LIBOR must start switching to a new index. We have begun to see this transition occur within the student lending market a major share of student loan private student loan issued by banks credit unions and other private lenders carry their loan rates and a great number of those variable-rate loans are tied to LIBOR. Not all but probably the majority. We are now beginning to see lenders switch to a new index for new contracts that is newly made loans in this we are entering the busy season the fall semester funding season for private student loans and the servicers that we've seen do this are switching to SLF are which is a secured overnight financing rate a new index basically published by the Federal Reserve Bank of New York. In addition lenders will have to start one of these days to switch to a new index further legacy portfolio the existing variable-rate loans and again we began to see lenders signal that they will start to do this one sometime next year and indicated that the loans will switch to SOFR and with that I will and in turn it over to Kristin. Thank you.

Thanks so much Pat. So I'm Kristin and I'm giving a brief update on some of our consumer education efforts to help student loan borrowers navigate the pandemic relief options and looking back to the onset of the pandemic, the Bureau shifted to engage directly with student loan borrowers to hear more about their experiences and their challenges navigating the pandemic. We use those perspectives to inform our consumer education materials. We created a webpage commonly asked questions and answers along with a series of Webinars in social media post to help inform consumers about the rights and responsibilities. We hosted roundtables and it is to help disseminate this information into the hands of people that need them the most and as Pat and Bob mentioned earlier the CARES Act and subsequent actions extended the student loan forbearance period until January of next year and as a benefit expire next year they'll be another significant transition for student loan borrowers so we are quarreling with the Department of Education to engage consumers and stakeholders so we can continue to provide consumer education as well as anticipate the challenges of the upcoming transition. Right now it has power to begin to receive communications about the continued forbearance period there's also an opening for scammers to pray on the financially vulnerable. With the pandemic many people are struggling and are looking for additional financial relief. This creates the ideal situation for scammers to take advantage of people. With the continually changing information related to student loans coupled with the new stories about potential loan forgiveness this allows scammers to feed into the uncertainty of the situation and consumers vulnerability. So as we enter the period the Bureau will be working to help consumers protect their finances from scammers either through our digital communications are Webinars or other outlets the Bureau has created information to help people identify the early warning signs of a potential scammer and the action steps they would take if they have fallen victim to a scammer and this will be to help prevent any further financial damage. So we are asking our stakeholders and those who work with student loan borrowers to help educate and engage borrowers so they can be armed with the resources to prevent falling victim to a scammer. As you can tell from the presentation today there's a lot of things happening in the student lending space and I look forward to the discussion today so thank you very much and I will turn it over to the Chair to facilitate the next portion of the agenda. Ricardo, over to back thank you so much Christian and thank you to your team as well for that well thought information is very helpful useful. I'd like to open it up for discussion again raise your hand if you have questions or comments and also remember please to reduce your hand when you're finished asking your question or make any comment. Please take your on mute your line and your line back when you are finished making the comment. While we wait for everyone to gather their thoughts, I had a couple of items really that I wanted to bring up as well. You know, I commend the Bureau really for taking the necessary steps in making the recommendations relief to remedy a lot of the concerns that are out there with regards to student loan debt. In addition to all of the comments that were made, I believe Bob outlined some items really that you were working towards in determining recommendations or making recommendations for and I believe more accommodations really for from private lenders is important and as you mentioned there's more flexibility with the federal lenders out there and not so much really with private lenders. Also advocating a better understanding of capitalized interest is something really that I believe has been in the back of my mind as well. Pardon me sorry. But capitalized interest certainly has a major impact during the permit process, not so much now because the government process because under the CARES Act the interest is not to be charged during the deferment period and will be capitalized in the discharge and capitalize it does make a significant impact on balances. The other item I was observation I guess what the income repayment program, I realize that it factors in for repayment it factors in both incomes really from a married couple. That's even if one of the spouses actually what put their name on the note and apply for the debt so I think that obviously for obvious reasons you know the reason for that is so that the income is definitely inflated and of course it is income driven so the payment amount every month is going to be higher as well. So those are some areas really I think that probably should be called out during that discussion. Just some observations there and thought I would get the discussion started with that and if you have any comment to that from your team that would be great. Otherwise we will look for comments from our membership.

Anything at this point?

I will jump in here. I emphasize with your comment about capitalized interest as my tube created web tools and help consumers try to really get a full picture of what's her student loan that will look like as they take off their debt and what it will look like at graduation and one of the biggest things we see when we sit down with student to go to these web tools is the shock on their face when they find out that the amount they borrowed as increased exponentially while diverting College and impacts are exacerbated if they take a deferment for one. Sometime after they graduated and are already in repayment and so I do think this is a good learning moment for students to take a look at what is happening with the department processes and whether an income repayment plan would have been better for them if the federal student loan is opposed to taking a straight deferment or forbearance and those are the trade-offs we look forward with student loan borrowers absolutely.

Thank you christen appreciate those comments. Also in reading the materials I was in the presentation today talking about the fact that complaints actually had fallen off before the pandemic. I was just curious really if perhaps you could take this as an observation and I welcome your comments to it, and sometimes when I sleep at night I laying in bed I think of these things and nonetheless I'm taking thinking perhaps back in 2019 or mid-2019. You probably thought about this yourselves, in mid-2019 is really when inventories in the home market actually became started to become scarce and we did see interest rates actually start to fall off a little bit. I haven't validated this but I do believe that interest rates actually started to follow a little bit and refinance activity actually started to pick up and I was just curious really if there's any metric or maybe a correlation between the fact that the parents may have gotten involved in certain situations where they may have refines answer home and taking cash out taken advantage of lower interest rates and pay down their children student that along the way. I was curious really if that is something actually that is been factored into your discussions at all?

[ Captioners Transitioning ]

hy when Dodd frank was passed in 2010 a lot of services didn't have the client management system the way they have them now. They have some consultants, and they start with policies and procedures, central repository and built out their complaint management system. All the while, with the three lines of defense, quality assurance, compliance, internal audit. Took a while to get the ability built out. Fast forward to 2017, they might have started to hit their stride.

Got it. Thank you very much Bryant, any comments regarding the student loan?

Just a couple of comments. We do hold the portfolio of student loans, mostly legacy student loans and frankly, because of the uniform manner that the suspension of payments, principals and interest payments is applied to all loans, off federally backed loans, we have not had a lot of contact with those borrowers for the last several months. Interestingly, in the last 90 days, we have sort of had a flurry of activities with our borrows as it relates to those loans, some that are pretty concerned about applying, going forward, being able to make payments. I would be curious to hear if any of the other committee members that are actually holding student loans are involved in student loans have experienced any similar flurry of very, very recent activity. I'm assuming that a lot of those bore others are probably very relieved about the recent announcement about the further suspension.

I can also comment that we are curious here at elevations if the bureau is going to be putting the same kind of resources toward the website information. Some of the other tools and information as it relates to the eviction relief and rental relief and the mortgage relief have been really invaluable for our members and, obviously, while there is some significant tools on the COPD site, as it pertains to obtaining student loan and getting guidance in that regard, the same level of information really does not necessarily exist relative to relief for repayment. Is the bureau considering further developing its site? And, if so, is the same posture that bureau gave to many of us previously that we could link the bureau's resources with our own so that we could further disseminate that further to our consumers, does that same posture hold through with respect to this information as well?

Absolutely. So, we do have a part of the website which is neither on the website to the security work that we did that you referenced. I'm happy to send that around. We have some Frequently Asked Questions. There was no action that they had to take for these loans. Just an FAQ that they need to know if they want to take a different course. As we get towards the preparing to repay, we will be creating new materials that are focusing on what to doo if a student loan borrowers is unable to resume payment. We'll coordinate that in coordination with the department of education and we will always welcome if people will link with our material or integrate them into your oh the bureau is committed to helping student borrowers get through the pandemic and avoid student loan default. As we develop those materials, we can send those out through the ABC team here.

You a Sam. Thank you. Thank you, Brian, thank you, Kristen. I appreciate that and appreciate your questions and comments. Let's go to valuey and then we'll move to Patrick Ervin. Valerie.

Good afternoon again and thank you so much for the time and discussion. I heard recently radio interviews with various consumers that have student loans and they talked about how important some of the relief has been for them during the pandemic. And it struck me, as one consumer said that just the fact that the 0 interest accrual had been a tremendous help to them. He has been able to catch up on some other bills. Just hearing some of the information from consumers around how student dead loan has impacted them and how appreciative they are much some of the relief that they've gotten. So that's been critically important as well. And then just a question on the slide where we talked about concerns, growing over services and transition and noting that the two service exits were required, for transfer of approximately more than 10 million accounts. What are some ways that the transition can be made smooth? Are there any ways that the bureau maybe can assist with that or provide any guidance on making sure that that transition is smooth for consumers?

Let me start this and maybe Kristen wants to join in here as well. But, services do have a process for transferring loans. It happens now. What a borrower signals through submitting an employer certification for public service loan forgiveness process, these candidates pursue, those loan goes from one servicer to the public service loan forgiveness servicer. There have been transfers of accounts. We do want to make sure that there is a good process, communications before it occurs, communications after it tran Fehrs and a whole lot of work to map out before the transfer to the accounts, which ones go first, which -- they have to decide, you know, to what services to allocate it. The department has said it has committed to facilitating a smooth transition in this. It will keep servicing the loans until the transfer can be completed smoothly. There is a commitment in the industry and commitment particularly at the department of education too make sure this goes as well as possible. It can be complicated but planning can help out a lot here. But a lot really will depend on borrowers being aware of what's happening and so I am going to turn that one to Kristen now if she's willing.

Absolutely. So the bureau will be putting out materials to help student loan borrowers. We do want to coordinate with the department of education to make sure that that is accurate. There are good steps that borrowers could be taking just to prepare for servicing transfers, something that they can be doing now. There are simple things but they can make a big impact, just making sure that your contact information is up to date on your servicing platform with your servicer, you know. You can download your payment history if you want to keep that in your records to make sure that, after the servicing transfer everything goes smoothly. The big obvious one that we like to say is open your mail and e-mail that you get from a new servicer, starting communication with the new servicer as well as when the loan will be transferred from the old servicer will help smooth the process. The bureau will be handling some of the transfer communications on the website. When those are available, we'll be happy to send those out as well.

Thank you very much. Appreciate those comments. I would like to go to Patrick Ervin.

Thank you, Racardo. I'm looking at slide 11. I'm just so disturbed by that slide, if you can put that one up on the screen. You know, this is just something that I think should be in the hands of every parent and high school graduate looking to evaluate college and where they're going to go. You know, we use the term, desperate impact. This slide shows an incredible impact by subgroups and overall. You think it takes to get I attainment rate of 62% across the board. For black applicant, 42% after six years, the longer it takes, I would guess that there is a cost factor, probably costs more to go longer. I'm part of the consumer lending subcommittee here. I made and presentation last week that I really believe that a disclosure, stand dartized disclosure coming from the colleges and universities speak to the likelihood of attaining the degree by degree and the cost associated with that could help get a very educated guess as to what the concern is. I want to commend you for the work that you doing. You are trying to educate, help, put the structures in place and so forth. But your work is around handling the $1.7 trillion in current debt. That number is just continuing to grow. What happens when we get to 2 trillion, the next $300 billion, the next trillion that is coming up. I hope that you can partner with the department of education. When you think of the number of students that are leaving college early without a degree, yesterday, straddled with that debt, that delays them for a whole other group. I think that a standardized disclosure that every college has to give to guidance counselors in high school, give to potential newly enrolled students and have honesty and startized honesty about what it is or product that you are purchasing. We get lost in this iota, romantic notion of college. We lose sight that you arepurchasing a product, purchasing an enhancement to yourability to be employed and make money for the long haul. Have you done that? Have you had any of those discussions in I talked a couple of different times to the Bureau about this. Is that just a fire in the sky or some sort of standardized way of communicating the risk of investment without return to the potential students and parents and guidance counselors? Is that part of the discussion?

I'll start out with this one. And then Chris can jump in if he Watts to.

Yes, I am for as many disclosures as we can get. There is such information discemetery between the students and the students. The colleges know everything and the students coming in know very, very little. The more we can level that playing field, the better. There have been studies done where students who receive the disclosure were counseled with the disbursements and the impact and the potential payments going forward is also limited to student loan borrowing. I think disclosure, I think that is a good idea. I think that anything that we can do to reduce information asymmetry is even better.

I am a father of six kids. If I had to do it all over again, I would have required all my students to do the first two years in community college and get that out of the way. And the degrees at the end would say the same thing but the costs would be much lower. I appreciate your dedication to this and your continued continue influenza on making that known throughout. This chart here, if known, would be very helpful.

Thank you. Very good, Patrick. Thank you for your comments. Bob, thank you so much for your information as well.

While we wait for additional hands to come up, I have one other question and that pertains to the complaints by our older generation. It seems to be rising somewhat, but -- correct me if I'm wrong with that rising comment because I know that you mentioned that complaints have been decreasing. I'm curious if there are mi metrics or data out there that talk about the related debts of parents. For instance, we talk about 1.7 trillion in student debt, student loan debt. How much of that debt is co-signed debt, or how much of that debt has some sort of parent relationship? I would imagine quite a bit?

I can jump on here. We did a snapshot on the number of complaints received by older Americans with student loan debt. At one point, older Americans were the fastest growing population with student loan debt. Obviously, this is a population that we would like to rook into more and see what kind of other factors are leading to this growing student loan debt, and we're happy to share that with you.

Thank you.

That would include whether it's their personal debt, if you are able to differential between their personal debt for it case, or whether co-signed debt for their children?

Yep, we can take that back and take a look at that, yes.

Cool. Thank you.

Hi, this is Pat. We do have numbers that show that private student loans are a minority share of that outstanding balance, only around 8%, a little bit less now. In recent years, most undergraduate student loans issued by private helpedders have cosigners. We are talking about 90% but that's still a minority portion of the population with private student loans. Fed student loans still dominate the landscape of student lending in terms of the program. There has been growth in the parent-plus loan program in volume in recent years and these are loans that there's the parent-plus loan and the graduate-plus loan. The parent-plus loan is taken out by the parents. The parents qualify for them in their own and the student are never assigned the debt. There are a few key differences here. Often, parents don't want to plus on. They will encourage the children to take their own loan. Tracking the cosigner rate through the older student portfolio, that's something that is a bit of a challenge. There are some data, however, from the Federal Reserve Bank of New York that show that by age. That's a bit dated. We can send the link along for those data if you would like. That's for the whole borrower population, including federal loans, private loans and the cosigners are included in the mix. You can see that's not something that we can easily track with a lot of precision.

Thank you very much, Patricia. I appreciate that. Just curious, however, if, from an education standpoint, are you familiar with, do you know if education costs are still on the rise or have they moderated a little bit on average? Can you comment on that?

You know, college costs have basically continued to rise. It's a little bit -- we have not seen enough data, I think, for the most reasonable year about just what has happened. A number of schools have been trying to freeze tuition and estimating where the true cost of college from a family's point of view is, because there is the sticker price and then the discounted price and it's hard to understand just what a family's price would be. There are some schools that have frozen tuition now for years. Purdue university in Indiana is one. There has been a shift based on some data that I have seen that families are pursuing -- they are still having -- they still want their children to go to college. Their children still enroll but there has been a shift maybe to community college for the first couple of years for lower costs state universities versus private university. Elite schools still draw a population but there has been some shifting in where students go and that affects how much families are investing in the college education. Does that help you?

That does, thank you very much. I appreciate it. Looking for additional comments from the committee members.

We have about ten minutes left. I just wanted to say thank you so much, really, to your team and the information on student loans. Bob, Patricia and Kristen, it was a great presentation, great presentations. Thank you very much.

This conclude our presentations for today. And I thank you all for participating. I have some -- just some closing remarks real quick. I just want to thank everyone for your great perspective on these important topics. And just important to know that the Bureau really needs our help. They place heavy reliance on our counsels, trusting that we'll bring forth actual and practical stories and/or examples based on our expertise that most directly impacts our organizations and machines. As I move on from this seat of the chair, would I like to acknowledge valuey quiet. , Eric cap plan, consumer advisory board chair, Ryan Holtz, CUAC member and other members who have been so supportive. I'm not going to view those issues, however, as matters in a rearview mirror but I'll leave armed with more insight that will assist me in continued quest to helped consumer.

With that, I would like to turn the call over to Manny. He will adjourn the meeting.

Thank you, thank you, Racardo. Thank you to all the staff that presented today and, certainly, thanking all the C back and CUAC members for providing feedback. I'll connect with you after this meeting through followups. We thank you so much for making time today. So that will conclude the meeting. Tracy, you can actually close the meeting. Thank you.

Thank you, Racardo.