

October 1, 2016 – September 30, 2017

# Annual report of the Community Bank Advisory Council



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

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

Dear Director Cordray,

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

During this year, the CBAC continued to focus on ensuring that the Bureau had the benefit of our best advice on a variety of consumer financial issues and emerging market trends as it carries out its mission to protect consumers and make consumer financial markets work for consumers. The CBAC met two times this year in Washington, D.C. Opening our meetings to the public continues to add significant value to our work.

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

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

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

In accordance with the Federal Advisory Committee Act (FACA) regulations, this annual report provides greater detail about these subcommittee discussions and interactions. All full committee meetings of the Council are open to the public and are reflected in summaries posted to [consumerfinance.gov](https://www.consumerfinance.gov).

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

Sincerely,

A handwritten signature in cursive script that reads "David Reiling".

David Reiling, CBAC-Chair

A handwritten signature in cursive script that reads "Angela Beilke".

Angela Beilke, Vice-Chair

# Table of contents

<b>Letter to the Director from Community Bank Advisory Council Chair and Vice Chair.....</b>	<b>1</b>
<b>Table of contents.....</b>	<b>3</b>
<b>1. Executive summary .....</b>	<b>4</b>
<b>2. Role of the Community Bank Advisory Council .....</b>	<b>6</b>
<b>3. Subcommittees .....</b>	<b>7</b>
<b>4. Conclusion .....</b>	<b>15</b>
<b>Appendix A: .....</b>	<b>16</b>
Community Bank Advisory Council Biographies .....	16
<b>Appendix B: .....</b>	<b>20</b>
Community Bank Advisory Council written statements .....	21
The following statements were submitted by CBAC members per section 9 (c) of the CBAC Charter: .....	21

# 1. Executive summary

The Consumer Financial Protection Bureau (CFPB or Bureau) is the nation's first federal agency focused solely on consumer financial protection.<sup>1</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the CFPB to protect consumers of financial products and services and to encourage the fair and competitive operation of consumer financial markets. The Bureau's mission is to regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws and to educate and empower consumers to make better informed financial decisions.

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

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

In fulfillment of its responsibility as articulated in requirements of the Federal Advisory Committee Act (FACA), the CFPB's Community Bank Advisory Council is pleased to present its Annual Report to the Director. This report primarily summarizes the activities and progress of the Council's subcommittee meetings held over the last reporting year, October 2016 to September 2017. The discussion portion of the report is divided into sections aligned with the CBAC's responsibilities, pursuant to its charter, and the report also includes, in Appendix B, separate written statements submitted by Council members relating to the report.

---

<sup>1</sup> Previously, seven different federal agencies were responsible for rulemaking, supervision, and enforcement relating to consumer financial protection. The agencies which previously administered statutes transferred to the Bureau are the Board of Governors of the Federal Reserve System (Federal Reserve, Federal Reserve Board, or Federal Reserve Board System), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).

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

- Held two meetings – April 2017 in Washington, D.C. and September 2017 in Washington, D.C.
- Organized three subcommittees, which have each met approximately 19 times:
  - Cards, Payments, and Deposits Markets Subcommittee;
  - Consumer Lending Subcommittee; and
  - Mortgages and Small Business Lending Markets Subcommittee.
- Examined and discussed a variety of topics and issues including:
  - Trends and themes in financial services;
  - Home Mortgage Disclosure Act database and rulemaking;
  - Know Before You Owe (TILA-RESPA Integrated Disclosures);
  - Small business lending;
  - Arbitration;
  - Overdraft;
  - Reverse mortgages;
  - Mortgage servicing;
  - Marketplace lending;
  - Financial education;
  - FOIA and ethics review;
  - Credit invisible consumers;
  - Small dollar lending;
  - Innovation in financial technology;
  - Debt collection;
  - Student lending; and
  - Consumer complaint operations.

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

This report fulfills the Council's FACA requirement to submit an annual report to the Director.



---

Community Bank Advisory Council meeting in Washington, DC held on April 25, 2017.

## 2. Role of the Community Bank Advisory Council

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

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



Community Bank Advisory Council meeting in Washington DC, held on April 25, 2017

---

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

# Subcommittees

Based on the continued success of the CBAC Subcommittees, the CBAC again organized subcommittees as authorized by Section 13 of the CBAC charter, which outlines that the Council may establish and dissolve subcommittees, in consultation with the Bureau. All subcommittees report back to the Council and include as participants individuals who are members of the Council or staff of the Bureau. Subcommittees may, from time to time, call on individuals who are not members of the Council or staff of the Bureau, for the sole purpose of providing specific domain expertise and knowledge. The subcommittees, if any, may not provide advice or work products directly to the Bureau.

The charter directs that each subcommittee will be led by a subcommittee Chairperson who shall be appointed and may be removed by the Chairperson of the CBAC. CBAC subcommittees are called by the subcommittee Chairperson and are conducted via teleconference unless the Bureau's staff and subcommittee Chairperson determine that an in-person meeting is necessary.

Following the process outlined in the CBAC charter and bylaws, members of like expertise and interest are organized into three subcommittees: Card, Payments, and Deposit Markets; Consumer Lending; and Mortgages. The schedule of CBAC subcommittee meetings follows below.

<b>Community Bank Advisory Council Subcommittee Meetings</b> <b>[This table includes in-person meetings]</b>		
<b>Cards, Payments, and Deposit Markets</b>	<b>Consumer Lending</b>	<b>Mortgages</b>
September 29, 2016	September 29, 2016	September 29, 2016
October 11, 2016	November 18, 2016	October 13, 2016
March 9, 2017	March 23, 2017	March 16, 2017
April 25, 2017	April 25, 2017	April 25, 2017
August 3, 2017	August 8, 2017	August 10, 2017
September 28, 2017	September 28, 2017	September 28, 2017
October 5, 2017	October 10, 2017	October 12, 2017



In October 2016, each subcommittee chair led a process to identify subcommittee priorities, including issues about which subcommittee members wished to learn more; to identify and highlight trends; and to raise issues with Bureau staff members. The reporting year's priorities are outlined below.

- Cards, Payments, and Deposit Markets

The Cards, Payments, and Deposit Markets Subcommittee focused on work relating to important topics in the consumer financial marketplace such as overdraft, payment networks, data aggregators, and faster payments.

- Consumer Lending

The Consumer Lending subcommittee focused on work relating to the Bureau's debt collection Small Business Regulatory Enforcement Fairness Act (SBREFA) proposals, the student lending marketplace, the Bureau's request for information on alternative data, and the auto lending marketplace, and it received a briefing on the Bureau's report about older consumers and student loan debt.

- Mortgages

The Mortgages and Small Business Lending Subcommittee focused on work relating to Know Before You Owe mortgage disclosures, mortgage servicing, Home Mortgage Disclosure Act implementation, and Section 1071- Small Business Lending Data conversations.

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

## Cards, Payments, and Deposit Markets Subcommittee

The Cards, Payments, and Deposit Markets Subcommittee met six times between October 2016 and September 2017 – **twice** in person as part of CBAC meetings and **four** times by phone. During this timeframe, the subcommittee discussed important topics in the consumer financial marketplace such as overdraft, payment networks, data aggregators, and faster payments. Subcommittee membership changed in October 2016 to account for newly appointed members.

From October 2016 to January 2017, the subcommittee focused its energy on two topics: overdrafts and prepaid cards. Some members stated that overdraft eventually leads to the use of

payday loans. This led to a discussion about the relevance of firm relationships between community banks and their customers. Bureau staff provided an overview of prepaid cards in the market as well as an update to implementation of the new prepaid rule.

Then, from February 2017 to April 2017, the subcommittee focused on the Federal Reserve's Faster Payments Task Force (Task Force) and peer-to-peer payments. The Federal Reserve Bank established the Task Force in early 2015. Bureau staff discussed how the Task Force has had to accelerate the development of faster payments in the United States. In July 2015, the Bureau released *Consumer Protection Principles: CFPB's Vision of Consumer Protection in New Faster Payment Systems* to inform the Task Force's developmental efforts. CBAC members discussed the speed of payments, how this type of payment works, and the role the Bureau will play. Some members noted that faster payments might not be available to all consumers since some people do not have access to new technology. There was a discussion on the credit push model and unauthorized transfers. Staff noted that the Bureau is still thinking about questions with respect to error resolution and what an unauthorized transfer potentially means in this space. Members and staff also discussed the international component of faster payment systems.

Additionally, staff presented information on the peer-to-peer market. They noted that there are a variety of entities offering peer-to-peer transaction services. Members focused on privacy and security concerns for consumers in this space. Members also highlighted the need to consider liabilities that fall on banks under Regulation E.

In August 2017, the subcommittee discussed data security. The subcommittee discussed the role of the merchant, privacy, cost, and compliance in this space. Members asked about the Bureau's approaches to dealing with data security and some noted that responsibility for data security should be shifted to retailers and merchants. CBAC members also discussed the impacts of the recent Equifax data breach. The Equifax breach is unique because people's out-of-wallet information has been released, making consumers susceptible to identity theft on a grand scale. Additionally members and staff discussed consumers who are considered "credit invisibles" and the use of unregulated banking systems. This led to a discussion about alternative data. Members and staff also discussed members' institutions offering chip-enabled cards. Lastly, members and staff discussed the balance between data security and the ease of online payments.

Date	Type	Topic
September 29, 2016	In person breakout session	Reflection on 2016 and discussion points for 2017

October 11, 2016	Conference call	Subcommittee discussed guiding principles document focused on overdraft
March 9, 2017	Conference call	Subcommittee discussed prepaid and P2P Payments
April 25, 2017	In Person breakout session	Subcommittee discussed the Federal Reserve's Faster Payments Task Force
July 20, 2017	Conference Call	Final suggestions on Overdraft Guiding Principles
August 3, 2017	Conference Call	Subcommittee discussion on the Bureau's spring 2017 rulemaking agenda

## Consumer Lending Subcommittee

The Consumer Lending subcommittee met **5** times between October 1, 2016 and September 30, 2017 – **two** in person as part of CBAC meetings and **three** times by phone. During this timeframe, the subcommittee discussed important topics in the consumer financial marketplace such as the Bureau's Small Business Regulatory Enforcement Fairness Act (SBREFA) proposals on debt collection, the student lending marketplace, the Bureau's request for information on alternative data, and the auto lending marketplace, and it received a briefing on the Bureau's Older Consumer and Student Loan Debt by State report.

In October 2016, the subcommittee met to discuss the Bureau's debt collection SBREFA proposals. Bureau staff provided a detailed briefing on the contents of the proposals and then subcommittee members provided feedback. Several members applauded the Bureau for its work on this issue. Some members noted that while these proposals would provide important and needed protections for consumers, there may also be unintended harm. For example, the proposals limit the number of times a third-party debt collector may contact a consumer about a debt. Members suggested that removing restrictions on the number of written communications from the collector to the consumer may provide for more flexibility and possibly limit the

number of lawsuits. In regard to the model disclosure forms, members praised the Bureau for their design, noting that they were well done and clear to understand. Some members shared concern that a few debt collectors may attempt to provide the consumer with onerous amounts of documentation, in addition to the model disclosure form, in an attempt to confuse the consumer. Other members noted that consumers could take a similar approach and hold liable the debt collector for any perceived missing documentation. It was suggested that the Bureau seek to limit the amount of documentation that is provided during the first contact with the consumer to possibly help alleviate some of these issues. Additionally, some members noted that the dispute process for a debt should be reformed. Members stated that they have seen the dispute process utilized as a delay technique by the consumer rather than used for its intended purpose. Members also cautioned against any new first party debt collection regulations where there may be ambiguity in their interpretation. Members stated that as additional legal and regulatory cost is layered into the collections process, a result might be more restrictive underwriting criteria, which may limit access to credit.

At the subcommittee's March 2017 meeting, members discussed the student lending marketplace and noted several prevalent issues impacting consumers. Some members stated that they believe many issues identified in the market seem to be because more community banks are not participating in the process. Members noted that if community banks were able to service these loans, they might be able to offer better customer service and help more consumers enter income-based repayment options. Additionally, members noted that many community bankers are looking for ways that they can be helpful in this market. However, some are unsure about how to provide guidance to borrowers who might want to refinance their student loans but in the process of refinancing may lose some of their federal benefits. Members encouraged the Bureau to work with the Department of Education to provide more guidance and resources to smaller financial institutions on this issue.

Then, in April 2017, the subcommittee discussed the Bureau's request for information (RFI) on alternative data. Members shared some of the data being used in credit decisions, such as rent payments, utility bills, and cell phone bills. Other members said some of this data is not indicative for all consumers. Several members discussed some concerns with the use of alternative data, including how the use might lead to fair lending violations. Members also discussed credit invisible consumers and the fact that some may not want to be in the system, and others want to be in the system but may need financial education. Finally, there was discussion among members around the importance of devoting resources to testing some of these concepts and members noted that financial technology companies play a significant role in this space as well.

At the subcommittee's August 2017 meeting, members discussed current issues in the auto lending marketplace. Then, the members shared their thoughts about the year's work and ended the meeting with appreciations for the service of those with expiring CBAC terms. In regards to the auto lending marketplace discussion, several members stated that it is difficult for community banks to compete with credit unions and buy here pay here dealers. Members noted that mark ups are occurring in a number of their markets and a member added that it is not uncommon for a dealer to upsell the rate on the consumer's loan because the lender will then split the upsell rate with the dealer. Members also highlighted that there continues to be significant pressure on consumers by dealers to buy add-on products. Some members noted that they have seen wheel and tire insurance as an add-on to auto loans occurring more frequently. Members encouraged the Bureau to continue updating and providing educational resources for consumer who are shopping for an auto loan.

Finally, in September 2017, the subcommittee held its final meeting of the fiscal year. Members welcomed newly appointed CBAC members to the subcommittee and spent time planning topics they might want to discuss in the coming year. Additionally, the subcommittee received a briefing on the Bureau's report on older consumers and student loan debt.

<b>Date</b>	<b>Type</b>	<b>Topic</b>
October 18, 2016	Conference call	Debt Collection SBREFA
March 23, 2017	Conference call	Student Lending Marketplace
April 25, 2017	In person breakout session	Alternative Data RFI
August 8, 2017	Conference call	Auto Lending Marketplace
September 28, 2017	In person breakout session	New subcommittee membership/leadership; Briefing on Student debt and older Americans report

# Mortgages and Small Business Lending Markets

## Subcommittee

The Mortgages Subcommittee met six times between October 2016 and September 2017 – two in person as part of CBAC meetings and four times by phone. During this timeframe, the subcommittee discussed important topics in the residential mortgage marketplace and small business lending markets such as: mortgage servicing, Know Before You Owe Mortgage disclosures (KBYO), the Home Mortgage Disclosure Act (HMDA), and small business lending data collection. Subcommittee membership changed in October 2016 to account for newly appointed members.

From October 2016 to January 2017, the subcommittee focused primarily on HMDA regulatory implementation and challenges with appraisals in rural areas. During these interactions, members shared their institutions' HMDA implementation status and operational updates. Members expressed some frustration regarding the current open-end loan threshold. Some members stated that the current threshold is too burdensome for very small financial institutions. Increasing the current 100 HELOC loan threshold would be beneficial. CBAC members were looking forward to future threshold modifications.

Members reported numerous issues with appraisals. It appears that appraisal and valuation methods in rural areas are inconsistent; appraisers sometimes need to drive more than 50 miles to get a comparable property, which does not truly represent the real value of the subject property. There is a supply and demand problem with certified appraisers in certain rural areas. In addition, it is an industry controlled by individuals with an average age of 55 years old. Current state and federal regulations makes it very hard for an individual to become a licensed appraiser. Banks are denying consumers access to credit in some refinance transactions due to conservative and burdensome appraisal regulations. Automation and appraisal waivers would be very helpful. It would also be helpful to index the appraisal thresholds to inflation, at a minimum, as they have not been changed since FIRREA was enacted in 1989.

From February 2017 to May 2017, the subcommittee focused on HMDA, mortgage market trends and small business lending. In regards to HMDA, members expressed some frustration with vendor communications and delays in implementation timelines. Some members reminded the Bureau that HMDA changes will force small institution to acquire multiple loan operating

systems (LOS) in order to comply. Members have asked the Bureau to consider granting a grace period, similar to the Know Before You Owe grace period, in order to effectively implement these new HMDA requirements.

The subcommittee applauds the CFPB for expanding the definition of “rural,” as it has been extremely helpful for improving access to credit in members’ communities. Members of the subcommittee suggested that the Bureau should consider granting similar exemptions for HMDA, as it is negatively impacting institutions with limited resources. Some smaller financial institutions have exited the mortgage market due to new regulations and compliance cost. In rural areas it is more dramatic, as the population is moving to urban areas with better job opportunities. The subcommittee has noticed that 100% loan-to-value products are making a comeback, specifically products, such as HomeReady, from the government sponsored enterprises. While the underwriting standards are less liberal than pre-crisis low down payment products, the Bureau should pay close attention to these products.

From June 2017 to September 2017, the subcommittee focused on the Bureau’s work on small business lending data collection work as it implements Section 1071 of the Dodd Frank Act. Subcommittee members highlighted that many community banks are located in underserved areas and serve low-to-moderate income consumers. Future CFPB regulation may represent additional burden to smaller financial institutions and might force some institutions out of the small business lending space, impacting access to credit for these consumers.

Committee members suggested that as the Bureau embarks with this new small business lending data collection, the CFPB should be very careful when implementing revenue or asset thresholds; committee members suggested that a one million dollar asset threshold is too broad. We are looking forward to future conversations on how to determine revenue and small business loan balance thresholds for a potential new data collection rule.

Members are interested in engaging the Bureau in more productive small business lending data collection conversations and are looking forward to connecting with staff during the upcoming policy meetings. Committee members stated that data collection in the small business lending space will be extremely difficult and costly for community banks. Members stated that it is hard to understand why the Bureau is requiring banks to comply, even though this is a business lending product; they believe community banks should be exempt. The Subcommittee Chair reminded the members of the importance of collaborating and contributing with proactive

feedback during the ongoing mortgage assessment plans. It is essential for the membership to opine and advise the Bureau about how these rules are impacting lending and consequently hurting consumers' access to credit.

In August 2017, Subcommittee Chair Jack Hopkins transferred the leadership roles to the new Chair, Ricky Leal. In addition, new members joined the subcommittee between June and September 2017.

In September 2017, the subcommittee closed the reporting year by focusing on regulatory burden conversations and interacting with Bureau staff regarding small business lending. Members reminded staff that some banks have exited mortgage markets due to the current regulatory environment. The Bureau should consider providing additional carve outs to community banks, since these institutions were not responsible for the housing collapse. Consumer cost is increasing due to new regulations. In addition, some small institutions are shutting down or are being acquired by larger players. In regards to small business lending data collection, members noted that the Bureau must be aware that 40-80% of these banks' core business comes from small business lending. Members warned that adding additional reporting requirements in addition to new HMDA mandates may be detrimental to lending. Members suggested that this new data might be beneficial, but it will slow down the lending process drastically and could impact access to credit. Members thought that community banks may lose small business lending opportunities to larger banks or online companies. Additionally, it is unclear what role the Small Business Administration (SBA) will have during this small business lending rule-making process; it might reduce regulatory burden for small financial institutions to use available demographic data already collected by the SBA in lieu of complying with new Bureau data collection mandates.

Date	Type	Topic
November 16, 2016	Conference call	HMDA, Mortgage Servicing and Mortgage Origination.
March 16, 2017	Conference Call	HMDA, Know Before You Owe (TRID), Mortgage Origination.



April 25, 2017	In person breakout session	Section 1071- Small Business Lending Data.
August 10, 2017	Conference Call	New subcommittee leadership and Section 1071- Small Business Lending Data.
September 28, 2017	In person breakout session	New subcommittee membership; regulatory burden, HMDA and Section 1071- Small Business Lending Data.
October 12, 2017	Conference Call	HMDA and Planning Conversations.

# 3. Conclusion

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

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

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

**Vice Chairperson, Angela Beilke** currently serves as Vice President - Mortgage Banking Manager at First PREMIER Bank in Sioux Falls, South Dakota and has more than 16 years of experience. Ms. Beilke has extensive knowledge and expertise in Mortgage and Community Banking, including mortgage servicing law, mortgage accounting, supervisory management and Federal regulatory compliance. Her experience has allowed her to direct and navigate through an ever changing business environment, while staying dedicated to serving the customer, lending in underserved areas, and applying sound practices, policies and procedures. She enjoys serving the community and participates in various non-profit committees and volunteer projects. First PREMIER Bank has 17 locations in eastern South Dakota and is one of the strongest capitalized, top-performing banks in the country.

**Jonathan "Jon" T. Allen** currently serves as Chief Compliance Officer at People's Intermountain Bank, and has been a bank compliance officer for 16 years. He oversees consumer protection, Community Reinvestment Act, and third-party risk management for that bank. Jon is an attorney and a former member of the American Bankers Association's Compliance Administrative Committee and teaches personal finance as an adjunct at Utah Valley University and Brigham Young University. Before his current role, he was a commercial and consumer loan officer and branch manager at a community bank.

**Melissa A. Ballard** currently serves as Vice President and Director of First Iowa State Bank in Albia, Iowa. Ms. Ballard's experience includes lending compliance, fair lending, community reinvestment, and risk management. She is a member of the Iowa Bankers Association having served as the chairman of the IBA Leadership

---

<sup>3</sup> Community Bank Advisory Council biographies reflect the membership of the CBAC between September 2016 and October 2017.

Institute. Ms. Ballard is also a member of the Independent Community Bankers of America holding certifications as a Certified Community Bank Compliance Officer and Certified Community Bank Internal Auditor. She is a board member of the Great Prairie Area Education Agency and is a hospice volunteer with HCI Care Services.

**Menzo D. Case** currently serves as President and CEO of Seneca-Cayuga Bancorp, Inc. – the publicly traded parent corporation of Generations Bank. Generations is a \$275 million bank headquartered in Seneca Falls, with 10 offices located throughout the Finger Lakes Region and offers a full line of banking services, personal and business insurance through its wholly owned subsidiary, Generations Agency, and brokerage and financial planning via its Generations Investment Services operations. Menzo has been with Generations since 1999 and has 28 years of industry experience. He serves as a Director on the following Boards: The National Women's Hall of Fame, Catholic Charities of the Finger Lakes, Habitat for Humanity of Seneca County, Finger Lakes Health, Merry-Go-Round Theater, Finger Lakes Christian Fellowship and the Seneca Falls Economic Development Corporation.

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

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

**Linda Feighery** currently serves as Vice President – CRA/Fair Lending Officer at Citywide Banks, a \$1.3 billion asset community bank in Denver, Colorado that has been serving the community for 53 years. Ms. Feighery has 30+ years banking expertise in the areas of regulatory compliance, fair lending, consumer finance and community development and has held various positions for a myriad of corporate and community banks located in several states as a Compliance Officer, Fair Lending Officer, CRA Officer, BSA/AML Officer, Credit Officer (consumer & commercial) and Branch Manager. Ms. Feighery has served on several nonprofit community and economic development boards and committees and currently serves on nonprofit boards AllHealth Network and Behavioral Healthcare Inc. and also serves on the

Financial Services Advisory committee for nonprofit Mi Casa. Additionally Ms. Feighery has been involved with volunteer opportunities for nonprofits and public schools in the capacity of spearheading and providing financial education in the areas of consumer finance and consumer protection.

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

**Brenda K. Hughes** currently serves as Senior Vice President, Director of Mortgage and Retail Lending for First Federal Savings Bank in Twin Falls, Idaho, a 101-year old community bank. Brenda, who is actively involved in the mortgage industry, has been in banking since 1987 and has worked in many facets of management, lending, and operations. Currently she is charged with oversight of all aspects of mortgage and consumer originations, processing, underwriting, loan servicing and investor management. Brenda serves on First Federal's Senior Management Committee, Compliance Committee, ALCO, Asset Classification Committee, and EDP Steering Committees. Brenda also serves on the American Bankers Association Mortgage Markets Committee; serving as Chairman from March 2013 to September 2014, American Bankers Association Community Bank LLC committee member, and Freddie Mac's Community Bank Advisory Board. Brenda is active in her community and is a past board member of many other worthy associations.

**Dion Kidd Johnson** currently serves as President, Chief Operations Officer, and Chief Risk Officer at Western Bank, Alamogordo, NM. She also serves on the Board of Directors of the bank. Ms. Kidd Johnson served as Chairman of the Independent Community Bankers Association of New Mexico, and currently serves that organization as a member of the board. She is currently the Chairman of the New Mexico Student Guaranteed Loan Corporation, and Chairman of the Educational Assistance Foundation's Audit Committee. Throughout her banking career, Ms. Kidd has served in various capacities as a consumer advocate. She is currently a Member of the State of New Mexico Land Title Trust Fund Advisory Committee, appointed by Senator Mary Kay Papen, and is a past member of the State of New Mexico's Mortgage Task Force Committee, appointed by New Mexico State Senator, Michael Padilla. She is also a past member, and past Chairperson, of the State of New Mexico Manufactured Housing Committee, appointed by Governor Gary Johnson. Ms. Kidd actively serves her community, advocating for Holloman Air Force Base, and White Sands Missile Range. She is the current Chairman of the Alamogordo Chamber of Commerce's Committee of 50 and serves as the current

Chairman of the Area Regional Military Support Committee "ARMS". She currently serves as an Honorary Commander for the 16<sup>th</sup> Training Squadron for the RPA Training program at Holloman Air Force Base in Alamogordo.

**Ricardo “Ricky” D. Leal** currently serves as Senior Vice President of First Community Bank, Harlingen, TX; a community bank with 9 locations throughout the south Texas Rio Grande Valley. He joined the company in 2005 and is responsible for commercial/consumer lending, branch management and asset/liability management. Mr. Leal currently serves as Chairman of the Valley International Airport Board and has served in leadership positions of several other local and state organizations. Prior to banking Mr. Leal served 5 years active duty as a Munitions & Missile Maintenance Officer in the United States Air Force.

**Cara L. Quick** currently serves as Vice President for Compliance, CRA Officer, and BSA Officer of First Hope Bank, NA, a 6 branch bank in Northwestern New Jersey where she has worked for the past 30 years. She currently serves on the New Jersey Bankers Compliance/CRA Committee and previously served on the ABA Compliance Administrative Committee. Ms. Quick currently serves as an instructor for the ABA National Compliance School. Ms. Quick holds the designations of a Certified Regulatory Compliance Manager and Certified AML and Fraud Professional. She has served on the Housing Task Force for Norwescap since 2005.

**Cal Ratcliff** is the Chief Compliance Officer at Bank of North Carolina, a \$5.7B financial institution serving the needs of communities in NC, SC and VA. In this role he oversees all aspects of Fraud, physical security and Compliance (including BSA, CRA and Fair Banking). His 34 year banking career has spanned large commercial banks as well as community and regional banks. His experience has been primarily spent in varying areas of risk management, with the last seven years focused on Compliance. Mr. Ratcliff has served on numerous nonprofit boards as well as varying positions in banking trade groups including the MidSized Bank Coalition of America (MBCA) and the Consumer Bankers Association (CBA), where he served as chairman of the CFPB Committee.

**Trent Sorbe** leads the Central Payments Division of Central Bank of Kansas City. He has over twenty years of prepaid and consumer credit experience. In addition to his leadership and administration roles, Trent is actively involved in new product innovations, business development, and regulatory compliance at the bank. Trent is the inventor on 14 patents for various processes and methods associated with consumer financial services. Trent’s career path includes senior positions at three nationwide payment card issuers and the FDIC. He is also a Certified Risk Professional and Certified Regulatory Compliance Manager. Trent attended Northwestern College and graduated with a B.A. in Political science and Business Administration in 1993.

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

an active volunteer and community board member for a number of organizations and is a gubernatorial appointee to the Banking Review Board for the State of Wisconsin.

**Steven J. Swiontek** currently serves as Chairman, President and Chief Executive Officer, is a graduate of North Dakota State University with a degree in Business Economics. He joined Gate City in 1978 as a management trainee. In 1979, he was named Personnel Officer and in 1980 Assistant Personnel Manager. Steve was named Office Coordinator in 1983 with the responsibility of directing activities in nine of the Bank's offices. In 1993 he was named Director of Administration and was elected to the Board of Directors and named President in 2000 and named Chairman, President and CEO in 2001.

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

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





# Community Bank Advisory Council written statements

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

## Cal Ratcliff

Manny Mañón  
Policy Analyst  
Office of Consumer Advisory Board and Councils -External Affairs  
1275 First Street NE. # 1225-A  
Washington, DC 20002

August 14, 2017

Dear Mr. Mañón,

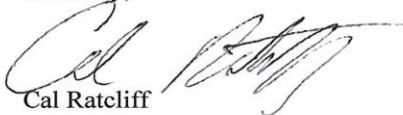
I am pleased to have the opportunity to provide a statement for the Community Bank Advisory Council (CBAC) 2017 annual report. I am coming up on the end of my first year on the Council and now have a better understanding and appreciation of the role and efforts of the Council.

I have been impressed with the active discussions around a number of important issues. Everything ranging from Auto Lending, HMDA, ever flowing Mortgage Rules to Overdrafts and the Rule Making Agenda have been discussed. I generally feel that the Bureau as a whole and the staff individually are interested in and appreciate comments and feedback from the CBAC members.

I do wish that the terms of service were extended to three years. With the current two-year term limits and only two in person meetings a year, it is hard for the Council and sub-committees to get to know each other and develop the working relationships needed to be truly productive.

I have enjoyed my first year as a Council member and look forward to a busy and productive second year.

Sincerely,

  
Cal Ratcliff



August 31, 2017

Manny Mañón  
Policy Analyst, Advisory Board and Councils Office – External Affairs  
Consumer Financial Protection Bureau  
1275 First Street NE. #1225-A  
Washington, DC 20002

Dear Mr. Mañón,

Thank you for the opportunity to submit this written statement in support of the 2017 Community Bank Advisory Council (CBAC) Annual Report. I have served on the CBAC since September of 2015 and it has truly been an honor and a pleasure. I commend the Bureau for establishing the CBAC as a formal connection to community banking, an industry that plays such a critical role in providing consumer credit in our country.

This year the CBAC provided meaningful feedback on many consumer credit topics including financial education, access to financial records, alternative data, debt collection and small business lending markets. In addition, the CBAC received briefings and provided feedback on various rulemakings including changes to Home Mortgage Disclosure Act data collection.

It has been my position for some time that the CFPB and community banking industry share many of the same overarching goals. We each have a sincere desire for Americans to transact in honest and transparent consumer marketplaces. For real community bankers, there is no other way than to engage customers in personal relationships and mutually beneficial financial services. This important dialogue will lead to enhanced, right-sized rulemaking and sustainable financial product offerings.

I have sincerely enjoyed our exchanges to date and look forward to our important work ahead. Thanks again for the opportunity to participate in this meaningful council.

Respectfully,

A handwritten signature in blue ink, appearing to read "Ricky Leal", is written over a light blue horizontal line.

Ricky Leal  
Senior Vice President



August 31, 2017

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

Dear Director Cordray,

Creating the Community Bank Advisory Council should be recognized as a great service towards moving ahead with collaborative efforts in balancing Consumer Protection without stifling availability of credit to Consumers.

It is much appreciated that the CFPB staff engage fully with the Community Bank Advisory Council.

Community Bankers have the experience of rolling out a Regulation/Rulemaking change and know the time, effort, communication and dedication it takes. We also know the impact it creates. This gives us the resolve and knowledge to help ensure the changes are helpful to our consumers now and in the future. We are dedicated to meeting the lending needs of our communities.

This year we have given feedback on many projects that the CFPB is exploring including subjects as HMDA, Consumer Access to Financial Records, Alternative Data, Financial Education, KBYO, ATR/QM to name a few.

We have been involved in many phone calls, emails, and in person meetings.

I believe that the CBAC feedback and thoughts on rulemaking help increase understanding from both the Bureau and Banking prospective and joins us in ultimately ensuring consumers have access to financial products and services.

It has been a pleasure this year to work with the CFPB Staff and CBAC members. I am looking forward to next year.

Sincerely,

A handwritten signature in red ink that reads 'Angela C. Beilke'.

Angela C Beilke  
VP/Mortgage Banking Manager  
First PREMIER Bank



**People's  
Intermountain  
Bank**

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

September 5, 2017

Dear Mr. Mañón:

In connection with the Consumer Financial Protection Bureau's requirement under the Federal Advisory Committee Act to issue an annual report for its advisory committees, and pursuant to your invitation, I am pleased to submit this written statement expressing my thoughts about my time and service on the Bureau's Community Bank Advisory Council ("CBAC") for the period of October 1, 2016 to September 30, 2017.

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

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

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

Sincerely,

Jon Allen  
VP/Chief Compliance Officer



September 5, 2017

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

Dear Director Cordray:

I would like to personally extend my gratitude for the opportunity to serve on the Community Bank Advisory Council (CBAC) over the past three years. It has been a privilege to contribute to the discussions that shape this nation's financial consumer protections and regulations. In addition, it has been an honor to preside as the CBAC Chair this past year.

In my experience, the CBAC is an effective tool for the Bureau to receive input in the regulatory process to enable banks to better serve and protect consumers. Of the many topics covered over the past year, ranging from mortgages, consumer lending, cards, payments and deposit markets, I believe that the council members have provided valuable insight to bureau staff. Creating effective consumer regulation is a difficult task. It requires a productive balance between congressional mandates, consumer protections and industry realities. CBAC is a critical element to achieve such a balance in the rule making process.

Thank you for this opportunity. It has been a privilege to serve on the CBAC.

Sincerely,

David Reiling  
Chairman & CEO  
Sunrise Banks N.A.

2525 WABASH AVENUE, ST. PAUL, MN 55114 | 651.259.2200 | [SUNRISEBANKS.COM](http://SUNRISEBANKS.COM) | MEMBER FDIC



September 6, 2017

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



Dear Director Cordray:

In connection with the Consumer Financial Protection Bureau's annual report regarding the Bureau's Community Bank Advisory Council (CBAC), and pursuant to your invitation, please accept this written statement expressing my thoughts about my time and service on the CBAC for the period October 1, 2016 through the above date.

The issues reviewed by CBAC this past year that peaked my interest included:

- Anticipated costs involved to implement planned changes in HMDA data submission and the new HMDA submission process;
- Effects of home mortgage disclosure changes made on processing and whether the changes were helpful to consumers;
- Costs incurred by consumers for overdraft programs and potential regulations pertaining to same with an emphasis on improving consumer disclosure;
- Payday lending and other high cost consumer lending;
- An overview of auto lending practices;
- Improving collection processes especially when involving a third party collector; and
- Ideas for increasing financial literacy – beginning with school age children.

There was a robust discussion around the table for each of the issues raised. The CBAC members were able to provide an overview of the improvements noted, processes that changed and unintended consequences and divergent enforcement of the most recently implemented regulations – especially with regard to the above items. The CFPB staff provided a very nice forum for the discussions and made thoughtful inquiry related to the issues raised. In addition, they followed up promptly on any pending items.

As a banker at a community bank, I have found it better to be reserved when speaking to our primary regulator. Having active and engaged community bankers at the table to discuss existing and pending regulation via the CBAC gives me and many others an avenue for not just expressing an opinion but hopefully to shed light on matters that need to be considered to better protect consumers. I believe this interaction is effective.

I appreciate that the CBAC is not required, and I hope that you continue your efforts to build a bridge between those creating and enforcing regulation to those charged with implementing the same. I look forward to the next year with the CBAC and appreciate the opportunity to serve in this capacity.

Sincerely,



Menzo D. Case  
President & CEO

[mygenbank.com](http://mygenbank.com)



July 26, 2017

The Honorable Richard Cordray  
Director  
Consumer Financial Protection Bureau  
1275 First Street, NE  
Washington, D.C. 20020

Dear Director Cordray:

Thank you for the opportunity to participate in the Bureau's work through my role as a member of the Community Bank Advisory Council ("CBAC"). The impact of the Bureau is far-reaching so your hard work to "get it right" is important to your many stakeholders. That responsibility is reflected in the interaction between Bureau staff and CBAC members in all meetings and communications which are always committed and professional.

I was not fully sure what to expect in the beginning but CBAC orientation provides excellent insight into the work of the Bureau and enables members to be immediately productive. The annual calendar of meetings, whether in-person or teleconference, is well structured and gives members time to research subject matter and prepare informed feedback. The overall structure of the Council provides an important forum for community banks to interact with the Bureau from the very beginning of the rule-making process.

I look forward to working with my community bank colleagues during the coming year on the work of the Bureau and CBAC sub-committees. There are rule-makings that have begun that need to be resolved and there are existing rules that require monitoring and evaluation. CBAC members remain ready for their role in that work.

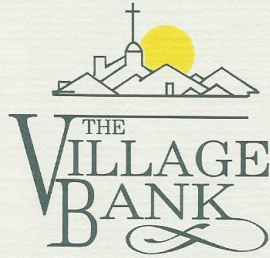
Sincerely,

Settlers bank,

A handwritten signature in black ink, appearing to read 'Thomas E. Spitz', written over the printed name.

Thomas E. Spitz  
Founder & CEO





As a second year member of CBAC, I would like to reiterate the importance of serving on the council. As regulations are implemented throughout our industry, I feel it is necessary that bankers fully appreciate the power the CFPB enjoys over the banking community throughout the country. It is also vitally important the CFPB understand how every new regulation they consider impacts not only the banks but also the consumers whom those banks serve. Communities and banks throughout the United States are vastly different in size and structure, with a variety of different social issues. Serving on the Community Bank Advisory Council brings the opportunity to share with the Bureau those differences not only in urban areas but also in those rural communities, with small financial facilities tucked away in thousands of small towns in America. With the fear that these institutions are just one new regulation away from selling out or merging, the ability to speak out and express my opinion concerning the impact of their rule making, has been at times a challenge, but none the less essentially important to the economic success of the consumers in those small towns. I thank the Bureau and Director Cordray for extending this opportunity to me and hope many other rural bankers will apply and serve on the Community Bank Advisory Council.

Kathleen Cook  
President/CEO  
The Village Bank



September 14, 2017

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

Dear Director Cordray:

It is with deep appreciation to have this opportunity to provide a written statement expressing my thoughts about my time serving on the Bureau's Community Bank Advisory Council (CBAC) for the period of September 2016 – September 2017.

When I joined the CBAC I had preconceived thoughts about the Bureau and its work, as a bank compliance professional for over 18 years it was my impression that the Bureau's rulemaking was only adding additional regulatory burden for community banks. I have expressed my thoughts and tried to provide meaningful input to the Bureau since I have experienced firsthand the implications of regulatory reform. It has been my experience that the Bureau frequently solicits and encourages feedback from the CBAC and does take its input into consideration when implementing regulatory rulemaking.

It has been my privilege to serve on the CBAC and learn more about the Bureau's purpose and goals. My impression of the Bureau and its staff has been enlightened and I have a better understanding of its objective to protect consumers that have been financially harmed and simultaneously understand the challenges community banks are experiencing due to the regulatory environment. I believe the Bureau serves an important role and it is my desire to continue my service with the Bureau's CBAC to the best of my ability.

Respectfully,

Linda Feighery  
Vice President, Compliance



*Benj. F. Puckard*

## Bath Savings Institution

*Since 1852*

The time I have spent as a CBAC member has given me the opportunity to express areas of concern facing community banks in my state of Maine.

The collaboration with other bankers and CFPB staff members working professionally with common goals is a productive experience. While direct results may not be entirely and immediately evident, the process itself is reassuring.

I believe we are heard as representatives from various areas of the country with varying demographics, banking services and types of customers. It is important that we are heard and seen as advocates for our industry.

The collaborative approach with the CFPB is a first step to realize this goal.

Thank you

Julia

105 FRONT STREET, PO BOX 548, BATH, MAINE 04530

TEL. 207-442-7711 FAX 207-442-9137

1-800-447-4559

MEMBER FDIC