

Consumer Advisory Board Meeting

August 11, 2021

Meeting of the CFPB Consumer Advisory Board

The Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board (CAB), met via WebEx at 1 p.m. Eastern on August 11th, 2021.

Advisory committee members present	CFPB staff present
Consumer Advisory Board	Acting Director David Uejio
Chair Eric Kaplan	Robert Cameron
Joaquin Altoro	Kristen Evans
Nikitra Bailey	Feng Liu
Lorray Brown	Manny Mañón
Nadine Cohen	Barbara Maurice
David Ehrich	Mark McArdle
Mae Watson Grote	Terry Randall
Timothy Lampkin	Jessica Russell
Leigh Phillips	Patricia Scherschel
Jean Setzfand	Kristin Wong
Rebecca Steele	
Timothy A. Welsh	

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Welcome

David Uejio, Acting Director

Manny Mañón, Staff Director, Section for Advisory Board and Councils, Office of Stakeholder Management

Eric Kaplan, Chair, Consumer Advisory Board, Chair

CFPB Section for Advisory Board and Councils Staff Director Manny Mañón convened the consumer advisory board meeting and welcomed committee members and members of the public. Manny provided a brief overview of the meeting's agenda and introduced CFPB Acting Director, David Uejio. Acting Director Uejio provided remarks on the Bureau's priorities, focusing on mortgage challenges during the pandemic, work and development around the pandemic recovery, the Bureau's mortgage servicing final rule, HMDA, and student lending. Following Acting Director Uejio's remarks, CAB Chair Eric Kaplan welcomed attendees and explained the advisory committees' mission and expressed his appreciation for being able to serve as Chair of the CAB.

COVID-19 Session: Recent Bureau Research on Mortgage Challenges; Mortgage Servicing Final Rule Overview; Work/Development on Recovery Related Bureau Resources; and Consumer Response Compliant Snapshot

Mark McArdle, Assistant Director, Office of Markets

Kristin Wong, Financial Analyst, Office of Markets

Terry Randall, Senior Counsel, Office of Regulations

Jessica Russell, Program Manager, Office of Markets

Barbara Maurice, Senior Product and Strategy Advisory, Office of Consumer Response

This session began with staff from the Office of Markets presenting on mortgage market challenges in relations to COVID-19. Staff shared data about the current stage of the mortgage markets, discussed current and future risks, and highlighted vulnerable populations.

Following the first portion, staff from the Office of Regulations presented an overview of the Bureau's mortgage servicing final rule, which took effect on August 31st, 2021. During this portion, staff discussed the four key amendments to Regulation X, all of which encourage borrowers and servicers to work together to facilitate review for foreclosure avoidance options.

During the third part of this session, staff from the Office of Markets presented on COVID-19 recovery related Bureau resources. During this presentation, staff shared updates and resources related to its interagency partner launched one-stop website for information to help homeowners and renters understand and access the help they need.

Lastly, staff from the Office of Consumer Response provided a presentation on snapshots of what has been gathered from the Bureau's complaint system, specifically related to the time frame since the declaration of the national emergency date of March 2020, in which there have been 900,000 consumer complaints filed.

Committee members provided feedback following the recent Bureau research on mortgage challenges presentation. Many members expressed their concerns with underserved populations and the challenges that they are facing. A member raised the question of what we should do about the people that haven't gotten back on their feet, or haven't resumed their employment, and those that are still in a vulnerable position. A member inquired about how we go about reaching those that are not in regular dialog with their servicer. A member mentioned that when we're thinking about housing, we need to make sure people continue to be housed and we need to be extra vigilant, we need to do more. The member also mentioned that it would be catastrophic if we end up allowing members as communities to be unhoused especially during an ongoing global pandemic and economic crisis. A member said that servicers don't always communicate clearly with borrowers about their post-forbearance options. A member mentioned that their institution is working hard to make sure they are in contact with borrowers to reach solutions that work for them. A member asked what is being done now to encourage servicers' voluntary compliance to protect families from being evicted and foreclosure proceedings. A member inquired if the Bureau is taking into consideration a type of influencer campaign where we can learn from the efforts the administration has already utilized with respect to helping people with the forbearance process and rental assistance.

Committee members provided feedback following the mortgage servicing final rule overview presentation. A member suggested that the Bureau offer more instructions and education from a standardized perspective with respect to a centralized connection. A member inquired about the options and asked how we go about connecting servicers with borrowers. A member mentioned that more work needs to be done to assist HUD housing counselors. A member said that we need to look at servicer communication to try and avoid confusion and to provide information about the actions the consumer needs to take. That member also stated that options need to be provided in simple terms. The member further mentioned that electronic outreach isn't always the best means of communication because some homeowners and borrowers don't have access to broadband or email.

Committee members provided feedback following the work and development on recovery related Bureau resources. During this discussion many members expressed their thanks and commended the Bureau for the remarkable work it did with the inter-agency collaboration effort on the creation of the portal, which they indicated is a tremendous resource for everybody. A member said that we have to be very cautious about the state of the economy and what the resources are to really understand that not all communities are sharing in an equitable way, as the Black, Latino, and Asian unemployment rate is still much higher than the White unemployment rate (mostly front-line workers). A member said that there has been tremendous collaboration between the industry, advocates, think tanks, and nonprofits, and that the Bureau is trying to create pathways to reach the most vulnerable borrowers. A member acknowledged the CFPB for the incredible work that they're doing with regards to the rental assistance finder and stated that there has been a tremendous response to the pending eviction crisis that consumers in the United States are facing.

Committee members provided feedback following the consumer response complaint snapshot. Many members were very appreciative of this presentation and information. A member asked if the Bureau plans to establish an inter-agency group that could create a centralized escalation point for borrowers who need help reaching out to their servicers. The member further mentioned that there are many low-income and unsophisticated borrowers who are not comfortable with computerized complaints because they don't feel they're getting a real response. A member inquired about what the Bureau is seeing about vulnerable constituents, and who is or isn't submitting consumer complaints. A member said that they expect the volume of complaints to increase in September, and that member stated that it would be great to

see a centralized place where the Bureau could receive these complaints. A member mentioned that there should be a single point of reference at the Bureau to address massive concerns and communication issues between servicers and homeowners which would resolve issues effectively. A member asked if the Bureau is seeing any regional trends in the data and asked if the Bureau is tracking the data in regional ways that can be shared with state and local government agencies. A member voiced their concern about spikes in consumer complaints regarding economic impact payments deposited into people's accounts. Another member similarly expressed their concern about this issue.

HMDA Session: A Conversation about 2020 Mortgage Lending Data

Feng Liu, Senior Economist, Office of Research

Staff from the Office of Research presented a HMDA session on 2020 mortgage lending data. During this session staff shared background information on HMDA. HMDA is a data collection, reporting, and disclosure statute that was first enacted in 1975. HMDA data are used to assist in determining whether financial institutions are serving the housing needs of their communities; to assist public officials in distributing public-sector investment so as to attract private investment to areas where it is needed; and to help identify possible discriminatory lending patterns and enforcing antidiscrimination statutes. Staff also noted that the 2020 HMDA data are the third year of data that incorporate amendments made to HMDA by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA) and 2015 HMDA Rule. During the past year, with the COVID-19 pandemic and historically low interest rates, the mortgage market saw significant overall growth, led by a refinance boom. Staff shared trends about the current state of the mortgage market based on the 2020 HMDA data.

Committee members provided feedback following the presentation. Multiple members discussed discrimination and disparities that they have been seeing in the mortgage and housing lending marketplace. A member stated that public policies have determined who is going to win and be successful. This member expressed that we have a history of discrimination, particularly in the housing sector that has disadvantaged many Black and Brown communities and that when talking about solutions, in terms of addressing disparities, we should understand that they need to be policy driven with equity-centered approaches to the challenges prevalent in the marketplace. A member said that we are seeing the effects of these data on the ground and that data have not changed in many years. In this member's area, the rate of Black homeownership

has not increased in years and the member wanted to emphasize the enforcement part of this; taking this data and bringing some action against those that use different standards for people of color. A member inquired if the Bureau has the resources to focus on specific geographic areas, or if we have the data in the aggregate. Looking at specific markets and bringing enforcement actions on those levels will send a message, according to this member, who expressed hope that maybe that will change things or cautioned that otherwise we will continue to see the same data. The member noted that in 1992, the Federal Reserve Bank of Boston found that people of color were 60% more likely to be denied mortgages compared to similarly situated White people and stated that they weren't sure we see a lot of difference now and urged the Bureau to be more aggressive. Another member said that HMDA data, among other things, are used to assist in determining whether financial institutions are serving the housing needs in their local communities and helping to identify possible discriminatory patterns. The member continued that, regarding the impact of the pandemic on the housing market and affordability and supply issues, there is disproportionate impact on Black and Brown communities. The member stated that if we don't find solutions to the issues we're facing, we risk having another generation lost. A member thanked the Bureau for utilizing HMDA data for the disaggregation of data for race and ethnicity; particularly for the AAPI community. The member noted a history of federal policies that benefited some, but not all Americans and requested that when we look at HMDA data, and do analysis by credit score, to remember that credit scores have baked in the history of discrimination in lending markets and that rental payments often aren't considered which disqualifies many families. The member stated that, during the Great Recession, many Black and Brown consumers were steered into risky loans even though they qualified for credit on safer, more affordable terms. The member continued that they got pushed out of the mortgage market; this had a disparate impact on credit profiles; and that these communities lost a trillion dollars in wealth that they have yet to recover. The member continued that, compounding this, post-Great Recession extra caution and overlays from lenders have denied the market to borrowers it could have well served.

Another member highlighted that we don't typically see robust enforcement of Fair Lending tools; these tools can protect consumers and help the economy overall. The member stated that reports from last year indicated that discrimination in housing cost Black Americans \$16 trillion over the last 20 years. The member stated that if we take steps to address this discrimination, we could grow the GDP about a trillion dollars a year and create billions in local revenue. A member said that terms of creating an equitable/inclusion market, it should not matter who you

are; it should matter if you can sustain the debt. The member stated that that goes for the parts of the system that have built-in biases and legacies of discrimination. The member continued that there are things that can be done now; there are things that require a generation to kick in. The member stated that they all go to the issues at hand in terms of solving racial disparities and inequities in our system.

Several members discussed the importance of financial education. A member said that the Bureau is doing a terrific job on rental and landlord work on financial education. The member stated that education is the first step. The member inquired if the Bureau is thinking about action support to go along with education and what might help people with a trusted advisory to build a roadmap to get more credit. A member stated that in October of 2020, a panelist at a Milken conference said financial literacy is the new civil rights issue of our time. The member stated that we can only go so far if we don't create financial capability across the board, and that what comes out of the making ends meet survey is an example of how the Bureau touches people's lives. A member said that with the increasing lack of affordability in housing and supply problems, there are implications for renters and the notion of cost burden, noting that this goes back to the question – Do you have enough money to make ends meet? The member stated that renters are much more likely to be cost burdened with housing than homeowners, that there is a wealth gap between renters and homeowners and that we stand to have another generation of people who have not attained financial empowerment (exacerbated by the pandemic).

Student Lending Session: Overview of the Annual Report of the CFPB Private Education Loan Ombudsman 2020 and Recent Bureau Work on Student Lending

Robert Cameron, Private Education Loan Ombudsman, Director's Front Office

Patricia Scherschel, Student Lending Program Manager, Office of Markets

Kristen Evans, Section Chief, Students and Young Consumers, Office of Consumer Education

During this last session of the day, the Bureau's Private Loan Ombudsman provided an overview of the 2020 Annual Report of the CFPB Private Loan Ombudsman.

Following the first portion, the Office of Consumer Education and the Office of Markets presented on current work that the Bureau is doing regarding student lending and student loan repayment updates. The COVID-19 pandemic and economic downturn have caused financial disruptions for young people and students. Federally held student loans were placed in an administrative forbearance with interest suspension. Additionally, many private student lenders have offered flexible repayment options to borrowers who may be experiencing financial difficulty as a result of the pandemic. As these relief options expire or as borrowers approach their forbearance and deferment limits and must begin repaying, we may see an increase in delinquency and default. The Bureau is dedicated to assisting student loan borrowers when they are required to resume repaying their loans. The Bureau is coordinating with the Department of Education to create and disseminate information to borrowers as well as conduct outreach to those impacted.

Committee members provided feedback following the presentation. Members commended the Bureau for its continued work in this area. Many members echoed that that this is a very important topic, not just for now, but for the future.

Several members discussed the importance of financial literacy and how important it is in knowing how much they are going to have to owe as to what they will make after tax income to be able to afford payments. They noted that credit counselors and tools can help as a resource once they complete their education. A few members mentioned that they themselves used the Paying for College tool and found it to be very helpful and have shared this tool with others. A few members said that the Bureau should amplify the resource as this will help people. A member highlighted that they sit on a non-profit board for an organization that is student facing and designed to help high school guidance counselors. The member described the services this organization provides.

Several members discussed disparities in the racial wealth gap and stated that structural racism in the housing sector has really had an effect on student loans and higher education; that Black and Brown students must take on more debt and this is growing not decreasing; that these disparities are keeping people from bringing their debt down; and that we need to give people fair opportunities and have structural solutions to provide a fair chance to all. A member highlighted student debt with their customers and found that people of color suffer

more than White borrowers; White \$25,000 – Black \$70,000. The member inquired if there are similar trends out there and is this true of all Black borrowers.

Several members discussed college endowments being at record levels. A member asked why this isn't the colleges' responsibility too. A member mentioned that some schools have larger endowments that are currently using these endowments as grants for particular low to moderate income students.

A member mentioned that there are two forms of debt (1) medical and (2) student debt, that affects the younger generation, even the parents and grandparents, and stated we must focus on cost burden. Another member added that the impact of student loans is felt across generations, that parents and grandparents are assuming the financial burden across the board, and that as to their constituents, they are seeing housing and student loans being the major issue.

Adjournment

Staff Director Manny Mañón adjourned the meeting of the CFPB advisory committees on August 11, 2021 at approximately 5:00 p.m. EDT.

Certification

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



Manny Mañón
Staff Director, Advisory Board and Councils
Section
Consumer Financial Protection Bureau



Eric Kaplan
Chair, Consumer Advisory Board