Facilitating the LIBOR Transition by Amending Regulation Z

Comments

to the
Consumer Financial Protection Bureau

regarding
12 CFR Part 1026
Docket No. CFPB–2020–0014, RIN 3170–AB01
85 Fed. Reg. 36,938 (June 18, 2020)

by the

National Consumer Law Center
on behalf of its low income clients

with

Americans for Financial Reform Education Fund,
NAACP,
National Community Reinvestment Coalition (NCRC),
National Fair Housing Alliance,
and
Student Borrower Protection Center

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The National Consumer Law Center (NCLC) submits the following comments, on behalf of its low-income clients, along with Americans for Financial Reform Education Fund, NAACP, National Community Reinvestment Coalition (NCRC), and Student Borrower Protection Center.[1] We thank you for the opportunity to comment on this proposal.[2]

Summary: We generally support the Bureau's proposed changes, but much more is required. Both industry and consumers would benefit from a clear deadline for ending use of the LIBOR and for more guidance on the meaning of critical terminology. The rule also needs stronger safeguards for new indices and margin replacements. The disclosure changes are appropriate, but should be expanded to closed-end credit and to cover future index changes.

1. Introduction—A summary of the problem and the proposal

The LIBOR is widely used as an index in adjustable rate consumer mortgages (ARMs).[3] It is also used for credit cards and student loans. The index, when added to a "margin" written into the contract, sets the interest rate charged on the debt. But the LIBOR may cease to exist or become compromised after December 31, 2021.

For certain consumer loans, the Truth in Lending Act and Regulation Z allow creditors to replace the index and margin if the index is no longer available. Most adjustable-rate contracts also include provisions designed to handle that eventuality. These contractual provisions are called "fallback language." Unfortunately, it has become clear that the fallback language in many consumer contracts is inadequate, and that Regulation Z needs adjustment too. For these reasons, the Consumer Financial Protection Bureau has proposed amending Regulation Z to facilitate a transition away from the LIBOR.

The Bureau proposes substantive amendments to—

- §§ 1026.9(c) and 1026.40(f) regarding home equity plans and open-end reverse mortgages;

[1] Each group joining these comments is described in the appendix.

[2] We also thank the Bureau for providing the unofficial redline of the proposed rule. It was very helpful, and we encourage the Bureau to do so with other proposals and final rules in the future.

[3] Including closed-end, open-end, forward, and reverse mortgages.

- §§ 1026.55(b), 1026.59(f) and (h), regarding credit cards; and
- the official interpretations to those sections, as well as § 1026.20(a), regarding refinancing closed-end credit.

These amendments are welcome and mostly appropriate, but they fall short of what is needed. They do not address problems with widely used fallback language, and they do not address existing flaws in the regulations. Unaddressed, these problems could harm millions of consumers and create a class-action nightmare for their creditors.

We support the proposed amendment stating that replacing the LIBOR with the appropriate spread-adjusted SOFR index should not be considered a refinancing.[4] We also agree that the spread-adjusted SOFR indices have historical fluctuations that are substantially similar to the equivalent LIBOR indices.[5] We also support the open-end home equity loan disclosure changes, but they should be extended to closed-end ARMs too.[6]

The most significant omission is failing to ban use of the LIBOR after December 31, 2021 or define the word "unavailable."[7] TILA, Regulation Z, the Official Interpretations, and many contracts say the original index may be replaced if it becomes "unavailable." But there is no agreement on what "unavailable" means. To solve this problem, the Bureau must either define "unavailable" or ban use of the LIBOR after December 2021 in any consumer credit product, including credit cards, student loans, and mortgages. Defining "unavailable" would help avoid future ambiguity for index transitions. However, with respect to LIBOR, we recommend a clear ban. This is the easiest approach and would help both industry and consumers avoid the risks and uncertainty of what could happen next.

A related omission is the failure to provide adequate guidance on the selection of a replacement index and margin.[8] While we thank the Bureau for what amounts to an endorsement of the SOFR, that is not enough because

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[4] Proposed Reg. Z § 1026.20(a)-3(ii)(B).

[5] *See, e.g.*, Proposed Off'l Interp. §§ 1026.40(f)(3)(ii)(A)-2(ii), (f)(3)(ii)(B)-1(ii).

[6] *See* § 5.3, *infra*.

[7] *See* § 2, *infra*.

[8] *See* § 3, *infra*.

creditors may still choose other indices. The Bureau should provide guidance on the meaning of "substantially similar" and "comparable"—two widely used terms in fallback language and the law. In essence, the Bureau should clarify that—whatever index or margin the creditor picks—the change must be value neutral. The change should not raise or lower the interest rate on the loan.

We also encourage the Bureau to make two other changes: 1) restrict use of new indices that lack a track record,[9] and 2) require creditors to use a historical median value rather than the value from a single day when comparing a potential replacement to the original index rate.[10]

2. Prohibit use of the LIBOR after December 31, 2021.

2.1 Continued use post-2021 would be unfair to consumers.

The LIBOR is a benchmark interest rate compiled and maintained by ICE, a private corporation based in London, U.K. According to ICE, the LIBOR is "designed to produce an average rate that is representative of the rates at which large, leading internationally active banks with access to the wholesale, unsecured funding market could fund themselves in such market in particular currencies for certain tenors."[11] Currently the U.S. Dollar version of the LIBOR is based on data submitted voluntarily by sixteen contributor banks.[12] Due to various problems with the LIBOR, the contributors have only agreed to continue submitting data until the end of 2021.[13] After that, nobody knows what will happen.

If ICE stops compiling the data, the LIBOR will unambiguously become "unavailable." Or ICE may continue publishing the index with a reduced panel, resulting in data that reflects the prospects of the remaining contributors rather than the market. Either way, it will no longer be a suitable index for U.S. consumer credit products. For that reason, all consumer credit products should

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[9] *See* § 3.2, *infra.*

[10] *See* § 3.3, *infra*.

[11] ICE website, available at https://www.theice.com/iba/libor.

[12] ICE, available at https://www.theice.com/iba/libor.

[13] U.K Fin. Conduct Authority, The future of LIBOR (July 27, 2017), available at https://www.fca.org.uk/news/speeches/the-future-of-libor; U.K. Fin. Conduct Authority, FCA statement on LIBOR panels (Nov. 24, 2017), available at https://www.fca.org.uk/news/statements/fca-statement-libor-panels.

stop using the LIBOR by December 31, 2021. It will be irresponsible to do anything else.

Consumers have no control over the end of LIBOR. Their only option is to refinance and—particularly with the recent COVID-related disruptions—even that is not a realistic option for many. But, as the Bureau states in its proposed rulemaking, some creditors may also believe that they are powerless—interpreting their contracts in a way that prohibits changes until the LIBOR becomes unambiguously "unavailable." That leaves the Bureau as the only entity with the authority to prevent a potential train wreck.

The solution is to amend Regulation Z to prohibit using the LIBOR after 2021. The Bureau has authority to do so under 15 U.S.C. § 1639(p)(2)(A) and 12 U.S.C. § 5531(c)(1), which both authorize the Bureau to prohibit unfair practices. Under § 1639(p)(2)(A), "The Bureau, by regulation or order, shall prohibit acts or practices in connection with— (A) mortgage loans that the Bureau finds to be unfair [or] deceptive . . . ." Section 5531(c)(1) authorizes the Bureau to "declare an act or practice . . . to be unlawful on the grounds that such act or practice is unfair [if it] "causes or is likely to cause substantial injury to consumers which" consumers cannot reasonably avoid and which is "not outweighed by countervailing benefits to consumers or to competition."

Using the LIBOR as an index for consumer credit products after 2021 will be unfair for several reasons:

- It will no longer serve the purpose intended by the parties when they entered the contract, and if it continues to be published, the rate is likely to be skewed by a reduced panel of participating financial institutions;
- The risk of harm to consumers (i.e., unaffordable payments and foreclosure) is far greater than the risk to creditors (i.e., reduced interest income). Consumers have few tools to protect themselves from an index rate that is no longer representative. By contrast, the typical creditor is more financially sophisticated and able to protect itself through diversification, hedging, and other strategies.
- Replacing the index is a one-sided option that can be used to consumers' disadvantage. Contractually, creditors have the exclusive right to replace the index when it becomes unavailable. Consumers can neither declare the index unavailable nor choose the replacement index. This imbalance allows creditors to game the system at the expense of consumer borrowers. That is, if an unrepresentative LIBOR rate is more favorable to creditors, they would have no incentive to declare the rate unavailable

and replace it with a more appropriate index. Conversely, if the post-2021 LIBOR rate is less favorable to creditors, they could immediately replace it.

For the same reasons, continued use of the LIBOR will also meet the Dodd-Frank Act's definition of abusive: It takes unreasonable advantage of consumers' inability to protect their interests when using consumer financial products, such as mortgages, lines of credit, credit cards, and student loans.[14] Prohibiting continued use of the LIBOR would also help creditors. It would clarify how to proceed and would eliminate any litigation risk they may fear from making the wrong decision (e.g., replacing the LIBOR too soon or too late).

2.2 The Bureau's concerns about declaring the LIBOR "unavailable" are are unwarranted.

In the proposed rulemaking, the Bureau lists several concerns about determining the LIBOR to be "unavailable."[15] For example, the Bureau is concerned about doing so when the LIBOR's regulator (the Financial Conduct Authority or FCA) has not done so; the risk of unintended consequences for other products; and a declaration of "unavailability" "would not . . . solve the contractual issues for creditors whose contracts require them to wait until the LIBOR indices become unavailable . . . ."[16]

While we appreciate the weight of the Bureau's concerns, we believe they are unmerited. First, the FCA has no jurisdiction over consumer credit in the United States or over Regulation Z. It also has no obligation to act in the best interest of American consumers or creditors. We believe the FCA is making a serious mistake by failing to terminate the LIBOR on December 31, 2021. The lingering ambiguity over what will happen with the LIBOR after that date has burdened credit markets worldwide with difficult questions about how to proceed.

In contrast, Congress has directed the CFPB to protect consumers and implement Regulation Z. TILA gives the CFPB authority to spare American consumers and creditors from this burden. Both creditors and consumers will welcome a clear deadline. Market forces will not solve the LIBOR problem

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[14] 12 U.S.C. § 5531(d).

[15] 85 Fed. Reg. at 36949.

[16] 85 Fed. Reg. at 36949.

without significant risk of disruption. Consumers and businesses need the CFPB to step in.

The Bureau expresses concern that declaring the LIBOR unavailable for purposes of § 1026.40(f)(3) and comment 55(b)(2)-6 "could have unintended consequences on other products or markets."[17] But that concern can—and should—be resolved by declaring the LIBOR unavailable for all consumer credit subject to TILA. There is no reason not to treat the index the same for all consumer credit products.

We also believe the Bureau's concern about the contractual interpretation of "unavailable" is misplaced. The Bureau states:

> [E]ven if the Bureau interpreted unavailability under §1026.40(f)(3)(ii) . . . to indicate that the LIBOR indices are unavailable prior to LIBOR being discontinued, this interpretation would not completely solve the contractual issues for card issuers whose contracts require them to wait until the LIBOR indices become unavailable before replacing the LIBOR index. Card issuers still would need to decide for their contracts whether the LIBOR indices are unavailable. Thus, even if the Bureau decided that the LIBOR indices are unavailable under Regulation Z as described above, card issuers whose contracts require them to wait until the LIBOR indices become unavailable before replacing the LIBOR index essentially would remain in the same position of interpreting their contracts as they would have been under the current rule.[18]

The word "unavailable" is used in both the regulation and the commentary. The Bureau is authorized to define any term in Regulation Z. Covered contracts must be interpreted consistently with the regulation and the Bureau's official interpretations—particularly if the contract uses the same terminology as the regulation. If the definition is added to the regulation or commentary after the contract was written, the Bureau's interpretation will still be relevant to interpreting the contract. If the Bureau interprets the LIBOR to be unavailable, we believe that the contractual issue potentially faced by creditors will be resolved.

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[17] 85 Fed. Reg. at 36949, 36963.

[18] 85 Fed. Reg. at 36949.

3. Provide more guidance on selecting a replacement index and margin.

3.1 Clarify the meaning of "substantially similar" and "comparable" by endorsing the ARRC's[19] principal of minimizing value transfer.

According to the Truth in Lending Act, a home equity plan creditor may choose a replacement index when the original index becomes unavailable if "the substitute index and margin would result in a *substantially similar* interest rate."[20] Regulation Z and many credit contracts also use "substantially similar" or "comparable" in similar contexts. These terms are the only limits on the creditor's choice of replacement index and margin. But they are not defined anywhere, and we are not aware of any regulatory guidance on using them. Given the importance of these terms, it is urgent that the Bureau and other regulators fill this gap.

The meaning of these two terms is at the heart of the LIBOR transition. Selecting a replacement index or margin that is not substantially similar or comparable may have regulatory consequences for industry and will likely have financial consequences for both the creditor and consumer. Ambiguity over the meaning of these terms also creates the risk of litigation against creditors. Giving creditors guidance will benefit everyone involved.

These terms are intended to facilitate changes that will let the parties continue to perform the contract as originally drafted. There is no reason to construe them as an opportunity to increase or decrease the cost to either party. The ARRC captured this view in one of its guiding principles for drafting fallback language: "Contract language should seek to minimize expected value transfer over the lifetime of the contract."[21] Although the ARRC was referring to fallback language for new contracts, the concept captures the intent of the fallback language used in TILA and existing consumer credit contracts.

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[19] The ARRC, the Alternative Reference Rate Committee, is "a group of private-market participants convened by the Federal Reserve Board and the New York Fed to help ensure a successful transition from U.S. dollar (USD) LIBOR to a more robust reference rate . . . ." New York Federal Reserve Bank website, https://www.newyorkfed.org/arrc/index.html.

[20] 15 U.S.C. § 1647(c)(2)(A) (emphasis added).

[21] https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2018/ARRC-principles-July2018.

In short, “substantially similar” and “comparable” should be interpreted in a way that minimizes the transfer of value between the borrower and creditor. The transition to a new index should be value neutral.

If the contract or regulations allow the creditor to change the margin at the same time as the index, the resulting new contract rate should be identical to the last rate under the old index. Thers is no justification for doing otherwise. If the contract only allows replacing the index, the only appropriate decision is to adopt the spread-adjusted SOFR. It is specifically designed for contracts that do not permit changing the margin.

The proposed commentary states that creditors choosing the prime rate “must comply with the condition . . . that the prime rate and replacement margin would have resulted in an annual percentage rate substantially similar to the rate in effect at the time the LIBOR index became unavailable.”[22] However, if the creditor can set the new margin, there is no reason the new APR should not exactly *match* the rate in effect when the LIBOR became unavailable.

There is no excuse for selecting an index or margin that can be predicted to cost the consumer more than the original contract terms. The CFPB should make this clear—in guidance or commentary—and should state that “substantially similar” and “comparable” will be interpreted by regulators and examiners in a way that minimizes the transfer of value between the borrower and creditor. The Bureau should clearly state that any other result is a new extension of credit that triggers all the rules associated with originating a loan.

3.2 More safeguards are needed for newly established replacement indices that lack a rate history.

Currently Regulation Z §1026.40(f)(3)(ii) allows home equity plan creditors to change a loan’s index and margin upon meeting three requirements:

1) the original index must no longer be available,

2) the new index must have an historical movement substantially similar to that of the original index; and

3) the new index plus the new margin must equal an APR that is substantially similar to the rate in effect at the time the original index became unavailable.

[22] Proposed Off’l Interp. § 1026.40(f)(3)(ii)(A)-2(i).

The second and third requirements work together to ensure that the interest charged on the contract continues to be as close as reasonably possible to what the parties originally intended. The APR on home equity plans is the index rate plus the margin. And the new APR after the change is intended to be as close as reasonably possible to the old APR. But the commentary to that clause says requirement #2 does not apply if the creditor selects a replacement index that "is newly established and therefore does not have any rate history."[23] The Bureau proposes to strengthen that exception by moving the commentary to the regulation.

Instead, we urge the Bureau to delete the exception for newly established indices. Newly established indices should not benefit from weaker protections. It makes no sense to allow creditors to skirt critical consumer protections by using a process that can easily be abused.

Requiring a substantially similar track record is a logical safeguard because it is one of the few ways to determine how the replacement index will behave under real market conditions. Under the current interpretation and the proposed rule, there is nothing to stop a creditor from intentionally selecting a new index expected to behave in a dramatically different manner than the original index—so long as the creditor adopts a margin that, when combined with the replacement index, results in an APR that is substantially similar to the old one on the date of the change. That completely undermines the intent of requiring a "substantially similar" APR. The new index will be in effect for the remaining life of the loan.

The best solution is to prohibit the selection of any index that lacks a clear track record. An alternative is to require creditors to demonstrate in advance, with a verifiable methodology, that the newly established index would have had substantially similar historical fluctuations as the original index. The Bureau should base this requirement on the steps the Federal Reserve Bank of New York (FRBNY) used to evaluate the SOFR and prove that it was sufficiently similar to the LIBOR.

Before beginning to publish the SOFR in 2018, the FRBNY released four years of data (from 2014 to 2018) "representing modeled, pre-production estimates of SOFR."[24] In addition, the FRBNY released data from a similar series back to 1998

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[23] Current Off'l Interp. § 1026.40(f)(3)(ii)-1.

[24] N.Y. Fed. Res. Bank, ARRC, SOFR Summer Series: SOFR Explained at 10 (July 15, 2020), available at https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2020/ARRC

that further established the relationship between the LIBOR and SOFR.[25] If the Bureau is going to allow creditors to replace a loan index with a newly established one, the creditor should be required to make a similarly persuasive demonstration that the replacement index is substantially similar to the original index.

3.3 Use a historical median to compare the original and replacement indices rather than a single point in time.

In a number of places, the current and proposed rules use a single date as the point for comparing the value of the original and replacement indices—either the date the original index becomes unavailable[26] or December 31, 2020.[27] The Bureau recognizes that using a single date may be problematic and asks whether it should consider alternatives.[28] We believe that using a single date is not appropriate and urge the Bureau to instead use the historical median rate over a lookback period of at least a month rather than a single date.

The ARRC and the International Swaps and Derivatives Association (ISDA) have endorsed using a historical median to calculate the spread-adjustment between the LIBOR and SOFR (the historical median over a five-year lookback period). We recommend requiring creditors to make a similar calculationrather than comparing the original and replacement indices on a single day.

Relying on a single day creates the risk that the rate on that day will be unusually high or low due to market conditions or unpredictable events. Any number of conditions could affect the rate on a single day. A widely observed holiday, important political or economic news, or even bad weather could skew the rate. Or, as the Bureau recognizes, the replacement may not be published on the day the LIBOR becomes unavailable.[29] Using the median over a short

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_SOFR_Summer_Series_Event_SOFR_Explained.pdf (citing https://www.newyorkfed.org/newsevents/speeches/2017/fro171108).

[25] *Id.* (citing https://www.newyorkfed.org/markets/opolicy/operating_policy_180309).

[26] Current Reg. Z § 1026.40(f)(3)(ii).

[27] Proposed Reg. Z § 1026.40(f)(3)(ii)(B).

[28] 85 Fed. Reg. at 36956, 36960.

[29] 85 Fed. Reg. at 36956

lookback period avoids these problems and is more likely to produce a rate that accurately represents the current value of the index.

4. The Bureau correctly recognizes that the spread-adjusted SOFR has historical fluctuations that are substantially similar to the LIBOR.

The Bureau proposes to add commentary clearly stating that the spread-adjusted SOFR recommended by the Alternative Reference Rates Committee has historical fluctuations that are substantially similar to the most widely used LIBOR indices.[30] We strongly support this proposal. The spread-adjusted SOFR has been well-vetted by members of the ARRC and the New York Federal Reserve Bank. It is specifically designed as replacement for the LIBOR. We hope that the Bureau's decision to publicly recognize the spread-adjusted SOFR as substantially similar will encourage industry to adopt it as a replacement, will reduce uncertainty in the market, and will make compliance easier as creditors transition away from the LIBOR.

We believe the spread-adjusted SOFR is the best replacement for consumers and the only appropriate replacement in contracts where the margin cannot be adjusted.[31] However, we also support the proposed commentary regarding the prime rate. The Bureau proposes to state that the prime rate also has substantially similar historic fluctuations. Importantly, the commentary would also state that a creditor using the prime rate "must comply with the condition" that the new index and replacement margin result in an APR substantially similar to the old rate at the time the LIBOR became unavailable.[32]

5. The disclosure changes are appropriate but too narrow.

5.1 We support the proposed change for open-end disclosures and the clarification about closed-end disclosures.

Under the current rules for open-end credit, the creditor is not required to provide notice when reducing the margin used to calculate the interest rate on the account.[33] The proposal would add an exception so any adjustment of the

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[30] Proposed Off'l Interp. §§ 1026.40(f)(3)(ii)(A)-1(ii) and (B)-1(ii).

[31] Such as closed-end and reverse mortgages.

[32] We note and agree that the same condition applies to creditors adopting the spread-adjusted SOFR, but the point of the spread adjustment is to eliminate the need for changing the margin.

[33] Current Reg. Z § 1026.9(c)(1)(ii) and (2)(v).

margin associated with a LIBOR replacement would be disclosed to the consumer, even if it causes the interest rate to go down.[34] We support this change. The index and margin are two of the most important components of an adjustable-rate credit contract. Consumers should be notified when either of them change, regardless of the impact.

We also agree that replacing the LIBOR with the equivalent spread-adjusted SOFR in a variable-rate transaction should not be treated as "add[ing] a variable-rate feature" for purposes of the disclosures required by section 1026.20(a). Replacing the index with an appropriate, comparable index that minimizes any value transfer between the parties should not be considered "refinancing" and, therefore, should not require new disclosures or related consequences (other than notice of the index replacement).

5.2 The new exception should apply to all index replacements—not just the LIBOR.

The new exception described in § 5.1, *supra,* is expressly limited to the LIBOR. As proposed it will state "this provision . . . does not apply to any change in the margin when a LIBOR index is replaced . . . ."[35] But we recommend that the Bureau replace the phrase "a LIBOR index" with "an index." There is no reason to limit this exception to the LIBOR. Other indices may need to be replaced in the future and consumers deserve notice of those changes too.

5.3 Amend the disclosure requirement for closed-end ARMs too.

The proposed disclosure amendments focus on open-end consumer credit contracts. Many closed-end ARMs use the LIBOR as an index too. And those creditors will also need to replace the index when the LIBOR becomes unavailable. Some contracts may also permit the creditor to change the margin. But Regulation Z currently does not require creditors to notify consumers of interest rate changes unless the change affects the payment due: "The creditor . . . of an adjustable-rate mortgage shall provide consumers with disclosures, as described in this paragraph (c), in connection with the adjustment of interest

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[34] Proposed Reg. Z § 1026.9(c)(1)(ii) and (2)(v).

[35] Proposed Reg. Z § 1026.9(c)(1)(ii) and (2)(v) ("except that on or after October 1, 2021, this provision on when the change involves a reduction of any component of a finance or other charge does not apply to any change in the margin when a LIBOR index is replaced").

rates pursuant to the loan contract *that results in a corresponding adjustment to the payment*."[36]

If a creditor replaces the index (and maybe the margin), but the resulting new interest rate does not affect the borrower's payment,[37] the creditor will not be required to notify the borrower of the change. Given the importance of the index and margin, we believe this outcome would be unfair to the borrower. Therefore, the Bureau should amend Reg. Z, §1026.20 so that creditors must notify borrowers when changing the index or the margin on a loan, regardless of whether the change affects the loan payment. The creditor should be required to notify the borrower well in advance.

6. The Bureau should allow creditors to replace the LIBOR before it becomes unavailable.

The Bureau has proposed allowing allow home equity plan and credit card creditors to replace the LIBOR before it becomes unavailable in order to facilitate compliance.[38] We generally support this proposal because it will aid the process of smoothly changing to a new index. But the fairness of how this is implemented will depend on whether the change to a new index is value neutral. If the new index plus margin results in a contract interest rate that is different than what would have been charged under the LIBOR, either the consumer or the creditor will bear the expense. For that reason, it is especially important that the Bureau include commentary requiring creditors to minimize any value transfer when selecting an index and setting a new margin.

7. Conclusion

Overall, we thank the Bureau for beginning to address the LIBOR transition. The proposed rule is a step in the right direction. In order to protect consumers and to facilitate a smooth transition for industry, the Bureau must issue clearer guidance on when to stop using the LIBOR and how to select a replacement index that will not cost consumers more money.

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[36] Current Reg. Z § 1026.20(c) (emphasis added).

[37] While many older ARM contracts only allow the creditor to replace the index, newer ones allow the creditor to change the margin too. *See, e.g.*, Fannie Mae Multistate Adjustable Rate Note—WSJ One-Year LIBOR (Form 3526 6/01, rev. 2/20 ¶ (4)(G), available at https://singlefamily.fanniemae.com/media/11516/display.

[38] 85 Fed. Reg. at 36948.

8. Appendix – Description of Signatories

National Consumer Law Center: Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness. These comments were written by Andrew Pizor, NCLC staff attorney.

Americans for Financial Reform Education Fund: The Americans for Financial Reform Education Fund (AFREF) is a coalition of more than 200 consumer, investor, labor, civil rights, business, faith-based, and community groups that works through policy analysis, education, advocacy, and outreach to lay the foundation for a strong, stable, and ethical financial system. Formed in the wake of the 2008 financial crisis, AFREF works to protect and strengthen consumer protections for all people, including advocacy for greater protections against predatory lending, increased access to affordable and sustainable credit, and fairness and transparency in all financial transactions.

NAACP: Founded in 1909, the NAACP is our nation's oldest, largest and most widely-recognized grassroots-based civil rights organization. The NAACP was founded on the beliefs embodied in the Constitution of the United States of America. We support democracy, dignity and freedom. Members of the NAACP, in keeping with the charge of our founders, stand against all forms of injustice. The NAACP will continue to fight for justice until all, without regard to race, gender, creed or religion enjoy equal status. The vision of the NAACP is to ensure a society in which all individuals have equal rights and there is no racial hatred or racial discrimination.

National Community Reinvestment Coalition: The National Community Reinvestment Coalition (NCRC) is an association of more than 600 community-based organizations that work to promote access to basic banking services including credit and savings. Our members, including community reinvestment organizations, community development corporations, local and state government agencies, faith-based institutions, community organizing and civil rights groups, and minority and women-owned business associations help create and sustain affordable housing, job development and vibrant communities for America's working families.

National Fair Housing Alliance: The National Fair Housing Alliance (NFHA) is the voice of fair housing. NFHA works to eliminate housing discrimination and to ensure equal housing opportunity for all people through leadership, education, outreach, membership services, public policy initiatives, community development, advocacy, and enforcement.

Student Borrower Protection Center: The Student Borrower Protection Center a nonprofit organization focused on alleviating the burden of student debt for millions of Americans. SBPC engages in advocacy, policymaking, and litigation strategy to rein in industry abuses, protect borrowers' rights, and advance economic opportunity for the next generation of students.