

May 21, 2018

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: 43 Groups Comment on CFPB Request for Information re: the Bureau's Supervision Program (Docket No. CFPB-2018-004)

Dear Ms. Jackson:

The forty-three (43) undersigned consumer, community, legal services, and advocacy groups submit these comments in response to the Consumer Financial Protection Bureau's (CFPB's) Request for Information ("RFI") regarding the Bureau's Supervision Program. We urge the CFPB not to weaken its supervision program, which is a critical and indispensable part of the Bureau's work. CFPB examinations have resulted in enormous benefits to millions of consumers across a number of markets, as well as improvements to the systems and operations of the companies in those markets.

Supervision is critical in order for the CFPB to fulfill its mission. It is a complementary tool to the Bureau's enforcement program, and has the advantages of often being faster, less resource-intensive, and more flexible. Moreover, the Dodd-Frank Act makes clear that it is the CFPB, and not any other regulator, that has exclusive authority to supervise certain entities (i.e., banks with over \$10 billion in assets) for consumer protection compliance. The Act is also clear that it *requires* the Bureau to supervise certain nonbank companies for the consumer protection compliance.

Thus, any effort to delegate or cede the CFPB's supervision activities to prudential or state regulators would contravene the Dodd-Frank Act itself. Furthermore, such delegation would be a very bad idea. Before the CFPB existed, the prudential regulators did a weak job at supervision for compliance with consumer financial laws, due in part to a perceived conflict between protecting consumers and bank safety and soundness (misinterpreted as short-term bank profits). This failure was directly responsible for the foreclosure crisis of a decade ago. As for state regulators, they often lack the authority and resources to supervise nonbank financial services providers and leave consumers without uniform protection across the country.

CFPB supervision has greatly improved compliance by supervised entities with consumer financial laws, to the advantage of millions of consumers who are customers or otherwise impacted by those companies. For example:

- In the consumer reporting marketing, CFPB supervision has forced the Big Three credit bureaus to institute some much-needed fundamental reforms, such as establishing robust quality control programs and overseeing information furnishers to ensure they are meeting legal and compliance obligations.

- In the student loans servicing market, examiners halted unfair practices such as servicers declaring loans to be automatically in default when a co-signer died or declared bankruptcy, where the loan contracts were ambiguous.
- CFPB supervision of mortgage servicers has resulted in hundreds of thousands of homeowners avoiding millions of dollars in improper charges, sometimes through something as simple as fixing a software flaw. CFPB examinations of the loss mitigation practices of servicers have led to substantial improvements, helping put homeowners in a better position to avoid foreclosures.
- In the debt collection market, examiners uncovered multiple violations of the Fair Debt Collection Practices Act and directed collectors to take remedial actions to address these violations. Violations included common practices that are often the subject of complaints, such as attempting to collect from authorized users who were not liable for credit card debts, impermissibly communicating with third parties about a debt, and communicating with consumers at inconvenient times.

Furthermore, the CFPB has been cautious and measured in determining *which* entities to supervise. It has defined a limited and appropriate set of “larger participants” in nonbank markets, such as debt collection, consumer reporting, student loan servicing, international money service transfer, and automobile finance companies. The Bureau should engage in rulemakings to similarly define larger participants in the prepaid account, installment loan, vehicle title lending, and financial data aggregator markets.

Finally, the CFPB should continue to issue its Supervisory Highlights reports. The reports provide valuable information, transparency, and guidance to consumers, the general public, the media, and industry itself.

Thank you for the opportunity to submit these comments. If you have any questions about them, please contact Chi Chi Wu at cwu@nclc.org or 617-542-8010.

Respectfully submitted,

National Organizations

National Consumer Law Center (on behalf of its low-income clients)
 Allied Progress
 Americans for Financial Reform
 Center for Responsible Lending
 Consumer Action
 Consumer Federation of America
 Interfaith Center on Corporate Responsibility
 Main Street Alliance
 National Association of Consumer Advocates
 National Center for Law and Economic Justice
 Public Citizen
 The Institute for College Access & Success
 U.S. PIRG

State and Location Organizations

Center for Economic Integrity (AZ)
Arizona PIRG (AZ)
Arkansans Against Abusive Payday Lending (AR)
California Reinvestment Coalition (CA)
East Bay Community Law Center (CA)
Elder Law & Advocacy (CA)
Public Counsel (CA)
Connecticut Legal Services, Inc. (CT)
Delaware Community Reinvestment Action Council, Inc. (DE)
Tzedek DC (DC)
Florida Alliance for Consumer Protection (FL)
Jacksonville Area Legal Aid, Inc (FL)
Atlanta Legal Aid Society, Inc. GA)
Woodstock Institute (IL)
Heartland Alliance for Human Needs & Human Rights (IL)
Legal Aid Foundation of Metropolitan Chicago (IL)
Kentucky Equal Justice Center (KY)
Maryland Consumer Rights Coalition (MD)
Baltimore Neighborhoods, Inc (MD)
Public Justice Center (MD)
Montana Organizing Project (MT)
Charlotte Center for Legal Advocacy (NC)
North Carolina Justice Center (NC)
Legal Services of New Jersey (NJ)
New Jersey Citizen Action (NJ)
Community Service Society of New York (NY)
Center for NYC Neighborhoods (NY)
VOICE – OKC (OK)
South Carolina Appleseed Legal Justice Center (SC)
Virginia Poverty Law Center (VA)