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<http://www.regulations.gov>

Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Docket No. CFPB–2018–0005; Request for Information Regarding Bureau’s External Engagements

I am writing on behalf of the membership of the National Reverse Mortgage Lenders Association (“NRMLA”) in response to the Consumer Financial Protection Bureau’s (CFPB or Bureau or BCFP) Request for Information (RFI) regarding External Engagements. Thank you for allowing us this opportunity to comment upon this very important matter.

NRMLA is the national voice of the reverse mortgage industry. With over 300 member companies and over 2,000 member delegates, NRMLA serves as an educational resource, policy advocate, and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage industry. Our mission includes educating industry participants on best practices, regulatory requirements, and market dynamics; providing helpful information to consumers about reverse mortgages; enforcing our Code of Ethics and Professional Responsibility; and offering insight to policymakers working on reverse mortgage matters and related issues.

On February 26, 2018, the Bureau issued a notice and request for comment on potential changes that could be implemented to the Bureau’s practice in the area of External Engagements (hereinafter “RFI”).¹ Comments responding to the regarding this RFI are due on May 29, 2018. We appreciate the opportunity to comment upon this RFI. Please find below our comments in response to the External Engagements RFI on behalf of our membership.

Overview of External Engagement RFI

The Bureau of Consumer Financial Protection has historically conducted external engagements, such as field hearings, town halls, roundtables, non-public meetings, and public meetings of the Bureau’s Advisory Board and Councils, to discuss and receive feedback on its work, and to ensure that the Bureau hears regularly from diverse external stakeholders. The Bureau’s field hearings are organized around a specific topic and take place in geographically diverse locations throughout the United States. Field hearings are announced on the Bureau’s website, are open to the public, and are livestreamed on the Bureau’s website. The hearings typically begin with introductory remarks by a Bureau staff member, state or local officials, the CFPB Director, followed by a panel discussion with industry representatives, nonprofit organizations, academics, or other subject matter experts. After the panel discussion, a CFPB staff member invites audience input about the specific topic and/or discussion. Participation is open to all

¹ 83 Fed. Reg. 8247 (Feb. 26, 2018).

field hearing attendees. Field hearings are available to view as archived videos on the Bureau's website at <https://www.consumerfinance.gov/about-us/events/archive-past-events/>.

Town halls may be open to the public or invitation-only and are sometimes co-hosted by another organization. They are historically organized around a specific topic, such as financial education, industry activities (such as mortgage servicing) or loan products (such as reverse mortgages). Town halls typically include remarks by the CFPB Director or a CFPB staff person, followed by an audience comment period. Sometimes town halls will include a small discussion panel made up of the CFPB Director or CFPB staff and an external stakeholder, such as an industry representative or a member of a nonprofit organization. To date, the Bureau has held 33 field hearings and 15 town halls in over 40 cities.

Roundtables are invitation-only events with the CFPB Director or CFPB staff to discuss particular issues. Roundtables have historically included industry representatives, nonprofit organizations, academics, or other interested parties.

The Bureau has organized four formal advisory groups (Advisory Board and Councils):

- The Consumer Advisory Board (CAB);
- The Community Bank Advisory Council (CBAC);
- The Credit Union Advisory Council (CUAC); and
- The Academic Research Council (ARC).

The CAB is required by section 1014(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The purpose of the CAB is "to advise and consult with the Bureau in the exercise of its functions under the Federal consumer financial laws, and to provide information on emerging practices in the consumer financial products or services industry, including regional trends, concerns, and other relevant information." 12 U.S.C. § 5494(a).

The Bureau also has established three other advisory groups. The CBAC advises the Bureau about the effects of regulating consumer financial products or services from the unique perspectives of community banks, and the CUAC does the same from the unique perspectives of credit unions. The ARC advises the Bureau about research methodologies, data collection, and analytic strategies, and provides feedback about research and strategic planning.

In addition to serving on the full advisory group, members also typically serve on a subcommittee that is focused on particular issues. At meetings of the CAB, there are presentations from CAB members about consumer finance trends and themes. In addition, when advisory group meetings are held outside of Washington, D.C., they have historically included a segment where members of the public may provide comment on issues that they care about. Advisory group meetings are announced to the public via the Federal Register and the Bureau's website. They are also livestreamed, and a summary of the meeting is published. Each advisory group produces an annual report to the Director about its activities for the fiscal year. To date, the Bureau has conducted 47 public meetings of its advisory groups.

The Bureau states that it aims to continue to conduct engagements in locations throughout the United States in order to engage with the public and be informed in its work. The Bureau is interested in better understanding how it may improve or revise its engagements to better achieve the Bureau's statutory objectives.

The following list of areas of interest represents a preliminary attempt by the Bureau to identify elements of Bureau processes related to external engagements on which it should focus. This non-exhaustive list is meant to assist in the formulation of comments and is not intended to restrict the issues that may be addressed. In addressing these areas, the Bureau requests that commenters identify with specificity the Bureau-practices at issue, providing examples where appropriate. The Bureau is seeking feedback on all aspects of conducting future external engagements, including the following areas of interest:

1. Strategies for seeking public and private feedback from diverse external stakeholders on the Bureau's work;
2. Structures for convening diverse external stakeholders and the public to discuss Bureau work in ways that maximize public participation and constructive input, including but not limited to structures utilized by the Bureau to date, such as field hearings, town halls, roundtables, and meetings of the advisory groups;
3. Processes for transparency in determining topics, locations, timing, frequency, participants, and other important elements of both public and private events;
4. Vehicles for soliciting public and private perspectives from outside of Washington, D.C. on the Bureau's work;
5. Strategies for promoting transparency of external engagements, including Advisory Board and Council meetings, while protecting confidential business information and encouraging frank dialogue;
6. Strategies and channels for distributing information about external engagements to maximize awareness and participation; and
7. Other approaches, methods, or practices not currently utilized by the Bureau that would elicit constructive input on the Bureau's work.

Comments

We appreciate the Bureau requesting information on its external engagements. The fact that it is requesting information on this matter appears to us to be a more consultative process than that undertaken by prior leadership of the CFPB. In summary, our comments emphasize suggestions for changes to provide more outreach that is focused on reverse mortgages, more leadership on the CAB from the ranks of for-profit lenders, as well as CAB and Bureau staff performing other types of external outreach besides BCFP sponsored field hearings, town hall meetings and roundtables.

Regarding field hearings and town hall events, in the past, it appeared to us that such field hearings were pre-planned events used by the CFPB in anticipation of soon-to-be-announced administrative or regulatory actions. In the future, such field hearings truly should be used for gathering information from all segments of the public. In this regard, the BCFP should announce the location of field hearings well in advance and allow members of the public to propose the addition of agenda items to the field hearings, and submit questions ahead of time that will be addressed at the field hearing. In this manner, the questions and answers at such field hearings will not be pre-planned, pre-programmed and pre-selected by Bureau staff, but will instead allow for a truly open forum.

Regarding the CAB, the current members of the CAB can be found here:

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfbp_CAB-Biographies_2017-2018.pdf.

First, based upon our review, it appears to us that executives from non-profits, or consumer advocate organizations have predominantly occupied the chair and vice-chair positions of the CAB since its inception. Over time, starting with the next term, we believe it could be beneficial for the vice-chair and the chair position of the CAB to be occupied by a representative from a for-profit mortgage company, or a consumer finance company or a bank.

Next, the history of the CAB meeting minutes show that reverse mortgages were discussed several times, however, those discussions were intermittent and some of the information discussed may be outdated or limited in its depth and background. For instance, in February 2013, based on a presentation by the AARP, it was indicated at a CAB meeting that reverse mortgages are a special area of concern for older Americans, and that some borrowers have taken younger spouses off of their titles in order to obtain a larger loan amount under a reverse mortgage.²

At another meeting in February 2014, a CAB member voiced specific interest in the information pertaining to reverse mortgages, especially in light of HUD's upcoming regulations in this area.³ After then, reverse mortgages were not discussed again at a CAB meeting until October 2016, over two and one-half years later. At that meeting, the minutes indicate that the members merely encouraged the Bureau to focus on reverse mortgages and advocacy for seniors.⁴

Moreover, from the March 2017 CAB minutes, it indicates as follows: "Members also discussed issues with reverse mortgages and highlighted issues with foreclosures related to tax and insurance problems and issues with death defaults. Bureau staff responded that the Bureau is concerned about reverse mortgages and is working on the issue, and although many mortgage rules do not apply to reverse mortgages, these transactions are not exempt from the prohibition on unfair, deceptive, or abusive acts or practices."⁵ The June 2017 minutes note that Lynn Drysdale discussed reverse mortgage servicing. In addition, the November 2017 touched upon the issuance of the "Know Before You Owe: Reverse Mortgages" publication. However, based upon information available to us, it does not appear to us that the Bureau's work on "Know Before You Owe: Reverse Mortgages" had significant (if any) input from mortgage company or trade association participants from the reverse mortgage industry.

Additionally, we understand that CFPB staff were reportedly working with and conferring with HUD staff on reverse mortgage issues, but those meetings and that work are not public. Nonetheless, we encourage BCFP staff, as well as the CAB to learn more about reverse mortgages, including that 99% of

² See https://s3.amazonaws.com/files.consumerfinance.gov/f/201303_cfbp_meeting-minutes_second-cab-meeting-2013.pdf at page 22.

³ See https://s3.amazonaws.com/files.consumerfinance.gov/f/201501_cfbp_meeting-minutes-cab-meeting-february2014.pdf, at page 4.

⁴ See https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201610_cfbp_CAB-Meeting-Minutes.pdf, at page 9.

⁵ See https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201703_cfbp_CAB-meeting-minutes.pdf, at pages 6-7. As stated in other comment letters from NRMLA on other matters for which the BCFP published RFIs, we respectfully request that, until the BCFP publishes rules under the Dodd-Frank Act statutory provisions on UDAAP, the Bureau not use UDAAP in its investigatory or enforcement proceedings.

reverse mortgage made and serviced today are the Federal Housing Administration-insured Home Equity Conversions Mortgage (or HECMs). Under the FHA HECM program, HECM servicers are required and must meet certain servicing metric timelines, such as timely filing first legal action when a borrower dies or defaults (such as not paying his or her real estate taxes and/or hazard insurance). If HECM servicers do not meet the HUD-mandated servicing metric timelines as established by HUD, the mortgage insurance claims provided by HUD for such HECM loans will be impaired or curtailed, and servicers will be placed at severe economic risk because such servicers will have to make the loan owners (or investors) whole for such servicing shortfalls. We also reiterate, and recommend BCFP and CAB staff recognize that, since early 2015, HUD has severely tightened servicing metrics timelines for matured HECM loans and cure opportunities for seniors defaulting under HECM loans. We would also urge BCFP and CAB staff to gather more information on the fact that approximately 10 per cent of the HECMs in force today have been assigned to and are owned by HUD, and that HUD uses a non-industry member government-contracted sub-servicer to service those loans.

In this regard, we also recommend that the BCFP and CAB learn more about non-FHA-insured programs offered and being introduced in the market today, and how those programs may offer additional consumer protections to seniors due to their not being subject to the strictures of HUD servicing requirements and timelines.

Along these lines, it appears to us that when there is focus on reverse mortgages at the CAB, it more often than not focuses on servicing issues. However, while we also understand that one CAB member is an executive from a mortgage company that originates reverse (as well as forward) mortgages, it does not appear to us that this company is an Issuer of Ginnie Mae guaranteed HMBS securities, and thus, the company is not a servicer of reverse mortgages.

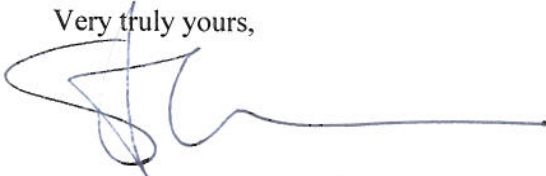
Further, we encourage more BCFP and CAB staff participation at industry events, such as trade association conferences, where such CAB and Bureau staff participation is not necessarily to provide presentations to conference attendees, but rather where such CAB and Bureau staff attending such conferences participate as merely as attendees in order to gather information presented at such conferences by presenters with years of experience in the specific subject matter at hand, such as reverse mortgages.

In this regard, we encourage and welcome more BCFP and CAB participation in NRMLA meetings and conferences. Our annual meeting will be held this year in San Diego, CA, on October 28-30, 2018. More information about our 2018 annual meeting can be found here: <https://www.nrmlaonline.org/events>. We look forward to following up with the BCFP and arranging meetings with BCFP and CAB staff and our association and its members in a more constructive setting with a more detailed and specific focus on reverse mortgage issues.

Conclusion

NRMLA appreciates your consideration of our comments herein. We trust that you will find our comments above helpful and that you will act upon them with favor.

Very truly yours,

A handwritten signature in blue ink, appearing to be 'S. Irwin', with a long horizontal line extending to the right.

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