

**Meeting between Federal Reserve Staff and
the Board's Consumer Advisory Council
October 20, 2010**

Participants: Mandie Aubrey, Brent Lattin, Dana Miller, Lorna Neill, Samantha Pelosi, Ky Tran-Trong, Vivian Wong, David Stein, and Leonard Chanin (Federal Reserve Board)

Consumer Advisory Council

<http://www.federalreserve.gov/aboutthefed/cac.htm>

Summary: The Consumer Advisory Council ("CAC"), established in 1976, advises the Federal Reserve Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters in the area of consumer financial services. The CAC membership represents interests of consumers, communities, and the finance services industry. Members are appointed by the Board of Governors and serve staggered three-year terms. The CAC meets three times a year in Washington, D.C., and the meetings are open to the public.

Board staff discussed three rulemakings under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") with CAC members during the October 2010 meeting: requirements for appraisal independence under Section 1472 of the Dodd-Frank Act; interchange fee and network exclusivity provisions under Section 1075 of the Dodd-Frank Act; and remittance transfer provisions under Section 1073 of the Dodd-Frank Act.

Appraisals

Following a briefing on the interim final rule on appraisal independence approved by the Federal Reserve Board on October 18, 2010, CAC members discussed their views regarding a number of aspects of the rule, including: (1) whether providing a copy of the sales contract to appraisers for purchase-money mortgage transactions compromises appraiser independence and should be prohibited; (2) whether a final rule should apply to consumer credit transactions secured by a consumer's dwelling, as opposed to only transactions secured by a consumer's *principal* dwelling; (3) the appropriateness of applying the requirements to alternative valuation methods (*e.g.*, broker price opinions) rather than solely to traditional appraisals; and (4) liability provisions under the Dodd-Frank Act for violating the requirements.

Interchange

Following a background briefing on the interchange fee and network exclusivity provisions of the Dodd-Frank Act by Board staff, CAC members discussed their views regarding the costs and benefits of the current interchange transaction fee structure for consumers, merchants, and financial institutions; the functional similarities between checks and debit card transactions; the appropriate costs that should be considered in calculating a debit interchange fee; the extent to which fraud losses should be considered in calculating the appropriate fee; and fraud prevention methods.

Remittances

Federal Reserve staff provided a background briefing on the remittance transfer provisions of the Dodd-Frank Act. CAC members then discussed the various technologies and methods for conducting remittance transfers as well as the different business models of remittance transfer providers. CAC members also discussed patterns of senders in shopping for a remittance provider. In addition, storefront disclosures, the separate disclosure of the fee and exchange rate for a transaction, and the language in which disclosures will be provided were addressed.