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**Public Meeting Financial Literacy and Education Commission (FLEC)  
June 29, 2016 9:00-11:30  
U.S. Department of the Treasury, Cash Room**

**Michael R. Froehlich, Managing Attorney  
Homeownership and Consumer Rights Unit  
Community Legal Services, Inc.**

Good morning, members of the Commission. I am the managing attorney of Community Legal Services' Homeownership and Consumer Rights Unit in Philadelphia, Pennsylvania. I welcome the opportunity to speak before the Commission regarding the role of financial education in the provision of civil legal services.

Community Legal Services was established by the Philadelphia Bar Association in 1966. Since then, CLS has provided legal services to more than one million low-income Philadelphia residents, representing them in individual cases and advocating on their behalf for improved regulations and laws that affect low-income Philadelphians. As the city's largest provider of free legal services, CLS assists more than 11,000 of Philadelphia's poorest residents with their legal problems each year. The Homeownership and Consumer Rights Unit represents approximately 600 homeowners each year dealing with the potential loss of their home.

I wanted to talk about two different issues this morning: first, how CLS works with a co-located third-party financial counselor, and second, how CLS works with the CFPB and the FTC to provide financial education to our clients.

First, CLS is fortunate to have partnered with Clarifi, a consumer credit counseling agency, to provide financial education and empowerment to our clients. Two Clarifi employees--a financial counselor and a housing counselor--work out of CLS offices. The financial counselor meets with an average of four clients per day, typically for hour-long sessions each, to advise them on how to open a bank account and avoid bank fees, how to budget money, whether a reverse mortgage is appropriate, how to consolidate and manage debt, how to obtain and understand one's credit report, how to improve one's credit score, and so much more. Meanwhile, the housing counselor helps low-income homeowners who are delinquent on their mortgages save their homes by, among other things, helping them apply for loan modification programs. While CLS and Clarifi maintain separate offices, separate computer networks, and separate brand identities, clients know that they can trust the Clarifi counselors because they are housed at the CLS office. This trust is especially important where for-profit predatory scammers, styling themselves as debt counselors, abound.



I'd like to provide you with an example of how the legal aid-financial counseling partnership typically works: A client comes to CLS because she has been sued in mortgage foreclosure. While her legal aid lawyer defends the mortgage foreclosure in court, the client is referred down the hall to the financial counselor after the legal aid lawyer notices that the homeowner is incurring \$80 in bank fees each month due to "credit protection plans" or excessive ATM fees or charges to obtain her paper bank statements by mail. The financial counselor then helps the client reduce her monthly bank fees so that the client can increase the money she has available to her each month to qualify for a mortgage loan modification.

The financial counselor can spend more time with the client than the legal aid lawyer can, educating and empowering her about her finances. Financial counseling works, in large part, because it is not just an hour-long lecture where the client leaves with a workbook. The counselors that CLS works with teach clients how to take control of their own financial health and put those tools into their hands.

Having a financial counselor co-located in our offices increases the capacity of our lawyers to provide legal representation to more people. At CLS, as in legal aid offices across our country, we never have enough lawyers to provide full civil legal representation to everyone who needs it. Our mortgage foreclosure defense practice, for example, turns away well over half of those with meritorious legal claims who seek free legal representation in their foreclosure cases. Our clients can and do benefit from financial education. But there is nearly always a legal component to the problem. That's why it's important that we talk not just about financial education, but the role of legal aid lawyers and government agencies that work together to enforce our nation's consumer protection laws.

Recently, an elderly client came to CLS because she told us that she could no longer afford to pay \$350 each month to an out-of-state company that she believed was helping her pay off her credit cards. When we looked at the contract that she had signed with the company, we learned that the company was not forwarding any of her monthly fee to her delinquent credit cards. She was being charged the monthly fee in order to simply access the company's website and informational FAQs. Had this client had better financial education, she might not have entered into this contract. But this company's deceptive marketing practices may also have violated several consumer protection laws. It's important that as we ensure that consumers obtain financial education, we also prioritize robust enforcement of our consumer protection laws.

Second, I'd like to talk a little about the important financial education materials that the CFPB and FTC publish and how we at CLS use this material. As many in the room are undoubtedly aware, the CFPB and FTC provide terrific client education materials on a range of consumer financial topics. When a client first comes to our legal aid office, we interview them about their legal issue



and provide individualized one-on-one legal advice about how to resolve their legal issue. After counseling them on their legal issue, we will frequently provide them with some of the client-friendly legal education material published by the CFPB and FTC so that they can take it home with them and read more about their rights. This has been incredibly helpful in the work that we do.

We would urge all federal agencies, however, to make more of their materials available in other languages. Last year, 13% of CLS's clients spoke a primary language other than English. Both the CFPB and FTC publish many of their materials in Spanish. This is helpful. But not all of the materials are published in Spanish, and CLS serves a large number of clients who only speak Cantonese, Russian, Vietnamese, and other languages. It would be very helpful for us if all federal agencies published all of their consumer education materials in Spanish and published more of their consumer education materials in other languages. This would enable CLS to help more of our non-English speaking clients and help these clients understand their consumer rights.

In closing today, I'm reminded of a consumer finance roundtable that the CFPB convened in Philadelphia approximately two years ago. Sitting around the table in a meeting room at our local United Way were over two dozen stakeholders. Toward the end of the meeting, all of the participants were asked what the one thing was that the CFPB should prioritize to help low-income consumers. Representatives from the banks and other financial services in the room all answered that low-income consumers needed more financial education. But nearly all of the advocates for low-income consumers and homeowners answered that products marketed and offered to low-income consumers needed to be simpler, more easy to understand, and less exotic.

I cannot emphasize enough how important financial education efforts are to low-income consumers and how important the education work of the CFPB and FTC has been to help legal aid organizations such as CLS help our clients. But I wanted to endorse the continued work of federal agencies to limit the spread of opaque and confusing financial products and to enforce our nation's consumer protection laws when appropriate. These strategies work best when used together.

Thank you, once again, for your time this morning.