



## Consumer Federation of America

1620 I Street, N.W., Suite 200 \* Washington, DC 20006

November 18, 2010

Dear Representative:

Re: Update on CFA Priorities for the Lame Duck Session

As the 111<sup>th</sup> Congress reconvenes this week, the Consumer Federation of America (CFA) strongly urges immediate passage of critical consumer protection legislation that is still pending. While much has been accomplished in this session of Congress, there are a number of consumer concerns that still need to be addressed during the lame duck session. These bills would provide important, needed protections and benefits during these difficult economic times.

### **Food Safety**

We urge the Senate to immediately pass S. 510, the FDA Food Safety Modernization Act. The Senate voted Wednesday 74 to 25 to begin debate on the bill, and we strongly urge the Senate to vote for final passage as soon as possible. Recent events have demonstrated how the nation's ineffectual and outdated food safety system is putting millions of Americans at risk. Just last month over half a billion eggs were recalled due to Salmonella contamination; over 1,800 consumers were sickened. S. 510 requires the Food and Drug Administration to take a preventive approach to fighting food-borne illness, rather than simply reacting to reports of illnesses and deaths. It requires food companies to establish processing controls to avoid food contamination, gives the FDA authority to set food safety standards, requires the Agency to inspect food processing plants regularly to assure controls are working as intended, gives the agency the authority to order the recall of potentially tainted foods and enhances FDA's ability to assure the safety of imported foods. This bipartisan bill is supported by a broad array of stakeholders, including consumer and public health groups and the food industry. S. 510 would finally give the FDA the authority it needs to do its job.

### **Securities and Exchange Commission and Commodities Futures Trading Commission Funding**

Under the Dodd-Frank Act, both the SEC and CFTC were given expansive new responsibilities. The SEC is required to not only conduct many studies and adopt rules required under the Act, but also to create a new office to oversee credit rating agencies and to assume responsibility for oversight of securities-based swaps, hedge funds, and private equity funds. The CFTC has been given responsibility for oversight of a vast, multi-trillion dollar swaps market. Among other things, it has been charged with reviewing swaps to determine which are

required to clear, enforcing business conduct rules, and implementing disclosure requirements to improve market transparency. It is incumbent on Congress to provide these agencies with appropriations that are commensurate with their dramatically increased responsibilities.

### **Housing**

In light of the continuing foreclosure crisis and persistent, documented instances of inconsistent implementation by mortgage servicers operating under the Making Home Affordable loan modification program, we strongly urge the Senate to pass the provisions sponsored by Senator Franken to establish an Office of Homeowner Advocate in the Treasury Department, which are contained in the extenders bill pending before the Senate.

Establishing a specific position to speak for consumers within the HAMP program is an important step in better aligning the interests of homeowners with those of the servicers that are the HAMP program's principal counterparties. The recent revelations of "robo-signing" of important documents by servicers and the unacceptable number of homeowners that have received foreclosure notices in error only heighten the need for the office proposed by Senator Franken.

### **Appliance Efficiency**

CFA urges the Senate to pass S. 3925, the "Implementation of National Consensus Appliance Agreements Act" (INCAAA) during the lame duck session. The legislation contains energy and water-saving standards that were negotiated between industry and energy-efficiency supporters. It will provide consumers with substantial savings on their energy bills and benefit the environment through reduced emissions. If enactment is delayed until the next Congress, some of the effective dates will need to be delayed, thus reducing the energy savings and emissions reductions that can be achieved. When enacted, these provisions will not only save energy and water, but also will serve as a model for future collaborations between various parties by demonstrating that it is possible to balance manufacturer interests and consumer needs while advancing national goals of energy efficiency and environmental stewardship.

### **Medical Debt Relief**

CFA urges the Senate to pass H.R. 3421/S. 3419, the Medical Debt Relief Act, which would amend the Fair Credit Reporting Act to prohibit paid-off or settled medical debt from appearing on a consumer's credit report. As medical debt is usually incurred for different reasons than other types of consumer debt, it should be treated differently by credit reporting agencies. Consumers rarely take on medical debt voluntarily. Once medical debt is reported to a credit bureau, it can significantly reduce a consumer's creditworthiness – sometimes dramatically restricting their access to credit, insurance, rental housing, and even employment. The House overwhelmingly passed the bill in September with a bipartisan vote of 336-82. The Senate needs to pass this bill to ensure that consumers who have fully paid their medical bills are not penalized for bad health with a poor credit record.

### **Debt Settlement**

Congress should act on S. 3264 and H.R. 5387, legislation to protect debt-strapped consumers from harmful practices by debt settlement companies. These companies claim that they will help consumers negotiate with their creditors to pay off debts for less than the full amounts owed. They encourage consumers to stop paying their creditors and instead accumulate money in a special account to fund later settlements. Debt settlement companies generally deduct their fees, which range from 14 to 18 percent of the debt, from those savings accounts before any debts are settled, and the industry's own statistics show the majority of consumers' debts are never settled. Furthermore, because consumers stop making even the minimum monthly payments on their debts while attempting to save for settlements, their financial situations become even worse because of mounting interest and late fees. They may also face collection activity and lawsuits, and their credit ratings are ruined. While new Federal Trade Commission rules prohibit taking fees upfront for debt settlement and other debt relief services, they only apply to telemarketing, so consumers are not protected if they purchase these services online or in person. In today's tough economic climate, it is crucial to protect consumers by ensuring that no matter how they sign up for debt settlement services, they only pay when the promised results – settling their debts – have actually been achieved, and that the fees are reasonable and tied to the actual amount of savings.

America's consumers have been hard hit by the economic crisis. Many have seen their home values decline, their retirement and college savings shrink, and far too many are unemployed or under-employed. They have been exposed to potentially contaminated food in recall after recall. It is only reasonable to shore up their well-being by passing the above legislation prior to the new year.

Sincerely,



Travis Plunkett  
Legislative Director