

**Americans for Financial Reform
Center for Responsible Lending
Consumer Federation of America
Consumers Union
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low income clients)
Public Citizen
SEIU
U.S. Public Interest Research Group**

June 23, 2010

Dear House Conferee:

While the Senate offer on the Consumer Financial Protection Bureau is generally good for consumers, there are a number of outstanding issues that need further enhancement. Our priorities for improving the Senate offer are as follows:

Consumer Financial Protection Bureau Funding:

We urge the House conferees to accept the Senate offer on funding, which will better protect the bureau from undue political and industry influence. The Senate offer is more fiscally responsible, in that the CFPB director could only request taxpayer-provided appropriations from Congress after the funding provided by the Federal Reserve is used. However we urge that increases in the funding caps be based on the average of any increases in the expenses of comparable federal agencies -- the benchmark used in the House offer -- because it provides a more realistic method for adjusting the Bureau's funding when costs, particularly labor costs, rise.

Abusive Lender Influence over CFPB Rules

We urge the House conferees to continue to reject the Regulatory Flexibility Act provision, which allows payday and other lenders to influence rules before they are proposed to the public.

Preemption

We urge the conferees to keep the substantive federal preemption standard in the original House offer. The OCC should not be able to knock out a state consumer protection statute when there is no federal standard to address the problem.

Small Bank Back Up Enforcement

We urge the conferees to include CFPB backstop enforcement on small banks, as proposed in the House offer, to ensure that the CFPB can take action should the prudential regulators fail to do so.

Auto Dealers Exemption

We urge the conferees to accept the Senate language on auto dealers. The Senate counter offer is a complex arrangement that could be problematic, but it is better than a full exemption.

FTC APA Rulemaking

We urge the conferees to retain the House language providing the FTC with Administrative Procedures Act rulemaking authority. APA rulemaking will streamline the FTC's rulemaking process by replacing the cumbersome Magnusson-Moss procedures that the FTC is currently required to use.

Attorney Exemption

We urge the conferees to accept the Senate offer on the attorney exemption with slight technical changes. Broad exemptions for the practice of law have led to consumer abuses in the past and will in the future if the CFPB does not have the authority to apply its rules to sham use of a legal license.

Sincerely,

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