



**Americans for Financial Reform**  
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April 25, 2012

Richard Cordray  
Director  
Bureau of Consumer Financial Protection  
1700 G Street NW  
Washington DC 20006

Dear Director Cordray:

The diverse member organizations of Americans for Financial Reform would like to congratulate you and the leadership team at the Consumer Financial Protection Bureau for the excellent work you have done since your appointment to get the agency off the ground, meet statutory mandates effectively and on time, identify initial priorities and begin assisting consumers. The CFPB offers a model of what a federal agency should be in its transparency, responsiveness to the public and drive to accomplish its consumer protection mission.

**We write to urge the CFPB to act immediately to protect consumers from harmful or abusive practices that our member organizations have collectively identified as particularly serious. We identify problematic practices below for which the agency has the ability to finalize protections this year. We also identify consumer protection priorities that we urge the agency to begin immediate work on and complete as soon as possible.**

None of these consumer protection priorities are specifically required under the Dodd-Frank Act, but all are authorized and urgently needed. Some of these actions are supported by significant players in the financial services industry. In fact, in several cases, responsible larger market participants are choosing not to use harmful practices that are quite lucrative. We are concerned that, if the CFPB does not act quickly to require a high, uniform level of consumer protection, these responsible industry players will find it hard to compete with those who are using harmful practices.

#### **Short-Term Priorities: Final Protections Are Needed this Year**

- **Arbitration**: Complete the study required under the Dodd-Frank Act by July 31<sup>st</sup> and recommend the elimination of forced arbitration in consumer contracts.
- **Bank Payday Lending**: Ensure that banks do not extend loans that customers cannot repay without repeat loan use.
- **Credit Reporting and Debt Collection**: Complete the larger participant rulemaking to give the bureau full supervisory authority over the most important firms in these sectors.

- Fair Lending: Ensure that fair lending is a consideration throughout the work of the agency and that the Office of Fair Lending is well-integrated across CFPB programs, including supervision, examinations, complaint handling, rule writing, market analysis and research, and complaint analysis.
- Mortgage Servicing: The Bureau should use its enforcement and supervision authority to ensure compliance with existing servicing rules and to enforce against UDAAP violations.
- Overdraft Lending: Prevent payment reordering that increases overdraft fees and require banks to assess the ability of borrowers to repay these loans, if more than six are extended in a twelve-month period.
- Student Lending: Enforce fair debt collection laws in the student loan market.

### **Medium-Term Priorities: Begin this Year and Finalize as Soon as Possible**

- Auto Finance: Monitor the auto financing industry, collect data regarding its practices and issue rules to address unfair and discriminatory interest rate markups, “yo-yo” sales, and buy-here pay-here abuses. Collaborate with the FTC and state attorneys general on enforcement regarding auto scams that target military personnel and their families.
- Credit Reporting: Require credit reporting agencies to resolve credit report errors more thoroughly and fairly and to reduce the risk of errors by more accurately identifying each consumer on whom they collect information. Require businesses that use any type of risk score to make an unfavorable credit or financial decision to issue adverse action notices to affected consumers.
- Fair Lending: Require servicers to gather fair lending data on all loan modifications and screen for violations; collect, analyze, and disseminate HMDA, ECOA, and other data that would be useful for fair lending enforcement purposes; apply a fair lending analysis to the development of the National Default and Foreclosure Database; and create and implement disparate impact and discriminatory effect examination standards for credit scoring and reporting.
- Mortgage Servicing Standards: Use the CFPB’s authority under the Truth in Lending Act and Real Estate Practices Act to require national servicing standards that protect consumers, including an end to dual tracking, a mandate to provide affordable loan modifications to qualified homeowners facing hardship and a ban on abusive fee and force-place insurance practices.
- Payday Lending: Identify internet payday lenders making illegal loans and entities that inappropriately claim tribal sovereign immunity. Enforce existing laws, like the Truth in Lending Act and Electronic Fund Transfer Act (EFTA), regarding payday lenders. Close the “single payment loophole” and ban the use of demand drafts under EFTA, to prevent

payday lenders from taking control of consumers' bank accounts and deepening their debts.

- Prepaid Cards: Issue rules that extend EFTA protections to prepaid cards regarding dispute resolution, fraud and theft. These rules should also protect consumers from issuer insolvency, forbid credit charges, improve fee disclosures and prohibit unfair, abusive or deceptive fees.
- Reverse Mortgages: Strengthen the quality and content of counseling that borrowers receive, and require that information disclosed about the suitability and risks associated with reverse mortgages be transparent.
- Student Lending: Require mandatory certification of private student loans, publish campus-level private student loan data, develop sound student loan modification and underwriting requirements based on ability-to-repay, and enforce the FTC Holder Rule protecting borrowers from lenders with financial relationships with unscrupulous schools.

Sincerely,

Americans for Financial Reform

## **Following are the partners of Americans for Financial Reform.**

*All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.*

- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- Americans for Democratic Action, Inc
- American Income Life Insurance
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Greenlining Institute
- Good Business International
- HNMA Funding Company
- Home Actions

- Housing Counseling Services
- Information Press
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Move On
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers

- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

*List of State and Local Signers*

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR

- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA

- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

### ***Small Businesses***

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET



