

“Restoring American Financial Stability Act of 2010” (S. 3217)

Senator Dodd’s “Restoring American Financial Stability Act of 2010” (S. 3217) is intended to overhaul our banking regulatory system. **It is expected to hit the Senate floor next week and senators hope to vote on the bill within the next two weeks.** Now is the time for Congress to show its support for families by installing a strong regulatory system that will hold lenders and Wall Street accountable.

We ask that our leaders enact a strong bill that does not have weakening amendments or loopholes. While industry lobbyists attempt to minimize their responsibility and avoid accountability, their sweeping influence on our households is undeniable. Almost everyone relies on loans or other financial services to work their way up to the middle class. Unregulated companies must finally be held to higher standards so students and families can worry less about predatory fees and risky loans and more about securing their path to college, homeownership, and retirement.

To lay the groundwork for a more transparent and accountable banking system that promotes financial security and wealth-building, the Financial Stability Act must include a strong, independent **Consumer Financial Protection Agency (CFPA)** that has the power to write and enforce consumer protection laws. In addition, the CFPA must:

- **Include regulations for all lenders and types of financial transactions.** Industry lobbyists are pushing for special “carve outs” to avoid new consumer protections. Auto dealers, payday lenders, remittance and student loan providers, and others are working hard to dilute the CFPA’s strength. Many of the worst financial abuses have come at the hands of unregulated companies, though. Hispanic families, in particular, have been aggressively targeted by unscrupulous lenders. All lenders and creditors must be brought under minimum federal standards for accountability, transparency, and fair dealing.
- **Increase the availability of financial products at the community level.** Too often, the most favorably priced products are not offered in low- and moderate-income communities, instantly limiting borrowers’ options to higher-priced auto and home loans and credit cards. A strong CFPA should address this barrier by enforcing fair housing and lending laws, increasing access to financial services for low-income individuals, and promoting sustainable homeownership in the Latino community.
- **Empower consumers to make informed decisions.** Financial counseling offered by community-based organizations (CBOs) helps families to open bank accounts, build credit, identify affordable auto and home loans and credit cards, and recover from foreclosure or bankruptcy. This service is critical and has proven to help consumers avoid or recover from disastrous financial products.
- **Safeguard the ability of states and tribes to protect their residents.** Under the CFPA, federal laws should serve as the floor and fill in gaps in consumer protection where the local laws are weak or ineffective. State and tribal governments must be able to respond to the needs of their residents by passing stronger laws when necessary. Enabling these smaller jurisdictions to protect themselves could stem risky behavior before it spreads throughout the nation.