



Americans for Financial Reform
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May 6, 2010

The Honorable Harry Reid
The Capitol, S-221
Washington, DC 20050

Dear Senator Reid:

As members of Americans for Financial Reform, a coalition of more than 250 consumer, labor, investor, community, civil rights and business groups, we write to you today to ask that you stay strong in opposing any special interest carve outs from the Consumer Financial Protection Bureau (CFPB). We must create an agency to address problems of the future wherever they might occur. The CFPB's aim is to streamline and strengthen consumer protection, and as such, it must regulate by product, not provider. Accordingly, we oppose all efforts to exempt car dealers, payday lenders or any other industry from the CFPB's rule writing and enforcement authority.

It is vital to the success of the CFPB that all entities who provide financial products are required to play by the same rules. For instance, auto dealers, who broker, originate, or otherwise affect the financing of auto loans cannot be exempted from CFPB rule writing while community banks and credit unions (the other institutions who provide auto loans) are required to play by another set of rules. Such an exemption would create just the kind of uneven playing field we are trying to avoid. Just like the mortgage lenders who created and sold toxic mortgages into the financial markets, the dealer as lender is the original point at which credit contracts are negotiated. The CFPB must be able to regulate by loan product, in this instance a car loan, rather than by the provider of the loan. While dealers may be entitled to compensation for their work in connection with creating credit contracts, we should not permit abusive or predatory practices, like higher compensation for pushing borrowers into loans at higher rates. The CFPB will ensure that the rules for car loans are the same regardless of who is the original lender.

Those who offer sustainable consumer financial products honestly and fairly have nothing to fear from CFPB regulations. Under the proposed structure, only those who sell consumer financial products and services are covered by CFPB rules. Merchants who do not engage in consumer lending, auto dealers who do not offer financing options, and others who are not involved in the extension of credit are already exempted from CFPB rules. We again urge you to stay strong on this issue and to oppose any and all special interest exemptions.

Please contact Cora Ganzglass of the National Association of Consumer Advocates (cora@naca.net) or Lisa Donner of AFR (lisa.donner@gmail.com) with questions.

Sincerely,

Americans for Financial Reform

AFR's 250 member groups: <http://ourfinancialsecurity.org/about/our-coalition/>