



**Americans for Financial Reform**  
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**OPPOSE THE SEQUESTER REPLACEMENT RECONCILIATION ACT OF 2012  
LEGISLATION WOULD ELIMINATE KEY ELEMENTS OF FINANCIAL REFORM**

Dear Members of Congress:

The legislation you are considering today, (the “Sequester Replacement Reconciliation Act of 2012”) would end the Home Affordable Mortgage Program (HAMP), repeal the resolution authority granted to the FDIC to liquidate failing financial institutions, eliminate the Office of Financial Research, and eliminate the independence of the Consumer Financial Protection Bureau by making it the only bank regulatory agency subject to the appropriations process. Were it approved, the proposal would also cut the CFPB’s statutory funding by two-thirds, from \$598 million in FY 2013 to \$200 million.

The priorities in this legislation are exactly backward. At a time when the American public wants to restore accountability to Wall Street, it would take away a key regulatory tool that would allow safe liquidation of a failing financial company, increasing the likelihood of taxpayers being held up for another no-strings-attached bailout. At a time when the crippled housing market is dragging down the larger recovery, it would end mortgage assistance to hundreds of thousands of homeowners in danger of foreclosure. At a time when the nation can ill afford another financial crisis, it would eliminate the Office of Financial Research, an important part of the regulators’ early warning system for risks to the financial system. And just as the Consumer Financial Protection Bureau is gearing up to level the playing field for consumers in dealing with credit card companies, student lenders, debt collectors, mortgage brokers and more it would effectively cripple the agency through the combination of budget cuts and the removal of its independent funding.

Americans for Financial Reform strongly urges you to oppose all of these proposals.

The new resolution authority has not been tested, but its intent and design is to permit regulators to liquidate a systemically significant financial institution in a way that protects the economy from contagion while fairly apportioning losses to shareholders, executives, and creditors – not the public at large. The authority includes protections against taxpayer losses, and the law requires expenses not recovered through sale of the liquidated institution’s assets to be recovered

from the financial sector through later fees. Taking away this resolution authority is the very opposite of protecting taxpayers; it makes a no strings attached bailout to a systemically significant financial institution more likely.

Funding the CFPB through appropriations would saddle the Federal budget with the direct costs of supporting the agency and allow big banks to thwart its funding through a politicized appropriations process. Other bank regulators are insulated from this process for good reason. As with every other banking regulatory agency, the CFPB is not currently subject to the appropriations process. This was done by Congress to ensure that the CFPB's independence was not compromised by overwhelming political pressure from the financial services industry.

The CFPB is already under sufficient oversight. First, unlike other banking agencies, which can set their own budgets, the CFPB's independent budget authority is capped at a maximum amount by law and additional funds must be sought through the appropriations process. Second, the CFPB is currently the only federal agency that can have its rules overturned by other agencies, although Bureau opponents want to go further by giving bank regulators broader "veto" power over CFPB actions. Third, the CFPB's rulemaking is subject to additional review for its effect on small business. Finally, the CFPB is subject to Congressional oversight. CFPB has testified on numerous occasions before the committee about its successful efforts to implement the law's mandates as required by law. It has testified on its efforts to protect consumers and also on its other primary goals, including eliminating outmoded regulations, promote fair competition and "encourage markets for consumer financial products and services that operate transparently and efficiently and to facilitate access and innovation."

Problems remain with the HAMP program, but it remains a critical avenue for assistance for hundreds of thousands of homeowners struggling to pay inflated and unaffordable mortgage bills and facing foreclosure.

We urge you to reject these proposals in the "Sequester Replacement Reconciliation Act of 2012" before you today.

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

