



WASHINGTON BUREAU · NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
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February 17, 2011

Members
U.S. House of Representatives
Washington, D.C. 20515

via fax

**RE: NAACP'S STRONG OPPOSITION TO PROPOSED CUTS TO THE
CONSUMER FINANCIAL PROTECTION BUREAU AS CONTAINED IN H.R. 1,
THE *FULL-YEAR CONTINUING APPROPRIATIONS ACT, 2011***

Dear Representative:

On behalf of the NAACP, our nation's oldest, largest and most widely-recognized grassroots-based civil rights organization, I strongly urge you to oppose and vote against any funding cuts to the newly created Consumer Financial Protection Bureau (CFPB). Specifically, I urge you to oppose the provision (Section 1517) in H.R. 1, *The Full-Year Continuing Appropriations Act, 2011* which would cut the new CFPB's budget by 40% – from \$143 million to \$80 million -- before it even takes over its job of protecting American consumers from unfair financial services practices. I further urge you to oppose and vote against any amendments, such as #528 (Carter) or #577 (Price), which would further weaken the CFPB. Any cuts to the CFPB budget, as well as any provisions weakening the mission of the nascent agency would result in fewer protections for American consumers in general, and racial and ethnic minorities in particular, as they attempt to manage the often confusing world of finances, mortgages and credit.

The newly-created Consumer Financial Protection Bureau (CFPB) would ensure American consumers get the clear, accurate information they need to shop for mortgages, credit cards, and other financial products, and protect them from hidden fees, abusive terms, and deceptive practices. It would also have an Office of Fair Lending, whose primary focus would be to develop and implement fair rules so that racial and ethnic minority consumers, as well as other groups which have been targeted for too long by unscrupulous financial servicers, will not be taken advantage of by predatory lenders when they try to purchase a home, buy a car, or obtain a credit card because of their race or ethnicity.

The sad truth is that racial and ethnic minority American borrowers continue to pay more than our White peers for nearly every type of financial service, including credit cards, car loans, home mortgages and more. We also bear a disproportionate share of the consequences of the economic downturn, as demonstrated by the unemployment

rate, declining income, wealth, and homeownership levels. The goal of this new law is to help all Americans navigate the world of finance so that they are much less likely to be taken advantage of and much more likely to be in a position in which they can build wealth and equity.

The fact that these proposed cuts would not subtract a dime from the deficit would add insult to injury if the CFPB budget is reduced or the purview of the agency is weakened at all by H.R. 1. Under Section 1517, the money designated to protect American consumers from financial fraud and leave it instead it with the already well-funded Federal Reserve system.

Cutting the CFPB's budget would result in a return to the system of inadequate financial supervision that failed taxpayers, depositors, investors, homeowners and other consumers. Allowing continued predatory lending to consumers will inject greater risk into the financial system. That will raise the threat of a repeat of the Wall Street-caused financial crisis that cost Americans millions of lost jobs, billions of dollars in taxpayer funded bailouts and trillions of dollars in lost home values and retirement savings. It will also perpetuate the targeting of racial and ethnic minority communities by wealth-stripping predatory lenders. Even if we learned nothing over the past 5 years, we should know better than to allow this to continue.

Thank you in advance for your attention to the position of the NAACP. I again urge you, in the strongest terms possible, to reject proposed budgetary cuts to the CFPB and I look forward to working with you to ensure that American consumers, including racial and ethnic minorities, are able to make informed financial decisions and not be taken advantage of by predatory lenders. Please feel free to contact me at (202) 463-2940 if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Hilary O. Shelton", written in a cursive style.

Hilary O. Shelton
Director, NAACP Washington Bureau &
Senior Vice President for Advocacy and Policy