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expanding economic opportunity

June 5, 2017

Dear Representative,

On behalf of the undersigned service providers, community-based organizations, consumer advocates and others who are working to implement strategies and advocate for policies that help people become more financially secure, we are writing to express our opposition to H.R. 10, the Financial CHOICE Act of 2017 and to urge you to oppose this bill. Despite this legislation's stated goal of "Creating Hope and Opportunity for Investors, Consumers and Entrepreneurs", the changes prescribed in the Financial CHOICE Act would end up leaving countless Americans in harm's way, rolling back a number of commonsense Wall Street reforms and consumer protections put in place as a response to the Great Recession.

While there are several different agencies that regulate the financial industry that would be impacted by the Financial CHOICE Act, among the most troubling changes found in the legislation are those that would fundamentally reshape of the Consumer Financial Protection Bureau (CFPB)—the only agency dedicated solely to protecting consumers. Despite the characterization by opponents of the Bureau as unaccountable, since it was launched in 2011, the CFPB has been both highly successful and extremely responsible to the very people it was set up to serve: consumers.

Over the past six-years the independent agency has not only done a tremendous amount to protect consumers against predatory financial practices and foster fair practices in the financial industry, it has also secured about $12 billion in relief for 29 million consumers[1]—about one out of every 8 adults in the country. To put that in perspective, the CFPB has helped more people than live in the state of Texas, all while returning four dollars back into the pockets of consumers for every one dollar it spends.[2]

Over and beyond the $12 billion returned to consumers through enforcement actions, the CFPB has introduced strong new mortgage disclosure forms that have improved the market and gone a long way to rectify the predatory lending practices that were rampant before the financial crisis. The agency's consumer complaint database has given Americans a vehicle for getting attention and help for problems with financial institutions. And the bureau has conducted research and outreach to millions of people so they better understand their finances and can access good financial products. For example, its 2014 report on manufactured housing finance is a seminal government resource on this complex market segment.[3]

Moreover, the CFPB has or will soon introduce strong rules in several markets beyond its recently finalized prepaid card rule and its payday rule, which the Bureau is currently finalizing, to improve fairness and transparency for consumers, such as overdraft offerings and arbitration requirements. While critics say the rules and enforcement actions of the CFPB are holding back lending and the economy in general, the

[1] Consumer Financial Protection Bureau, "Factsheet, Consumer Financial Protection Bureau: By the numbers", January 2017, http://files.consumerfinance.gov/f/documents/201701_cfpb_CFPB-By-the-Numbers-Factsheet.pdf

[2] Brad Wolverton, "Your Wallet Will Suffer If This Agency Is Gutted", March 2017, https://www.nerdwallet.com/blog/finance-your-wallet-will-suffer-if-this-agency-is-gutted

[3] Consumer Financial Protection Bureau, *Manufactured-housing consumer finance in the United States* (Washington, DC: CFPB, September, 2014)

evidence isn't there to support that. In fact, lending on mortgages and other financial products is approaching or exceeding pre-crisis levels.[4]

Unfortunately, despite the high-level of effectiveness and efficiency the CFPB's has demonstrated in its short history, the Financial CHOICE Act would eviscerate the Bureau's ability to be a strong, effective, transparent and independent financial regulator.

While the bill does not propose converting the CFPB into a multi-person commission, thus setting the stage for internal gridlock at the Bureau for years to come, we are troubled by the steps it would take to make the Director of the Bureau removable without cause by the President. Moreover, this effective change in who the CFPB is ultimately accountable to would be compounded further by the Financial CHOICE Act's proposal to move the agency's funding under the appropriation process, which would provide an opening to starve the agency of much-needed funded in the years to come. Additionally, this change would also create an opportunity for opponents to stop the agency from working on certain issues—a problem already visible under Section 733 of the Financial CHOICE Act, which would prohibit the CFPB from regulating predatory payday lending in the future.

Unfortunately, this change is just one small piece of what concerns us about the Financial CHOICE Act as it relates to the CFPB. Some of the other concerns include:

- **Limit rule-making authority to enumerate statutes**, which has provided the CFPB with flexibility to develop common sense rules that respond to the latest threats against consumers in an ever-changing financial marketplace, recognizing that the problems of today may not be the problems facing consumer tomorrow.
- **Repeal of Unfair, Deceptive or Abusive Acts and Practices (UDAAP) authority**, which the agency has used to bring enforcement actions against a number of bad financial actors, helping to return billions back in the pockets of consumers.
- **Repeal of advisory boards, supervision and market monitoring powers**, which has helped the agency cultivate broad stakeholder engagement and identify market trends that could pose threats to consumers.
- **Allowing the Bureau to eliminate certain offices and functions**, such as its consumer education and research arms as well as the office of fair lending, which has been critical to ensuring all communities have fair and equal access to credit, whether it's to go to school, start a small business or buy a home.
- **Blocking the CFPB from making the consumer compliant database public**, which has helped to create more transparency between consumers and the marketplace and has provided consumers with an invaluable tool to remedy issues across a whole range of financial products and services.

Beyond the CFPB changes, the Financial Choice Act also includes a whole host of other provisions that would roll back a number established and much-needed protections, putting in harm's way the communities we serve each day. Among those is a provision aimed at "Preserving Access to Manufactured Housing" that would harm vulnerable individuals and families seeking to purchase a manufactured home—which make up one of the largest sources of unsubsidized affordable housing in the country—by stripping away needed protections that protect these homebuyers against a number of predatory practices

[4] Gregg Gelzinis, Michela Zonta, Joe Valenti, and Sarah Edelman, *The Importance of Dodd-Frank, in 6 Charts* (Washington, DC: Center for American Progress, 2017)

that have plagued this industry, including loan steering.[5] While the manufactured housing industry continues to claim that the Bureau's rules have reduced lending, it has refused to make such data available for public scrutiny.

Moreover, to this point of data collection and dissemination, the Financial Choice Act also aims to undermine valuable tools that have longed helped in the fight to ensure that all consumers have equal and fair access to homeownership opportunities. Given what we know about the role that discriminatory housing policies and private-sector market practices have played in creating and fueling the economic realities of communities of color today,[6] including, among other things, lower homeownership rates, home values and a gaping racial wealth divide, the exemptions found in this bill from the reporting and recordkeeping requirements imposed under the Home Mortgage Disclosure Act (HMDA) would hinder the ability of advocates and policymakers to identify and remedy fair lending violations and discrimination occurring in the homeownership market.

If this is what it takes to spur greater economic growth, hold Wall Street accountable and foster consumer financial independence, then the costs are too high—especially after going through the Great Recession in which clearly showed why laws like Dodd-Frank and an agency like the CFPB are needed. Claims that Dodd-Frank have hampered growth, tamped down employment and consumer lending are not supported by evidence since the bill's enactment. Before removing consumer protections and regulatory tools that might have prevented the Great Recession, Congress should not only reject this legislation, it should also thoroughly review the available data and demand more industry transparency.

Sincerely,

Alameda County Community Asset Network
All Parks Alliance for Change
Arizona Community Action Association
CAFE Montgomery MD
Center for Economic Integrity
Community Action Human Resources Agency
Connecticut Association for Human Services
Corporation for Enterprise Development (CFED)
Current Communications
Hawai'i Alliance for Community-Based Economic Development
Indiana Assets & Opportunity Network
Indiana Institute for Working Families
Manufactured Home Federation of MA. Inc.
Manufactured Home Owners Association of New Jersey, Inc.
Maryland CASH Campaign
National Manufactured Home Owners Association

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[5] Doug Ryan, Don't Be Fooled, *This Bill Would Actually Harm Manufactured Home Buyers* (Washington, DC: CFED, 2014)
[6] Dedrick Asante-Muhammad, Chuck Collins, Josh Hoxie and Emanuel Nieves, *The Ever-Growing Gap: Without Change, African-American and Latino Families Won't Match White Wealth for Centuries to Come* (Washington, DC: CFED, 2016)

Nevada Association of Manufactured Home Owners Inc
North Carolina Assets Alliance
Opportunity Alliance Nevada
Opportunity Fund
PathWays PA
Prince George's CASH Campaign
Program for Recovery and Community Health, Yale University
RAISE Texas
RESULTS
The Midas Collaborative
United Way of Central Jersey
Women's Opportunities Resource Center
WomenVenture
World Hunger Education Advocacy & Training (WHEAT)