

A Chief Consumer Watchdog Arrives in 2012

As 2012 unfolds, America's consumers have now gained a top cop in a wide range of financial affairs. Richard Cordray, a former Ohio attorney general and state treasurer was appointed this week by President Obama to become the first director of the Consumer Financial Protection Bureau (CFPB). After the greatest financial collapse since that of the 1930s Great Depression, the historic Dodd-Frank Act created a new bureau to comprehensively address lending abuses and the accompanying power to enforce regulatory change.

With a director in place, CFPB can now take on oversight of payday lenders, mortgage companies and credit bureaus, writes rules for the non-banking industry, and becomes the consumer's voice in financial services regulation. Last year in late July, CFPB began ongoing monitoring and regulating of large depository banks.

Announced Jan. 4 at an appearance in Cleveland, President Barack Obama said in part, "The financial firms have armies of lobbyists in Washington looking out for their interest. You need somebody looking out for your interest and fighting for you – and that's

RESPONSIBLE LENDING

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Richard Cordray."

Ohio consumers would readily agree. As state attorney general, Cordray recovered more than \$2 billion from Wall Street to repay the state's wrongly-foreclosed

color have always been targets of predatory lenders who created a financial mess that resulted in losses of \$194 billion in the African-American community and \$177 billion in the Latino community, the largest exodus of wealth ever recorded for these groups. . . We are ready to work with Director Cordray to ensure that no

ers of color are more than twice as likely to receive high-risk loan products – even after accounting for income and credit status.

These mortgage defaults are strongly tied to abusive loan terms, such as prepayment penalties, 'exploding' adjustable-rate mortgages and loans originated by mortgage brokers. In many cases,

lenders, CFPB will require lenders to follow fair rules and provide families with information they need to make informed and smart choices in financing a college education for their children. This particular provision will benefit African-American families – 36 percent of whom already fund college educations with student loans.

For consumer advocates such as the Center for Responsible Lending (CRL), Richard Cordray's appointment was viewed as welcome news not only for consumers but also for businesses and the economy. CRL said in a statement "Finally, the agency can run at full speed, policing the financial marketplace to make it fairer and more competitive. . . By promoting sensible oversight of businesses and sounder choices in consumer financial products, the CFPB will help restore our economy and prevent another meltdown."

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As state attorney general, Cordray recovered more than \$2 billion from Wall Street to repay the state's wrongly-foreclosed consumers, the state's looted pension funds, and its cities and counties

consumers, the state's looted pension funds, and its cities and counties. His reputation as a fair and reasonable advocate attracted widespread support that included businesses, civil rights and consumer advocates, and 37 state attorneys general.

Speaking to the specific consumer needs in communities of color, Wade Henderson, president and CEO of the Leadership Conference on Civil and Human Rights said, "Communities of

community is ever victim to these practices again."

The biggest factor contributing to this historic loss of minority wealth has been foreclosures wrought from high-cost and unsustainable loans. Published in November, CRL's updated foreclosure research, Lost Ground, examined disparities in mortgage lending and foreclosures. CRL found that although the majority of people affected by foreclosures have been white families, borrow-

ers received kickbacks for placing borrows in these more expensive and high-risk loans.

With the CFPB and other provisions of the Dodd-Frank Act, the kickbacks known in the mortgage industry as 'yield spread premiums are banned. Further, lenders are now required to ensure a borrower's ability to repay a loan.

Another and lesser known duty of CFPB includes oversight on student loans for higher education. With authority over private stu-

My Problem Watching Mainstream News

I grew up listening to the news on radio, watching it on TV, and reading it in the paper (and in magazines). I have found myself increasingly weary of mainstream news, however. It is an odd feeling. My political beliefs have always led me to question the mainstream news sources but I would still make a point of watching network news programs. Over time something happened.

With the exception of Aljazeera, which offers the most interesting in what can be called mainstream news, we are treated to endless stories about what now seems to be endless electoral/political campaigns. We are treated to stories about the economy that tell us so little about the roots of the current economic

I cannot hide; nor can you

crisis. We are then treated to inane stories about this or that celebrity (and who they might be involved with) or stories about some horror, such as a mass murder or environmental disaster.

Think about it: how often do you get a sense as to why anything is actually happening? Instead we are exposed to what feels like a ticker tape of disasters, which has the net effect of making you want to run away and hide. When there are so-called experts speaking, they are more than likely white men, as if there is no one else on planet Earth capable of interpreting reality. But added to that, the spectrum of opinions is so terribly narrow so as to make distinctions difficult to ascertain.

The reality of the bias and intellectual desert that is mainstream news is why it



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is so critical that two things happen. One, legislative action will need to be taken to break up the oligopoly that has emerged in mainstream news. We need more news channels and we need a variety of opinions. Two, we need to support good alternative media, including but not limited to African American media. With regard to alternative media, as greater attention turns to the Web, we, the consumers of information must realize that we will need to provide support. Good news necessitates more than just opinion but the hiring of capable journalists who have the courage and expertise to investigate and write about the global developments that should be brought to our attention.

I feel embarrassed ignoring the mainstream media, even though I am often relieved that I do not need to hear the nonsense. But I cannot hide; nor can you. My experience is that when you actually speak with regular people about WHY things are happening, or when you hear news programs that treat the viewer/reader as if they are intelligent rather than a moron, the lights go on...and someone is, in fact, home.

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