

House Bill Undermines Consumer Protection

In the aftermath of the successful effort to better protect consumer finances, the Consumer Financial Protection Bureau (CFPB) is now facing a forceful effort to undermine its mission and operation. Even before CFPB reaches its first anniversary of operation, proposed federal legislation that would exempt a variety of non-bank lenders has attracted 19 co-sponsors representing portions of Arizona, California, Georgia, Illinois, Maryland, Mississippi, Missouri, New Mexico, New York, North Carolina, Ohio, Texas, and Wisconsin.

House Bill 1909, sponsored by California Rep. Joe Baca (R-Calif.), seeks to create a new federal charter for non-bank financial service providers that would bypass CFPB. It would also preempt state consumer protection laws and rollback consumer gains nationwide. Several states have already passed strong consumer protections against the very same lenders this federal legislation would reverse. If enacted, non-bank lenders would no longer be subject to the federal Truth in Lending Act, which requires dis-



RESPONSIBLE LENDING

Charlene Crowell

closure of the cost of credit as an annual percentage rate (APR).

The beneficiaries of this legislation would be a wide range of businesses that offer reloadable prepaid debit cards, payday and car title loans, rent-to-own agreements, pawn shops, check cashing services and more.

On the losing side would be 30 million consumers who either have no bank account – the unbanked – or those who use very limited bank services – the under-banked. Further, if enacted, a two-tiered financial system would be created and the almost certain exploitation of consumers using these products.

According to the Federal Deposit Insurance Corporation (FDIC), Black consumers represent more than 30 percent of

under-banked households and more than 20 percent of unbanked. Black consumers together with Hispanic, American Indian/Alaskan and consumers represent 56 percent of all unbanked households.

Businesses that provide goods or services at a competitive and fair price earn a loyal customer base; they offer consumers for value for their hard-earned dollars. Yet many non-bank financial services included in HB 1909 have

product that leaves a consumer worse off financially than before can hardly be termed a service.

Fortunately, a number of consumer advocates are actively working to oppose the renewed de-regulation efforts, including Americans for Financial Reform and U.S. PIRG.

In announcing its opposition to HR 1909, the Washington, D.C.-based Consumer Federation of America, was as clear as it was direct. "We oppose any steps

exposes consumers and the financial services marketplace to the very dangers that contributed to the economic crisis. The CFPB was created for the sole purpose of protecting consumers through oversight, rulemaking and enforcement of the rules for the very consumer financial products marketed and sold by the companies covered in this legislation."

It added, "Less than six months after the Consumer Financial Protection Bureau has been fully operational with a director in place, H.R. 1909 or similar legislation would backtrack on Congress' promise to consumers. These bills offer nothing new or beneficial for consumers – and removing consumer finance companies from CFPB oversight will set a precedent for many other companies to also seek to be excluded."

Charlene Crowell is a communications manager with the Center for Responsible Lending.

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never fit that description.

Instead, their "repeat business" results from high fees that entrap customers into long-term debt. The irony is that these same "services" were marketed as short-term transactions. Any financial

intended to remove non-bank lenders from the oversight of the Consumer Financial Protection Bureau."

In a recent letter to Capitol Hill lawmakers the Center for Responsible Lending noted, "This shift

A Roadmap for the Commission on Black Affairs

Twenty-six years ago I became the first full-time executive director for the Oregon Commission on Black Affairs (OCBA). Created by ORS 185.410, the OCBA is charged to work for the implementation and establishment of economic, social, legal and political equality for Oregon's African American and Black populations. Excited about working with a group with so much potential, I envisioned it as a visible and forceful body, working to influence State policy on behalf of Black families and children in Oregon. After all, how could it not be powerful when by law, it exists to serve the State of Oregon and by law, is authorized to:

- * Monitor existing programs and legislation designed to meet the

BLACK AFFAIRS

Kathleen Sadaat

whether the advocacy Commissions are relevant. If one reads the Urban League of Portland's report, "The State of Black Oregon," it is clear that disparities still exist between the health and well-being of Black Oregonians when compared with our white population. These documented disparities make the OCBA relevant. It is now time for it to become more visible and demonstrate its effectiveness in carrying out its responsibilities.

The state can help by making sure all Commission members understand both their responsibilities

and generate recommendations for revised and/or new policies and programs. The Commission must use their legislative representatives to help traverse the

complications of state government. The OCBA must use ways (in addition to meeting minutes) to inform the statewide public of its vision and accomplishments.

Above all, the OCBA must put all of its effort into carrying out its mission and its mandate to serve the African American and Black communities of Oregon.

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needs of African Americans and Blacks

- * Identify and research concerns and issues affecting the African American and Black community, and to recommend actions to the governor and to the Legislative Assembly, including recommendations on legislative programs;

- * Act as a liaison between the African American, Black community and Oregon's government

- * Encourage African American and Black representation on state Boards and Commissions

- * The Commission may serve as advocate, analyst, instructor, monitor, and advisor.

The most recent negative publicity about the Commission has again raised the question of

ties and how to effectively interact with state systems. I hope by now the state has a comprehensive orientation for new Commissioners and a clear explanation of expectations both of individual Commissioners and of the Commission as a state funded body.

A requirement for OCBA to set goals and submit regular progress reports to the governor at specified intervals would demonstrate the governor's ongoing interest in the issues and perhaps engender greater attention of state government.

The Commission on Black Affairs must engage Oregon's Black communities in dialogue about state policies and programs

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