

# Attack on Minorities, Unbanked Consumers

Measure in Congress would undermine CFPB enforcement and preempt state laws

At the urging of veteran Michigan Congressman John H. Conyers, a growing number of Congressional Black Caucus colleagues are actively opposing a bill that would negatively impact consumers of color and others who lack a personal bank account. Moreover, the bill, HR 6139 would also remove the Consumer Financial Protection Bureau (CFPB) from its current enforcement authority over non-bank lenders and additionally preempt state laws enacted to protect consumers.



## RESPONSIBLE LENDING

Charlene Crowell

lion consumers have turned to the CFPB for information, assistance and advice. Better than one-in-four consumers filing a complaint with CFPB have received monetary compensation.

When Capitol Hill lawmakers return for the lame duck session that follows the November election, HR 6139 and other non-regulatory measures could reach a House floor vote.

“Economic justice and financial freedom for all American households must remain priorities for Congress and financial service regulators alike,” said the CBC members. “We urge you to oppose HR 6139 and allow the CFPB to continue its work of facilitating a transparent and safe financial marketplace for all households.”

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

Joining Rep. Conyers in vocal opposition are members of Congress representing minority-majority districts. In a Sept. 14 letter to the full House, Conyers, along with Representatives Hansen Clarke (Detroit), Elijah Cummings (Baltimore), Delegate Eleanor Holmes Norton (DC), Barbara Lee, (Oakland), Charles Rangel (New York City) and Bobby Rush (Chicago) spoke directly to the effort to establish a two-tiered financial regulatory system.

HR 6139 claims to help minorities, when in fact it would hurt them disproportionately by enabling predatory lending. Far from helping these communities stay in the mainstream banking system, the Office of the Comptroller of the Currency charter would push them further into the economic margins.

Twelve million Americans are trapped every year in a payday loan debt cycle and generate \$4.2 billion in predatory fees

HR 1639 would preempt anti-predatory lending laws in 17 states and District of Columbia while also circumventing CFPB oversight of non-bank creditors.

Additional concerns regarding HR 6139 include:

— Carve-outs for the same lenders the Department of Defense found harmful to military families. After a 2006 Department of Defense report that found predatory lending practices targeted military members and their families, a bipartisan effort led to the enactment of the Military Lending Act of 2007. This law covered payday, car title and refund anticipation loans and also put an end to interest rates that ran as high as 800 percent. Interest rates on these loans were capped at 36 percent.

— Roll backs more than 40 years of consumer protections under the Truth in Lending Act (TILA). By exempting lenders from annual percentage rate (APR) disclosure, loans of one year or less could disclose the cost of these loans as a dollar amount rather than an APR that TILA now requires. Without an APR, disclosure on these loans, consumers would be less likely to make a baseline cost of credit comparisons with other financial products.

Additionally the Center for Responsible Lending research and analysis has found that:

— Twelve million Americans are trapped every year in a payday loan debt cycle and generate \$4.2 billion in predatory fees every year.

— States that ban payday lending save their citizens an estimated \$1.4 billion in predatory lending fees each year.

— Seventy-six percent of payday loans are the result of repeat borrowing on the same principal.

— From 2008-2010, voters in three states have said ‘NO’ to triple digit interest rates when their state legislatures did not: Arizona, Montana and Ohio.

Considering the economic chaos caused by the worst economy since that of the 1930s Great Depression, many lawmakers and consumers have called for more vigorous monitoring and enforcement. Already, more than five mil-



## Come Out for Our Families!

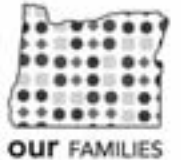
We believe all our families have so much in common: we struggle to access healthy food, quality education, affordable healthcare, and housing. Our families also face discrimination that prevents us from thriving in our workplaces and our neighborhoods. As families of color, we experience unique challenges as we work to keep our homes, our jobs, and our health.

So, in honor of National Coming Out Day, we are coming out as friends, family and public allies of LGBT families of color.

We believe our communities are strongest when all families – extended families, multi-generational families, single-parent families and lesbian, gay, bisexual and transgender families - have the resources, respect and love they need to thrive.

These struggles affect Lesbian, Gay, Bisexual and Transgendered (LGBT) families of color in very unique ways. LGBT families of color are part of the fabric of our community and members of our own families. Unfortunately, some of our LGBT family members do not feel our community's full support.

We believe it's time to come out in support of all our families. Join us!



- Alliance of Minority Chambers**
- Causa Oregon**
- Farmworker Housing Development Corporation**
- Latino Network**
- Lewis & Clark Law School**
- Native American Youth and Family Center**
- Northwest Health Foundation**
- Oregon Action**
- Pineros y Campesinos Unidos del Noroeste (PCUN)**
- Oregon's Farmworker Union**
- Portland African American Leadership Forum**
- Portland Japanese American Citizens League**
- Portland State University**  
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