AMERICANS FOR FINANCIAL REFORM
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Professor Elizabeth Warren
US Department of the Treasury
CFPB Implementation Team, Suite 1801 L
Washington, DC 20220

Dear Professor Warren,

As the date for the commencement of the Consumer Financial Protection Bureau (CFPB) approaches, we would like to convey the recommendations of Americans for Financial Reform (AFR) regarding the Bureau's first set of consumer protection priorities. This letter focuses on additional rulemaking, supervision and enforcement priorities beyond the important work that the Bureau is already committed to undertake, such as the merging of the Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) disclosures and the one-page credit card contract.

The financial consumer protection needs of Americans are great and varied, and our member organizations may individually stress different priorities. But our diverse public interest coalition believes that these important financial protection concerns, affecting tens of millions of Americans, should be on the agenda:

I. Top Important Areas For Early Action
  A. Rulemaking
    1. Mortgage servicing
    2. Overdraft fees
    3. Prepaid cards
    4. A set of principles to guide industry, rulemaking, supervision and enforcement
  B. Supervision/enforcement
    1. Credit cards
    2. Mortgage lending
    3. High-cost, short-term loans (including bank, prepaid card, payday and auto title)

II. Relatively Simple Items for Early Action
    1. Private Student Loan School Certification
    2. Closing the EFTA single payment loophole
    3. Debt settlement

III. Mid-Term Priorities that Will Require More Development
    1. Arbitration
    2. Payday loans (rulemaking)
    3. Credit reporting

IV. Longer Term Priorities For Which Planning Should Begin Now
    1. Auto loans
    2. Student loans
    3. Safe bank accounts
    4. Debt collection

This list is not a ranking of the relative importance of the different areas discussed. Far-reaching problems often take more lead time to address effectively address than less important but simpler issues. We offer our views on those areas we believe it makes sense to take up soonest and which ones are important but can be on the longer term agenda.

I. Top Important Areas for Early Action

A. Earliest Rulemaking Priorities

1. Mortgage Servicing[1]

The failures of loan modification efforts and the robo-signing scandal have made clear what many have known for years: our system for servicing mortgage loans is plagued with problems. Misaligned incentives and inadequate rules and supervision for mortgage servicers have allowed servicers to impose unwarranted fees and forced-placed insurance, mismanage payment records, and favor foreclosure over home preservation.

While there are now some important new reforms in the area of mortgage origination, there is almost a complete absence of federal consumer protection governing mortgage servicing. The inadequacies of the HAMP program and of loan modification efforts by Freddie Mac, Fannie Mae, and the banking agencies demonstrate the need for strong and clear rules that will govern all servicers. Although the states have an important role to play in regulating mortgage servicing, federal law should provide a baseline to ensure that unfair, deceptive or abusive servicing practices are not tolerated anywhere.

The time is now to address mortgage servicing failures. The need is immediate, the problems have received wide public attention, and the time is ripe for action.

2. Overdraft Fees[2]

The ten of billions of dollars that Americans pay annually as a result of overdraft fee programs represent predatory lending and steering at their worst: triple- or quadruple-digit interest rate loans pushed on consumers with no regard to fees' devastating impact. The most common triggers of overdraft fees are small debit card transactions, which could easily be denied at the point-of-sale at no cost to the consumer. Most institutions offer far lower cost alternatives, but too many aggressively steer customers into their highest cost overdraft coverage.

Over 50 million Americans overdraw their account annually.[3] The fees affect consumers across the age and income spectra, but they hit younger Americans, older Americans, and those teetering on the edge of the banking mainstream especially hard. Younger Americans are more likely to use debit cards for small transactions, leaving them particularly vulnerable. Older Americans heavily reliant on Social Security pay $1.4 billion in these fees annually. And a 2008 Harvard study found that virtually all involuntary bank account closures are caused by excessive overdrafts.[4]

The Federal Reserve's new opt-in rules for debit cards and ATM transactions fail to address the fundamental substantive problems with the product: a fee out of all proportion to cost; the frequency with which the fees are charged; manipulation of transaction order to increase fees; and aggressive marketing and steering of high-volume overdrafters into high-cost programs. Disclosures also fail to inform consumers of the costs of all options.

Swift action in this area is particularly important – and particularly likely to have significant impact – because the overdraft situation facing consumers is uneven and unstable, and the industry response to changing rules is still evolving. Much of the industry is pursuing strategies to circumvent the new rules, but there are exceptions. For example, Bank of America, the largest debit card issuer, chose to stop charging debit card overdraft fees. But it has been criticized by investors for drops in revenue as a result, and by some in the media for charging new monthly bank account fees (which are far preferable to unfair, uneven, and hidden overdraft fees). The FDIC's recent guidance was a positive step, but it is limited in some respects and applies only to the banks it supervises. Further regulatory action is needed to level the playing field and raise the standards for all institutions – or recent progress may be lost.

Public support for overdraft reform is very strong, with polling showing that large majorities support stopping manipulation of posting order and limiting the frequency and amount of overdraft fees.[5] As with mortgage servicing, the time to act is now: the impact is large, the problems and solutions are known, and the situation will deteriorate if the modest gains from the opt-in rules are not solidified and strengthened.

3. Prepaid Cards.[6]

The prepaid card industry is in an important growth stage. Having enjoyed relative freedom from regulation as prepaid cards developed, it is now time to ensure that prepaid card accounts enjoy the same protections as bank accounts do and to stop junk fees from spreading in this market. Prepaid cards are becoming an important alternative for those shut out of bank accounts, a situation which may become more common as overdraft and interchange fees become less of a profit center. As this is a relatively new industry, it is essential to stop unfair fees and other abusive practices before they spread and solidify.

The Federal Reserve was on the verge of proposing how to extend the Electronic Funds Transfer Act (EFTA) to prepaid cards before the agency gained new rulemaking responsibilities under the Dodd-Frank Act. There is actually a lot of consensus between industry and consumer groups. There is wide agreement that the EFTA should be extended to prepaid cards, with limited areas of disagreement. Both consumers and the industry would also benefit by weeding out bad fee practices that will give this industry a bad name just as it is trying to gain consumer acceptance. Consequently, we believe that it would be a relatively easy matter, and is of some urgency, to adopt rules for prepaid cards.

4. A Set of Principles to Guide Industry, Rulemaking, Supervision and Enforcement[7]

Last, but definitely not least, the CFPB should prioritize developing a set of principles to guide industry and all of the Bureau's activities, including rulemaking, supervision and enforcement. An early set of overarching principles will help to ensure fairness, transparency and safety in a wide variety of markets, including those that will be farther down the Bureau's agenda.

You have repeatedly emphasized that the mission of the CFPB will only be fulfilled if it changes the culture of consumer protection and does not merely churn out a series of detailed rules that industry works to circumvent. While an agency can act more quickly than Congress to plug loopholes or address new abuses, specific rules will often be two steps behind developments in the market.

Accordingly, we feel that it is essential that the CFPB establish a set of consumer protection principles beyond the specific requirements of particular rules. These principles could serve several purposes:

- A guide for positive industry behavior across the board.
- A unifying framework for developing detailed rules in different subject areas.
- Guidance for supervision and enforcement of the broad mandates against unfair, deceptive or abusive practices.
- Interpretation of more specific rules to ensure compliance with the spirit and not just the letter of rules.

Some of the principles would be appropriate to formalize into guidance or rules governing either broad classes of products or specific ones. The principles could also serve as an internal policy memorandum guiding action within the agency.

You have already begun the process of promoting important consumer protection principles as you explain how a one-page credit card contract can promote simplicity, transparency, competition, and safety. We will provide you with more detailed views on a set of principles at a later date, but a few ideas include:

- Products should be structured and priced so that consumers can shop on price and compare products.
- Products should work the way that consumers expect them to work and be suitable for the consumers to whom they are provided.
- Providers should offer credit and financial services on fair terms to everyone. Industry should not target vulnerable consumers with more expensive or dangerous products, nor segment their markets in ways that have disparate impacts on minority communities or low income consumers.
- The CFPB and industry should foster full access to responsible financial services in every community.
- Lending should be based on ability to pay.
- The interests of consumers and industry should be aligned, and industry should not profit from consumer mistakes.
- Creditors should work with consumers who get into trouble.

Having a broad set of principles is essential to the CFPB's primary goal of making the entire financial marketplace fair and safe for all consumers.

B. Earliest Supervision and Enforcement Priorities

In addition to being rulemaking priorities, both mortgage servicing and overdraft loans should also receive attention on the supervision and enforcement fronts. In addition, the following should also be priority areas for supervision and, where necessary, enforcement.

1. Credit cards[8]

The Credit CARD Act of 2009 enacted important reforms in the credit card area. Ensuring full compliance with both the letter and spirit of that Act should be a top priority for the Bureau. Frustration with credit card abuses is widespread among the many millions of consumers who use credit cards. Unfortunately, this industry has shown over and over again that it is on the lookout for the next ingenious trick to increase costs for consumers.

The new one-page credit card contract is an important part of this agenda. To be successful in the long run, this contract should be coupled with rules or supervision to ensure that cards are not structured in ways that undercut understanding of that agreement. The Bureau should also examine credit card lenders to ensure that they are not engaged in predatory marketing of credit cards to struggling consumers who are not likely to be in a position to handle those debts. Similarly, issuers of subprime cards should not be permitted to advertise their cards as helping consumers to build credit if the typical experience is that the cards destroy credit, rather than build it.

The Bureau should also use its supervision powers to examine the practices of credit card issuers with respect to rewards. There is increasing evidence that some issuers are replicating credit card abuses in the rewards area, using tricks to deny consumers rewards they are expecting. Rewards are more than perks; they have real monetary value and can even include cash. Consumers need protection against unfair, deceptive or abusive rewards practices.

Beyond supervision and enforcement, the CFPB should also consider ways to make the APR a more meaningful and realistic shopping tool and should revisit the Federal Reserve's limited rules on deferred interest credit cards. Those cards, typically used to buy large appliances or electronics, are inherently deceptive and abusive and should be banned.

2. Mortgage lending

The Dodd-Frank Act enacted strong mortgage origination protections that apply to the entire mortgage market. In addition to regulations to implement these new protections, the CFPB should remain vigilant as the mortgage market begins to rebound. The Bureau not only must ensure full compliance with current laws, but also must pay close attention to any new problems in both the subprime and broader mortgage markets.

The new mortgage shopping form required by the Dodd-Frank Act is another important reform. As new disclosures are adopted, it will be crucial for the CFPB to make sure that the mortgages are actually operating in the way that consumer will understand from these disclosures.

Finally, the Bureau now has the responsibility for preventing discriminatory steering in the mortgage market. The Bureau will have a very important role to play in shaping the anti-steering rules and in supervising lenders and monitoring data very closely to ensure that underserved communities and communities of color receive the best loans for which they qualify.

3. High-cost short-term credit (including bank deposit advance products, credit lines on prepaid cards, and payday and auto title loans)[9]

It is a scandal that the most vulnerable consumers are today targeted for predatory, unaffordable loans that trap them into a vicious debt cycle. Though the CFPB cannot enact a usury cap, it can address other pernicious aspects of payday loans: failure to consider ability to pay; steering that raises fair lending and other concerns; unaffordable structures such as short term and balloon payments; dangerous forms of security; coercive debt collection tactics; and threats to Social Security, unemployment insurance, and other legally protected funds. These abusive features can result in borrowers becoming indebted for long periods of time using products that are advertised as only appropriate for short-term use.[10]

A full agenda on payday and auto title loans will require time to conduct research, gather information and experience through supervision, and develop new rules. But in the short term, the CFPB should use its supervision and enforcement powers to:

- Limit the spread of unfair, deceptive or abusive triple-digit lending in new markets, including bank accounts and prepaid cards;
- Support the integrity of state laws by scrutinizing bank partnerships that extend the reach of preemption; by assisting efforts to attack illegal internet payday lending; and by examining misuse of tribal sovereign immunity;
- Enforce and tighten federal laws, including loopholes for junk fees in APR disclosure rules.

For example, as a result of supervision efforts by the Office of Thrift Supervision, several payday-like credit products on prepaid cards that were unfair or deceptive have been shut down. However, the OTS is about to be abolished, and it remains to be seen if other bank regulators will follow the OTS' lead, so vigilance by the CFPB will be essential.

II. Relatively Simple Items for Early Action

In addition to the priority items listed above, we urge the CFPB to take the following early actions that are relatively simple to accomplish.

1. Private Student Loan School Certification.[11] Most students who take out private student loans have not first exhausted their eligibility for safer and generally more affordable federal loans. Private lenders have no incentive to ensure that students first exhaust their federal aid. It would be a fairly simple, and noncontroversial, matter to require private student lenders to obtain certification from the financial aid office at the student's school before a private loan can be made. The counselor can counsel the student about first exhausting any federal aid and regarding the private loan as well. An amendment to accomplish these goals was included in the House version of the Dodd-Frank Act, supported by more than 45 diverse organizations, representing students, consumers, lenders, schools and financial aid counselors.

2. Closing the EFTA single payment loophole.[12] The Electronic Funds Transfer Act of 1974 prohibits conditioning credit on preauthorized electronic transfers and gives consumers the right to stop payment of such transfers. Unfortunately, "preauthorized electronic payment" is defined as a payment that is recurring. Thus, those who structure their loans as single payment loans escape these protections. Payday lenders, especially internet lenders, have been adept at taking advantage of these loopholes. They can evade laws prohibiting garnishment of benefits and wages needed for necessities and can gain almost unfettered access to the consumer's bank account, even if the loan or fees are illegal. The loophole also induces some otherwise responsible lenders to structure their loans as single, balloon payment loans rather than more affordable, longer term installment loans. In light of the changing technology since 1974, it would be a simple matter for the CFPB to amend the regulatory definition of "preauthorized transfer" to omit or redefine the requirement that the payment be recurring.

3. Debt settlement.[13] As unsustainable consumer debt loads have exploded, consumers have been besieged with advertisements by firms claiming they can strike deals to cut consumers' debts. But all too often, debt settlement firms take a hefty fee and leave the consumers worse off. Last year, the FTC adopted an important rule prohibiting these firms from collecting fees before actually reducing the consumer's debt. However, the FTC's jurisdiction was limited, and the rule does not address the amount of fees, nor does it apply to debt settlement contracts involving a face-to-face sales presentation. The rule also does not apply if no phone calls were used in the sale, such as a purely online contract. The CFPB should reissue the FTC debt settlement rule without these two exceptions and then open a later docket to consider other additions to the FTC rule, such as caps on fees.

III. Mid-Term Priorities that Will Require More Development

1. Arbitration.[14] Consumer protection laws and CFPB rules matter little if consumers do not have access to justice when laws or rules are violated. The abuses of forced arbitration are well documented. Congress made an important statement when it gave the CFPB the authority to regulate or ban forced arbitration. Under Dodd-Frank, the CFPB must first conduct a study of arbitration. It should get started on this study immediately, and quickly turn to rulemaking once the study has been conducted. We are confident that a substantive study will support a flat ban on binding arbitration requirements. Procedural protections cannot reform a fundamentally biased and lawless system.

2. Payday Loans. In addition to the supervision and enforcement priorities discussed above, better rules are needed to address the dangerous aspects of payday lending. Some of these rules could be enacted under enumerated statutes, including closing the EFTA single payment loophole (discussed above), plugging holes in the APR disclosures under the Truth in Lending Act, and considering whether high-cost payday loans on prepaid cards violate the laws governing "fee harvester" credit cards.[15] The CFPB could also address the debt trap caused by payday loans by limiting the length of time lenders may keep borrowers in high-cost debt during a 12-month period, just as the FDIC did through its 2005 supervisory guidance.[16] Rules could also be enacted under the authority to ban unfair, deceptive or abusive practices, including updating the FTC's Credit Practices Rule to address modern forms of wage garnishment and other practices that the FTC prohibited in 1980.[17]

3. Credit Reporting.[18] Credit reports and credit scores have a profound impact on the financial lives of consumers. They affect the price and availability of credit, whether the consumer can purchase a home or rent an apartment, the price of auto and homeowner's insurance, and even employment. Despite their importance, credit bureaus have received minimal scrutiny from regulators, with predictable effects. Widespread problems include unacceptable rates of inaccuracy and mixed files; fraudulent accounts due to identity theft; a nearly useless automated system for addressing consumer disputes; racial disparities in credit scoring; and an unfair and opaque credit scoring system. It is essential that the CFPB enact better rules to reform the credit reporting system and conduct regular examinations of the nationwide credit bureaus. Finally, in order to address an ambiguity in the statutory language, the CFPB should write rules to implement the Dodd-Frank provisions giving consumers greater access to credit scores.

IV. Longer Term Priorities For Which Planning Should Begin Now

The CFPB cannot tackle every consumer protection problem at once, and we recognize that consumer problems in some very important markets will be left to the longer term agenda. However, it is essential that reforms in these areas be on the Bureau's agenda, and that thinking and advance planning begin now so that the Bureau is in a position to address these problems when their time comes.

1. Auto Loans.[19] An auto loan is the biggest or second biggest loan that many consumers will take out. The auto lending market is plagued by many of the same problems as the mortgage market, including incentives for loan packing, kickbacks for putting consumers in more expensive loans, fair lending abuses, bait and switch tactics, deceptively low advertised rates, loan flipping, and consumers locked into loans bigger than the cars are worth. Auto lending problems can ruin credit and lead to lost jobs. According to auto industry analysts, over six million would-be new car buyers are out of the market due to excessive negative equity. In turn, this hampers efforts to restore jobs to the automotive sector of the economy

The CFPB will have jurisdiction over most auto lenders and some car dealers, with the FTC handling the remainder. To bring fairness and transparency to the auto lending market, the CFPB and the FTC should work together to begin collecting information on auto lending problems and abuses in order to prepare for rulemaking and enforcement actions to protect consumers in the largest area of consumer lending after mortgage lending.

2. Student Loans.[20] Beyond school certification for private student loans, discussed above, and the student loan ombudsman, discussed in an earlier AFR memo to you, the CFPB should plan to tackle the broader problems in the private student loan market. Federal student loans have a variety of protections, but private student loans can be much more dangerous. This market has had little supervision at the federal (or even the state) level, and little information about the market is publicly available. For instance, we do not know why most students with private loans have not exhausted their federal loans, the terms of the private loans, or what schools the students attend. In addition, the Bureau should investigate direct lending by proprietary colleges. Enforcement or supervision action now, and rules eventually, may be needed to address schools that are making loans despite knowing (and disclosing to their investors) that a majority of the students will not be able to repay.

In consultation with the Department of Education, the CFPB should collect campus-level private loan data in order to hold lenders and schools accountable and enable consumers to make more informed educational and borrowing decisions. The Bureau should also consider measures to encourage private lenders to develop flexible, income-based repayment, loan modifications, and other debt management tools. Finally, the CFPB must protect students from responsibility for loans used at schools that close or defraud students.

3. Safe Bank Accounts.[21] Overdraft fees are the biggest bank account problem facing consumers today. But they are not the only problem. A longer range agenda to ensure that bank accounts are truly safe would include better up-front disclosures and internet posting of fees and pricing information; protection of basic income from credit features or lending practices that evade garnishment or offset rules; excessively high fees that evade legal mandates, such as stop payment fees so high they defeat the right to stop payment or fees for statements; use of demand drafts by scammers; and practices that prevent consumers from closing their accounts. Some of these reforms require rules; some could benefit from research, such as updating the regular bank fee survey previously issued by the Federal Reserve; and some could be addressed through supervision. We also urge the CFPB to work with the Secretary of the Treasury and financial regulators to assure that other unnecessary barriers to safe savings are part of the implementation of Title XII of the Dodd-Frank Act, Improving Access to Mainstream Financial Institutions.

4. Debt Collection.[22] Abusive debt collection practices are the inevitable result of consumer protection failures. The advent of the debt buyer industry also poses new problems, including the same robo-signing and recordkeeping issues that are present in the mortgage industry. Other problems include illegal threats and harassment, collection of the wrong amount or from the wrong person, garnishment of protected income, "zombie debt" that never dies but is sold and resold, and abuses of the justice system such as improper service, spreadsheet justice without evidence of the debt, and the laundering of time-barred debts with new judgments. Debt collection has consistently been the top, and growing, source of complaints to the Federal Trade Commission. Problems may become even worse as mortgage delinquencies enter the debt collection system.

The FTC has conducted a series of workshops on debt collection problems and has produced two reports on some of the problems that need attention, but the agency lacked the rulemaking authority that the CFPB now has. The CFPB also has important authority over financial creditors, not just third party debt collectors. The CFPB should conduct examinations of the larger debt collectors, bring targeted enforcement actions to send a strong message, enact rules to strengthen the Fair Debt Collection Practices Act, address abuses by financial creditors, and target the newer problems posed by debt buyers and misuse of the courts.

V. Conclusion

This letter does not attempt to catalog every consumer protection area in which the CFPB will need to be active. Enforcement and supervision action should be taken wherever warranted, and the research agenda of the Bureau will be much broader. Areas such as tax refund anticipation loans, mobile banking, remittances, and others will undoubtedly be on the Bureau's radar.

We have attempted to provide you with our views on the largest areas that need attention – which should be soonest, and which are essential to address but are longer term goals. We would be happy to discuss these issues in greater detail with you or your staff.

Sincerely,

Americans for Financial Reform

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[1] For more detail on mortgage servicing, see Testimony of Diane Thompson before the Senate Committee on Banking, Housing, & Urban Affairs regarding Problems in Mortgage Servicing From Modification to Foreclosure (Nov. 2010), available at http://www.nclc.org/images/pdf/foreclosure_mortgage/mortgage_servicing/testimony-senate-banking.pdf; NCLC, Why Servicers Foreclose, When They Should Modify, and Other Puzzles of Servicer Behavior **(**October 2009), available at http://www.nclc.org/images/pdf/foreclosure_mortgage/mortgage_servicing/servicer-report1009.pdf.

[2] For more detail on overdraft loans, see comments of several AFR groups to the FDIC on its proposed guidance, *at* http://www.responsiblelending.org/overdraft-loans/policy-legislation/regulators/Overdraft-Comment-FDIC-Guidance-Sept-27-2010-FINAL.pdf and an October letter to the OCC *at* http://www.consumerfed.org/pdfs/OD-OCC%20Letter10-13-10-Sign-On.pdf.

[3] *See* Leslie Parrish, *Overdraft Explosion: Bank fees for overdrafts increase 35% in two years*, Center for Responsible Lending (Oct. 6, 2009), *available at* http://www.responsiblelending.org/overdraft-loans/research-analysis/crl-overdraft-explosion.pdf.

[4] *See* Dennis Campbell, Asis Martinez Jerez, and Peter Tufano, *Bouncing Out of the Banking System: An Empirical Analysis of Involuntary Bank Account Closures*, Harvard Business School (June 6, 2008).
[5] Consumer Federation of America, "Consumers Overwhelmingly Support Bank Overdraft Reforms," Feb. 4, 2010, *available at* http://www.consumerfed.org/elements/www.consumerfed.org/file/CFA%20OD%20Poll%20and%20Survey%202%204%2010%281%29.pdf.
[6] For more detail on prepaid cards, see Consumer letter to the FDIC seeking a pilot project on safe prepaid cards (Nov. 2010), available at http://www.defendyourdollars.org/2010/11/group_letter_calls_on_fdic_to.html; Consumers Union & NCLC Model Payroll Card Act, http://www.defendyourdollars.org/2009/03/the_consumers_union_model_payr.html; 7 Essentials for Consumer-Safe Prepaid Cards (presentation by Lauren Saunders to Federal Reserve Bank of Philadelphia, April 2010), available at http://www.nclc.org/images/pdf/banking_and_payment_systems/presentation-prepaid-cards.pdf.
[7] AFR will provide recommendations on a set of guiding consumer protection principles at a later date.
[8] A number of issues of CARD Act compliance call for close supervision, for example assuring that the six-month mandatory reviews of rate hikes are done in an honest and meaningful manner. Additional issues that warrant oversight include evaluating behavioral scoring for disparate impacts and privacy concerns, arbitrary triggers for penalty rates (however denominated), and account closures or credit line decreases without reasonable notice. For more detail on credit cards, see NCLC Policy Brief: Beyond the Credit CARD Act: Features of a Safer Credit Card (Nov. 2010), available at http://www.nclc.org/images/pdf/credit_cards/features-safer-credit-card.pdf; Josh Frank, A Just Fee or Just a Fee: An Examination of Credit Card Late Fees (CRL Research Report, June 8, 2010), available at http://www.responsiblelending.org/credit-cards/research-analysis/A-Just-fee-or-Just-a-Fee.pdf; Josh Frank, Numbers Game: The True Cost of Credit Card Mail Offers (CRL Research Report October 2010), available at http://www.responsiblelending.org/credit-cards/research-analysis/numbers-game-final-v2.pdf; Pew Charitable Trust, Two Steps Forward: After the Credit Card Act, Credit Cards Are Safer and More Transparent -- But Challenges Remain (July 2010), at http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Credit_Cards/PEW-CreditCard%20FINAL.PDF?n=1231
[9] For more detail on payday loans, see AFR CFPB Task Force, Memo to the Treasury Dep't On Near-Term Priorities for Supervision and Enforcement of Payday Lenders (Oct. 12, 2010); NCLC, Stopping the Payday Loan Trap: Alternatives that Work, Ones that Don't (June 2010), available at http://www.nclc.org/images/pdf/high_cost_small_loans/payday_loans/report-stopping-payday-trap.pdf; Leslie Parrish and Rebecca Borne, Mainstream Banks Making Payday Loans, Center for Responsible Lending (February 2010), available at http://www.responsiblelending.org/payday-lending/policy-legislation/regulators/Mainstream-banks-making-payday-loans.html; Leslie Parrish and Uriah King, Phantom Demand: Short-term due date generates need for repeat payday loans, accounting for 76% of total volume, Center for Responsible Lending (July 2009), available at http://www.responsiblelending.org/payday-lending/research-analysis/phantom-demand-final.pdf.
[10] For example, the trade association for payday lenders notes on its website that payday loans are "…not a long-term solution" and that "[r]epeated or frequent use of payday advances can cause serious financial hardship." See *Your Guide to Responsible Payday Advances*, Community Financial Services Association of America, available at http://www.cfsa.net/downloads/Your_Guide_to_Responsible_Use_of_Payday_Advances_English.pdf.
[11] For more detail on private student loan certification, see May 3, 2010 coalition letter available at http://projectonstudentdebt.org/files/pub/CFPB_coalition_letter_May_3_10-updated.pdf; May 7, 2010 letter with lenders, available at http://insidehighered.com/content/download/347825/4312983/version/1/file/NASFAASchoolCert.pdf and "Unlikely Bedfellows on Student Loans," Inside Higher Ed (May 11, 2010), available at http://www.insidehighered.com/news/2010/05/11/certify.
[12] For more detail on the single payment loophole, see NCLC, Time to Update the Credit Practices Rule: CFPB Should Modernize FTC Rule Addressing Abusive Creditor Collection Practices at 7-8 (Dec. 2010), available at http://www.nclc.org/images/pdf/debt_collection/credit-practices-rule-update.pdf.
[13] For more detail on debt settlement, see http://www.defendyourdollars.org/topic/debt_loans/debt_settlement/
[14] For more detail on forced arbitration, see Public Citizen, The Arbitration Trap: How Credit Card Companies Ensnare Consumers (Sept. 27, 2007), available at http://www.citizen.org/Page.aspx?pid=1056; Public Citizen, The Arbitration Debate Trap: How Opponents of Corporate Accountability Distort the Debate on Arbitration (July 29, 2008), available at http://www.citizen.org/documents/ArbitrationDebateTrap(Final).pdf and other information at the Fair Arbitration Now website, www.fairarbitrationnow.org.
[15] See consumer comments on Federal Reserve's proposed credit card cleanup rules at 3-9 (Jan. 3, 2011), available at http://www.nclc.org/images/pdf/credit_cards/comments-credit-cards-jan-2011.pdf.
[16] *Guidelines for Payday Lending*, FDIC Financial Institutions Letter FIL-14-2005 (February 25, 2005), available at http://www.fdic.gov/news/news/financial/2005/fil1405a.html. For a discussion of the various supervisory tools that have

been used to address payday lending, see NCLC Letter to NCUA (Jan. 27, 2009), available at http://www.nclc.org/images/pdf/high_cost_small_loans/payday_loans/letter-ncua-payday-0109.pdf.
[17] See NCLC, Time to Update the Credit Practices Rule: CFPB Should Modernize FTC Rule Addressing Abusive Creditor Collection Practices at 7-8 (Dec. 2010), available at http://www.nclc.org/images/pdf/debt_collection/credit-practices-rule-update.pdf.
[18] For more detail on credit reporting, see NCLC, Automated Injustice: How a Mechanized Dispute System Frustrates Consumers Seeking to Fix Errors in Their Credit Reports (Jan. 2009), available at http://www.nclc.org/images/pdf/credit_reports/credit_reports_automated_injustice_report.pdf; NCLC, Credit Discrimination, § 6.4 (5th ed. 2009 and Supp.).
[19] For more details on auto lending problems, see Testimony of Kathleen Keest, Hearings on H.R. 2309: The Consumer Credit and Debt Protection Act, House Subcomm. on Commerce, Trade and Consumer Protection, Committee on Energy and Commerce at 6-11 & Appx. A at 277-32 (May 12, 2009), available at http://www.responsiblelending.org/credit-cards/policy-legislation/congress/ftc-ccdp-testimony-5-12-2009-final.pdf.; NCLC, Fueling Fair Practices: A road map to improved public policy for used car sales and financing (2009), available at http://www.nclc.org/images/pdf/car_sales/report-fuelingfairpractices0309.pdf.
[20] See Project on Student Debt ,"Student Debt and the Class of 2009" at 11, available at http://projectonstudentdebt.org/files/pub/classof2009.pdf; Student Loan Borrower Assistance Project, NCLC, Too Small to Help: The Plight of Financially Distressed Private Student Loan Borrowers (April 9, 2009), available at http://www.studentloanborrowerassistance.org/uploads/File/TooSmalltoHelp.pdf. For school statements that they are writing-off a majority of the private loans to their students, see for example, http://seekingalpha.com/article/158257-corinthian-colleges-inc-f4q09-qtr-end-06-30-09-earnings-call-transcript?page=-1 and http://seekingalpha.com/article/186144-corinthian-colleges-inc-f2q10-qtr-end-12-31-09-earnings-call-transcript?source=yahoo&page=-1.
[21] For more detail on bank accounts, see consumer comments to FDIC on template for basic checking and savings accounts (June 7, 2010), available at http://www.nclc.org/images/pdf/banking_and_payment_systems/template-fdic-savings_transaction_accounts.pdf; NCLC Issue Brief: Features of a Safe Basic Banking or Prepaid Card Account (Dec. 2010), available at http://www.nclc.org/images/pdf/banking_and_payment_systems/issue-brief-safe-banking.pdf.
[22] For more detail on debt collection, see NCLC, The Debt Machine: How the Collection Industry Hounds Consumers and Overwhelms the Courts (July 2010), Consumer Comments to the FTC: Protecting Consumers in Debt Collection Litigation and Arbitration (2009), and Consumer Comments to the FTC: Collecting Consumer Debts: The Challenges of Change (2007), all available at http://www.nclc.org/issues/debt-collection.html; Woodstock Institute & Citizen Action/Illinois, Hunting Down the Payday Loan Customer: The Debt Collection Practices of Two Payday Loan Companies (2006), available at http://www.woodstockinst.org/publications/download/hunting-down-the-payday-loan-customer%3a--the-debt-collection-practices-of-two-payday-loan-companies/.

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- A New Way Forward
- AARP
- ACORN
- AFL-CIO
- AFSCME
- Alliance For Justice
- Americans for Democratic Action, Inc
- American Income Life Insurance
- Americans for Fairness in Lending
- Americans United for Change
- Calvert Asset Management Company, Inc.
- Campaign for America's Future

- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Greenlining Institute
- Good Business International
- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Information Press
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Leadership Conference on Civil Rights
- Move On
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Trust

- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- Opportunity Finance Network
- Partners for the Common Good
- PICO
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club
- The Seminal
- U.S. Public Interest Research Group
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

Partial list of State and Local Signers

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK

- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ

- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG