June 22, 2016

Dear Representative,

On behalf of Americans for Financial Reform (AFR),[1] we are writing to ask for your opposition to ideological policy riders in the current draft of – and proposed amendments to – the Financial Services and General Government Appropriations Act of 2017 (H.R. 5485) and for your support for amendments to remove such riders.

At the end of last year, Congress rejected multiple efforts to use the budget process to force through unrelated ideological riders, including changes in financial regulation that would undermine consumer protections, endanger financial security, or reduce accountability for large financial institutions. Again this year, a broad coalition of 255 organizations has weighed in to oppose riders in appropriations bills that would undermine financial reform.[2] Unfortunately, the Appropriations Committee draft of the Financial Services and General Government Appropriations Act is nevertheless loaded with ideological policy riders, and numerous additional such riders aimed at weakening Wall Street oversight and consumer protection have been offered as amendments.

AFR *opposes* amendments to strip financial regulators of their authority, including Amendment #1 (Version 3), offered by Representative Duffy, which would block all major financial reform regulations; Amendment #86, offered by Representative Hudson, which would block all financial regulation until the end of President Obama's term; and Amendment #52, offered by Representative Luetkemeyer, which would make it harder for regulators to crack down on criminals using the banking system to facilitate illegal enterprises.

AFR opposes riders to weaken the oversight of major financial institutions that pose a systematic risk to the economy. AFR therefore ***opposes*** Amendment #45, offered by Representative Garrett, which would eliminate the ability of the Financial Stability Oversight Council (FSOC) to designate large non-bank financial entities that pose a risk to the financial system for increased oversight. The importance of proper oversight of large non-bank financial companies was clearly demonstrated in 2008 when AIG, an insurance company, received the largest public bailout in U.S. history. The designation process was created so that financial sector giants with the potential to significantly destabilize the financial system and the economy could no longer escape regulatory scrutiny.

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[1] Americans for Financial Reform is an unprecedented coalition of more than 200 national, state and local groups who have come together to reform the financial industry. Members of our coalition include consumer, civil rights, investor, retiree, community, labor, faith based and business groups. A list of coalition members is available at http://ourfinancialsecurity.org/about/our-coalition/.

[2] Letter to Congress: AFR, 254 organizations oppose budget riders that would undermine financial reform (May 18, 2016), http://ourfinancialsecurity.org/2016/05/letter-congress-afr-254-organizations-oppose-financial-policy-riders/.

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AFR opposes riders to weaken the CFPB. It is less than five years since the Consumer Financial Protection Bureau (CFPB) was established. Since then, the CFPB has fulfilled Congress's vision of a federal agency with "the authority and accountability to ensure that existing consumer protection laws and regulations are comprehensive, fair, and vigorously enforced."[3] Through its rulemaking, supervision, enforcement, and consumer education and complaint system, the CFPB has made enormous strides in ensuring that the financial marketplace is fair to consumers. Its rules and supervision have already begun to reform the industry's conduct, making banks and other financial services companies more attentive to consumers' rights. Several proposed amendments would either strike ideological riders that undermine the CFPB or add additional riders to weaken the CFPB.

AFR ***supports*** the following amendments to strike anti-CFPB provisions from the bill:

- Amendments #49 and #50, offered by Representative Moore, which would remove provisions from the bill making the CFPB the only federal bank regulator without independent funding. As the White House has explained in response to the inclusion of this provision in prior years, it "would shred the necessary independence of CFPB set in statute, and would increase the likelihood of underfunding CFPB, reducing consumer protection in the financial services marketplace."[4] The CFPB's funding is already more constrained than that of other financial regulators; only the CFPB's budget is capped by Congress.
- Amendment #48, offered by Representative Moore, which would remove a rider changing the structure of the CFPB from its current, effective single-director structure to a less effective five-member commission. Multi-member boards, even with strong chair-people, often fall into a pattern of gridlock and inactivity. A recent analysis by Compass Point Research & Trading LLC, a financial services investment banking and research firm, acknowledged this impact, concluding "'that shifting the CFPB's governance from a directorship to a commission would double the bureau's already elongated rulemaking timeline [and] cut its enforcement activity by 50% to 75%.'"[5] For that reason, those who backed the CFPB's creation and support its consumer protection work strongly and overwhelmingly agree that a single director is a key feature of the Bureau's effectiveness, and moving to a commission would dramatically diminish its ability to fulfill its consumer protection mission.[6]

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[3] Joint Explanatory Statement of the [Dodd-Frank] Committee of Conference, at 874 (June 29, 2010), http://www.llsdc.org/assets/DoddFrankdocs/dodd-frank-act-jt-expl-statement.pdf.

[4] Statement of Administration Policy, H.R. 6020 – Financial Services and General Government Appropriations Act, 2013 (June 28, 2012), https://www.whitehouse.gov/sites/default/files/omb/legislative/sap/112/saphr6020r_20120628.pdf.

[5] Ben Lane, Are Richard Cordray's days as CFPB director numbered?, *Housing Wire* (June 3, 2016), http://www.housingwire.com/articles/37193-are-richard-cordrays-days-as-cfpb-director-numbered?eid=331536434&bid=1423800.

[6] Letter to Congress: AFR and 340 Organizations Urge Congress to Support the CFPB (Feb. 27, 2015), http://ourfinancialsecurity.org/2015/03/letter-to-congress-afr-and-341-organizations-urgecongress-to-

- Amendment #64, offered by Representative Sewell, which would remove a rider to stall CFPB protections against payday loans for at least a year and impose new, unnecessary hurdles to issuing such regulations after that period expires. The CFPB's rule is rooted in the principle that lending must be based on a borrower's ability to repay the loan – a basic principle for mortgages, credit cards and other loans. This principle is critical to stopping the vicious debt trap that is fundamental to the payday lending industry.
- Amendment #55, offered by Representative Ellison, which would remove a rider to stall new CFPB protections against forced arbitration clauses that deny consumers access to the courts to remedy financial abuses. Dodd-Frank required the CFPB to study the use of arbitration in consumer finance disputes and to establish regulations to prohibit or limit this practice if it was found to be harmful. In March 2015, the CFPB completed a robust 728-page study of arbitration, and the CFPB has now put a proposed rule out for public comment. There is no justification for further delay of consumers' access to justice.[7]

AFR ***opposes*** the following amendments to add additional anti-CFPB policy riders to the bill:

- Amendment #32, offered by Representative Guinta, which would rescind the CFPB's auto lending guidance in an effort to undermine the Bureau's enforcement of antidiscrimination laws. The amendment would restrict the CFPB's ability to help lenders understand how they can avoid violating the law; it would also interfere with the CFPB's and the Department of Justice's work to promote a fair auto lending market for all consumers. This provision is part of an overall effort to attack the CFPB's enforcement work in auto lending.[8]
- Amendment #98, offered by Representative Hartzler, which would hamper the CFPB's efforts to inform consumers about critical consumer protection tools. CFPB should have the same ability as other agencies to make consumers aware of options available to address concerns associated with financial products.

AFR opposes riders to weaken the CFPB's Qualified Mortgage rules. These vital Dodd-Frank consumer protections were put in place for a reason: to make home buying safer and more transparent for homeowners. The last housing crisis showed that high loan-originator compensation and exorbitant loan pricing were key drivers of abusive lending and Congress directed the CFPB to protect homeowners from those practices. Therefore, AFR ***supports*** Amendment #60, offered by Representative Ellison, to strike riders to weaken Qualified

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support-the-cfpb/; Letter To Congress: AFR, 75 Organizations Urge Congress To Reject HR 1266 (Sept. 29, 2015), http://ourfinancialsecurity.org/blogs/wpcontent/ourfinancialsecurity.org/uploads/2015/09/HR-1266-Oppo-Letter-9.29.151.pdf.

[7] Letter to Congress: Reject Proposals That Interfere with CPFB's Authority on Mandatory Arbitration (May 19, 2016) (AFR and 70 organizations), http://ourfinancialsecurity.org/2016/05/letter-congress-2-2/.

[8] Letter to Congress: AFR, 65 Organizations Urge Congress to Stand Against Discriminatory Auto Lending and Reject HR 1737 (Nov. 13, 2015), http://ourfinancialsecurity.org/2015/11/letter-to-congress-afr-65-organizations-urge-congress-to-stand-against-discriminatory-auto-lending-and-reject-hr-1737/.

Mortgage protections for owners of manufactured homes. The CFPB rules now in place, as mandated by Congress, already take account of the higher costs of manufactured home finance and have higher fee and interest rate triggers than those that apply to the traditional mortgage market.

AFR opposes efforts to weaken investor protections. Specifically:

- AFR ***opposes*** Amendment #96, offered by Representative Huizenga, to prohibit the SEC from enforcing rules requiring public companies to disclose the ratio of their chief executive's pay to that of their median employee. Shareholders deserve more information about pay practices, both to guard their pocketbooks against self-seeking executives and to better evaluate the long-term soundness of companies in light of evidence that runaway pay at the top inhibits teamwork and reduces employee morale and productivity. Pay ratio disclosure is required by the Dodd-Frank Act, and the SEC should not be prevented from enforcing that previously adopted legislation.
- AFR ***opposes*** Amendment #44, offered by Representative Garrett, to prohibit the SEC from adopting rules to make corporate elections fairer by requiring that shareholder-nominated directors be included on an equal basis on company proxy ballot cards. This would prevent the SEC from acting on recommendations from the Council of Institutional Investors (CII) and the SEC's own Investor Advisory Committee. Fair corporate elections give shareholders meaningful voice in corporate board elections and thereby increase corporate accountability. Congress should not empower special interests to reduce shareholder voice in corporate board elections.
- AFR ***supports*** Amendment #127, offered by Representative Kildee, and Amendment #128, offered by Representative DeSaulnier, to strike sections 625 and 735 of the bill, respectively. Those provisions would prevent the disclosure of campaign donations made by public companies and federal contractors. This information is relevant to both shareholders and the American public, as evidenced by the broad interest in this disclosure: some of the most common shareholder proposals are those related to a company's political spending, and more than 1.2 million people have asked the SEC to pursue corporate political disclosure rules.

AFR *opposes* Amendment #79, offered by Representative King, **which seeks to bar agencies from meeting their language access obligations under Title VI of the Civil Rights Act of 1964.** As AFR recently documented,[9] the 25.3 million U.S. residents with limited English proficiency are unusually vulnerable to fraud and predatory practices, and it is essential that the financial regulatory agencies meet their legal obligations to serve these consumers.

AFR *opposes* other ideological policy riders that inappropriately seek to use the appropriations process to attack financial regulation, including Amendment #8 (CFPB statute of limitations) and Amendment #90 (SEC climate disclosure requirements).

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[9] AFR Issue Brief: Fair Treatment of Homeowners with Limited English Proficiency (May 2016), http://ourfinancialsecurity.org/2016/05/language-access-press-release/.

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In conclusion, AFR opposes ideological policy riders would weaken consumer and financial protections; such riders should not, in any case, be attached to a funding bill.

Even as a bill to fund financial regulators, this legislation falls short. It would cut the SEC's budget by $100 million ($50 million in the base appropriations and another $50 million through the sweep of the SEC reserve fund in Section 624 of the bill). Since the SEC is independently funded through a tiny fee on Wall Street, rather than through the general Treasury, cutting its funding does not benefit taxpayers. It only benefits Wall Street by reducing effective oversight of the market. AFR therefore ***supports*** Amendment #110, offered by Representative Himes, to increase SEC funding by $50 million.

AFR also ***opposes*** efforts to worsen the funding levels in the bill, including Amendment #63, offered by Representative Duffy, to cut funding to Community Development Financial Institutions in a misguided attempt to reverse the Justice Department's well-founded settlements of mortgage-backed securities claims.

We urge you to ***oppose*** this legislation.

Sincerely,

Americans for Financial Reform

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.

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- 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
- Center for Effective Government
- 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
- Green America

- Greenlining Institute
- Good Business International
- Government Accountability Project
- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defenders League
- Information Press
- Institute for Agriculture and Trade Policy
- 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
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- 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 Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- 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 Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- 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

List of State and Local Partners

- 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
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- 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
- New Economy 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
- New Yorkers for Responsible Lending
- 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

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Phoenix AZ
- UNET