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## **NCLC Lauds House-Senate Agreement on Landmark Consumer Protector**

The National Consumer Law Center congratulates Chairmen Dodd and Frank and all those who worked with them on this morning's landmark agreement on a bill enacting a strong Consumer Financial Protection Bureau that will put a national priority on protecting American families from unscrupulous practices.

“For the first time, the nation will have a federal agency that will put consumers first and work vigilantly to stop unfair or deceptive practices without undue concern for protecting short-term profits,” said Lauren Saunders, Managing Attorney of NCLC's Washington, DC office. While the new consumer regulator will be an independent bureau within the Federal Reserve and not a stand alone agency, “it has the independence it needs to protect consumers, which is more important than the paper flow chart,” she said.

“The bill also restores a critical role for the states as first responders in protecting consumers from banking abuses, before they spread to become a national problem,” Saunders added. While not completely ending preemption, the bill repeals actions by bank regulators over the past 14 years to give national banks immunity from state consumer protection law.

The bill is not perfect, and some authority to protect consumers – particularly regarding auto dealers and small banks – will fall to the Federal Trade Commission and the bank regulators. “We expect the other federal agencies to step up to the challenge, join with the CFPB in vigorous consumer protection, and show the lobbyists that those who engage in unfair practices can run but they can't hide,” Saunders said.

Homeowners seeking new mortgages also are among the winners in the bill. “Mortgage lenders will have to ensure that home loans are affordable. The bill restricts prepayment penalties that lock homeowners in bad loans and prohibits steering consumers to unaffordable loans or ones more expensive than those for which they qualify,” said NCLC Staff Attorney Alys Cohen. The bill also some bridge loans for unemployed homeowners and funding for nonprofits. “But Congress still needs to adopt broader measures to address the current foreclosure crisis, including a requirement that mortgage servicers consider loan modifications before foreclosing,” Cohen said.

Overall, the bill's consumer protections are a rare triumph for Main Street over the moneyed interests of Wall Street and powerful special interest

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groups. “We look forward to final passage and the President’s signature next week,” Saunders said.

