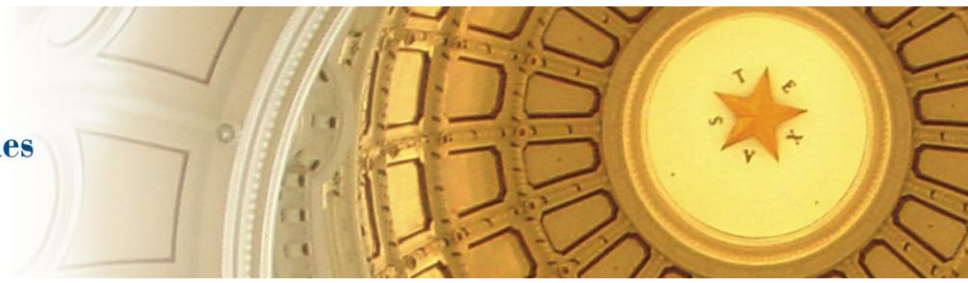




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Federal Financial Reform Implications for Texas and Consumers

House Committee on Pensions, Investments & Financial Services

April 3, 2012

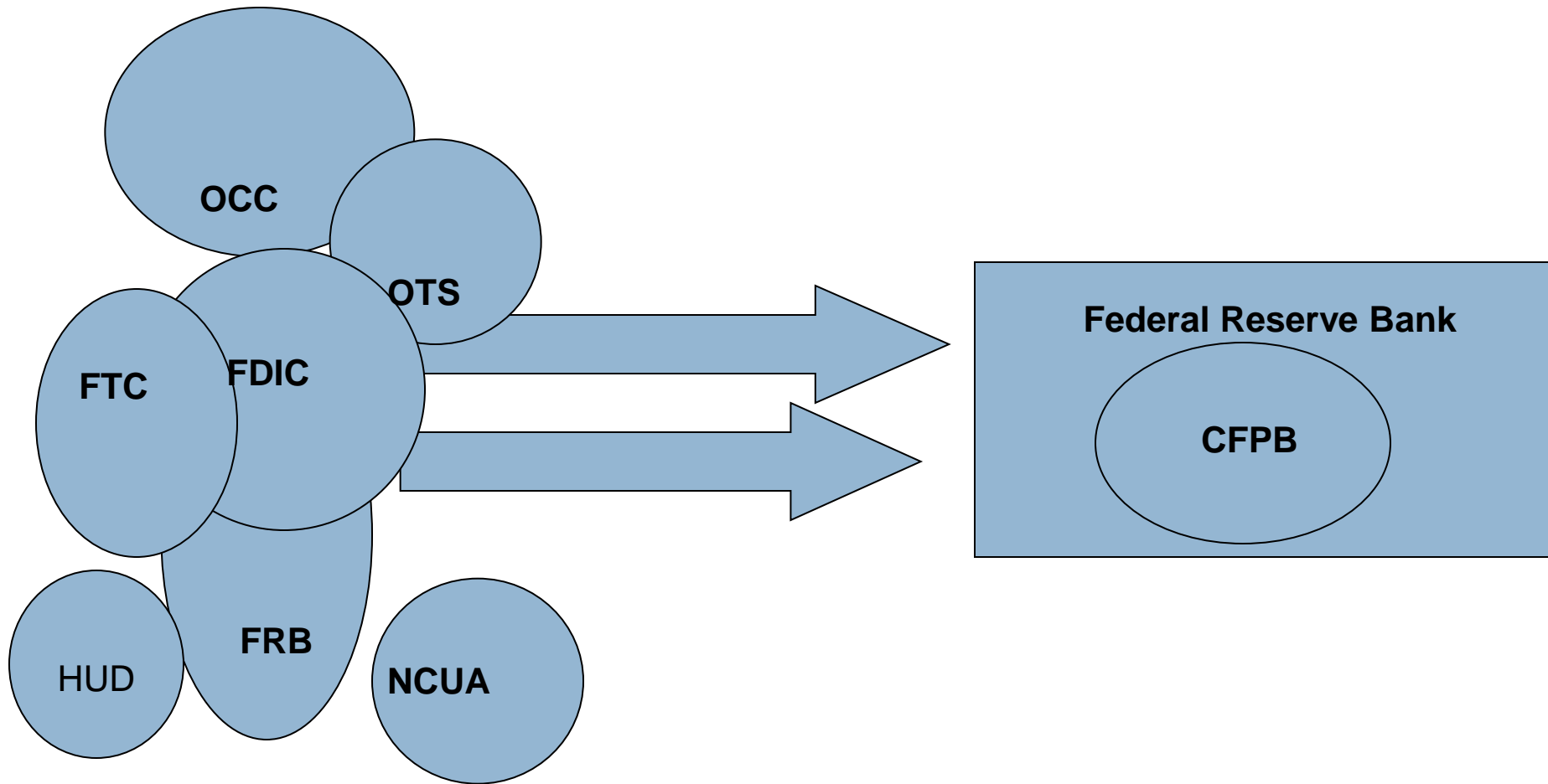
Laura Rosen

*OpportunityTexas*TM Coordinator

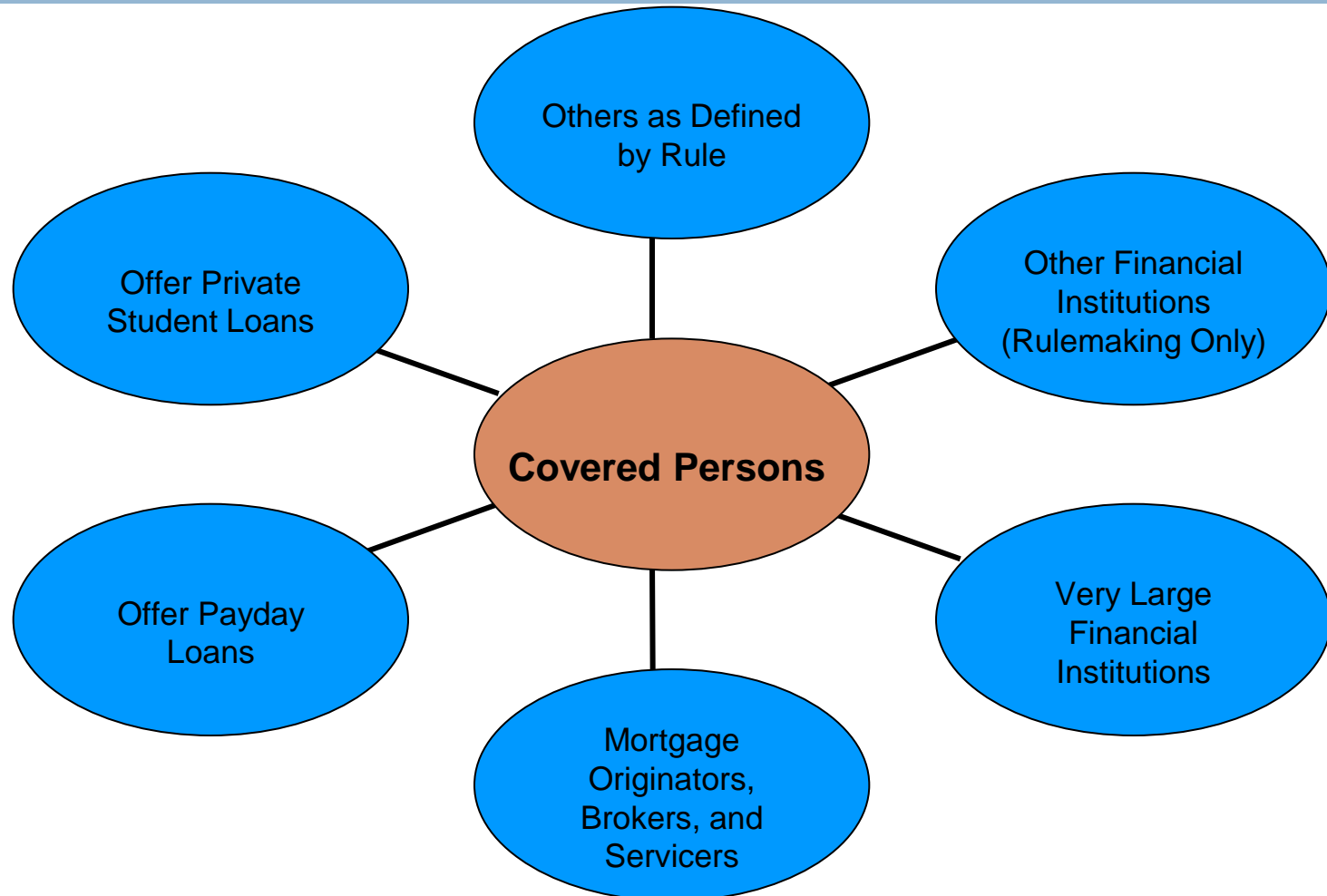
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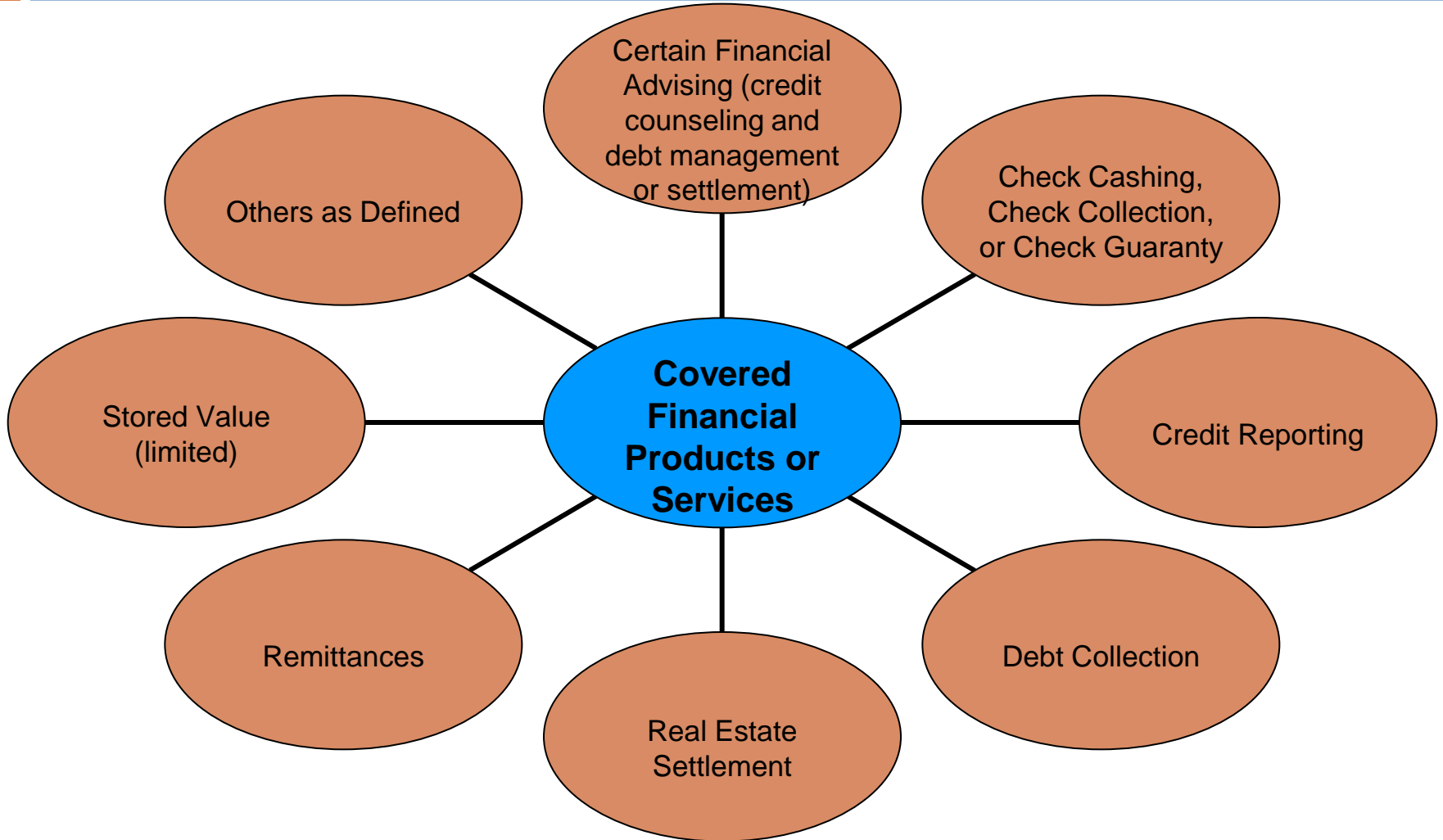
Consumer Protection Functions Centralized



Consumer Financial Protection Bureau(CFPB): Who Is Covered?



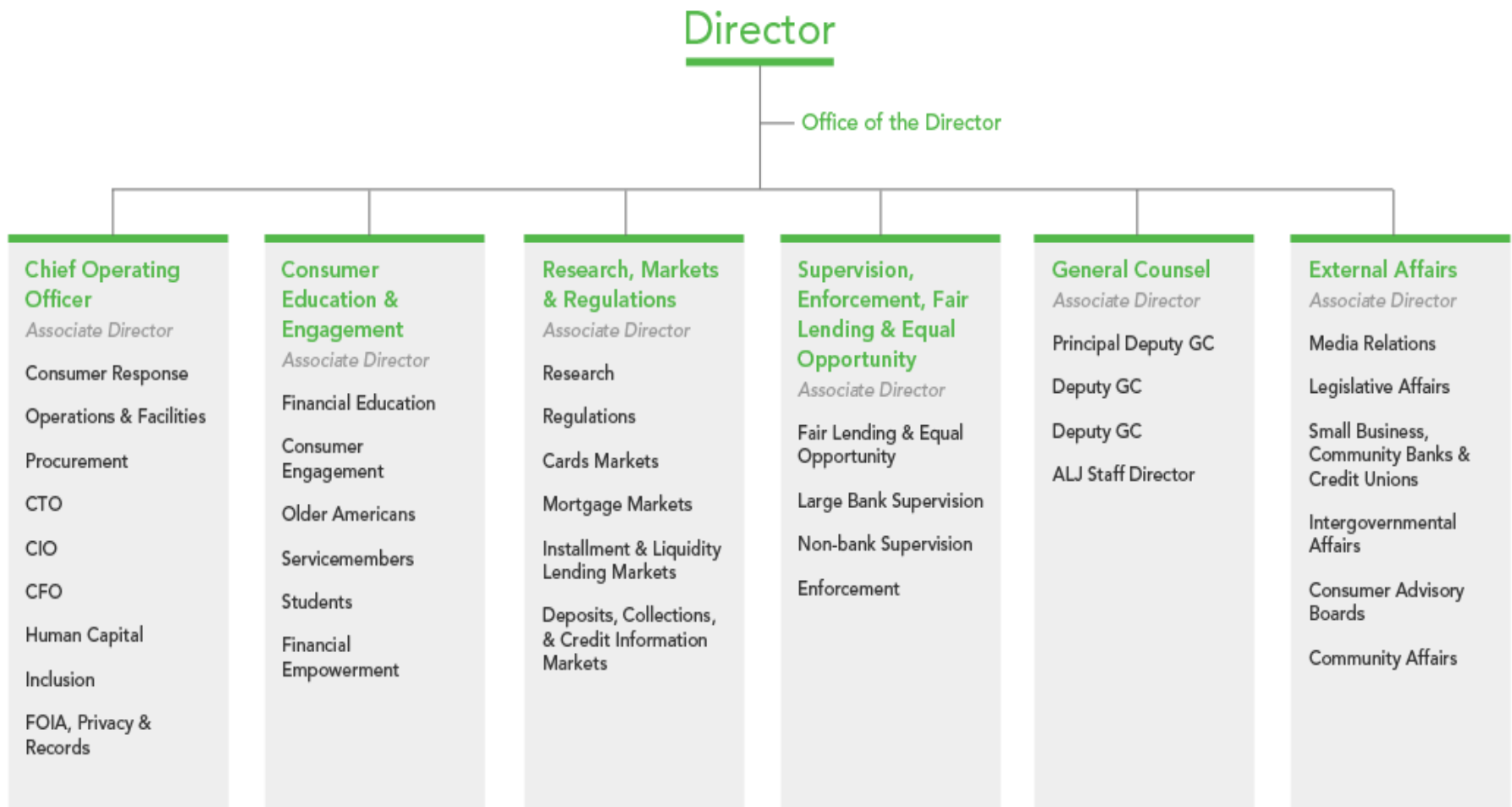
CFPB: What Is Covered?



What CFPB Does Not Include

- Auto Dealers (General)
- Attorneys
- Accountants
- Real Estate Brokers
- Tax Preparers
- Insurance Companies/Agents, &
- Authority to Impose Usury Limits

CFPB Structure



Financial Education & Empowerment

Central Part of New Mission

- CFPB charged with expanding access to:
 - ▣ Financial counseling
 - ▣ Savings and credit services at financial institutions
 - ▣ Services to prepare consumers for educational expenses and debt reduction
- Help consumers evaluate credit products and understand credit scores

Enhanced Consumer Data Collection & Reporting

- ▶ CFPB Research Unit
 - ▶ Consumer Financial Behavior
 - ▶ Access by Underserved Communities
 - ▶ Inform decision making among regulators, consumers and businesses
- ▶ HUD/CFPB Default and Foreclosure Database
- ▶ Federal Report/Study on Credit Scores Variation
- ▶ Federal Report on Private Education Loans
- ▶ Expanded Mortgage Loan Data Requirements
- ▶ Annual Report on General-Use Prepaid Cards in Federal, State, or Local Government-Administered Payment Programs

Title XII: Dodd-Frank & Asset Building

Increasing Access to Mainstream Financial Institutions

- Affordable Access to Small-Dollar Loan Products
 - ▣ Small Dollar Loan Grant Program (<\$2,500)
 - ▣ Community Development Financial Institutions (CDFIs)
Loan-Loss Reserve Fund
 - ▣ CDFI Technical Assistance
- Increase Access to Accounts
 - ▣ Treasury authorized to establish a program of incentives to encourage individuals to establish accounts that are appropriate to meet their needs

Dodd-Frank Empowers States to Enforce Consumer Protection

- *Texas Attorney General*
 - ▣ Broader authority to enforce state law and CFPB regulations vs. federal banks
 - ▣ Bring action vs. state-chartered banks for federal violations
- *Texas Department of Housing & Community Affairs*
 - ▣ Drive the “qualified mortgage” market
 - ▣ Granted larger role in homeowner counseling
- *Office of Consumer Credit Commissioner*
 - ▣ Identify and refer bad actors to CFPB
 - ▣ Receive and act upon federal referrals
- State Resolutions Can Drive Federal Rulemaking (25+1)
- Limits the ability of banks and federal thrifts to ignore state consumer protection through the doctrine of preemption

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