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Efforts to Weaken Consumer Protection Agency Underway

Washington, DC – The bill introduced by Congress yesterday to create the Consumer Financial Protection Agency leaves out critical consumer protections originally proposed by President Obama. In particular, the proposal leaves the power to enforce the Community Reinvestment Act with the existing bank regulatory agencies. The change comes as the financial industry spends millions of dollars attempting to weaken consumer protections.

“We’re disappointed that the strongest consumer protection agency proposal was not put forward by Congress,” said John Taylor, president and CEO of the National Community Reinvestment Coalition. “Leaving consumer protections with existing bank regulatory agencies suggests a disregard for their failure to enforce the laws in the first place. We support the President’s plan, which is the most significant proposal offered thus far to restore integrity and accountability to credit markets and ensure recovery of the financial system. We understand the President continues to support the authority to enforce CRA being held by the Consumer Financial Protection Agency.”

NCRC also lent its support today to H.R. 3068, the TARP for Main Street Act of 2009, and said it would provide necessary relief for families facing foreclosure. In testimony before the House Judiciary Committee, NCRC noted that the industry’s voluntary loan modification efforts are not having the impact needed to stem the foreclosure crisis. While the Administration has thus far been aggressive about responding to program weaknesses and tightening guidelines to improve performance under the Making Home Affordable plan, more is needed to compel industry participation. The best estimates to date are that 50,000 loans have been modified since the program was launched earlier this year. This compares with an estimated 7 million foreclosures predicted for this year and next by Moody’s Economy.com.

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The National Community Reinvestment Coalition is an association of more than 600 community-based institutions that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's working families.