THE ISSUE
NAACP-supported legislation to help protect consumers from predatory mortgage loans and other unscrupulous financial products that strip hard-earned wealth from consumers passed the United States Senate late in the evening of May 20, 2010 by a vote of 59 yeas to 39 nays. This legislation, S. 3217, the Restoring American Financial Stability Act of 2010 would, among other things, establish a Consumer Financial Protection Bureau which would be charged with overseeing consumer protection in the home mortgages and financial services areas. Similar legislation, H.R. 4173, the Wall Street Reform and Consumer Protection Act, passed the House in December 2009. The two bills must now go to a “conference committee” made up of representatives from both the House and the Senate who will create one final bill which must again pass both bodies before going to President Obama for his signature.

A key component of S. 3217 which was strongly supported by the NAACP is the creation of the Consumer Financial Protection Bureau (CFPB), which is also included in the House bill. This new agency would have the power to write and enforce new rules governing mortgages and other financial products. It would also have an Office of Fair Lending, whose primary focus would be to develop and implement fair rules so that consumers will not be taken advantage of by predatory lenders or other unscrupulous financial servicers when they try to purchase a home, buy a car, or obtain a credit card because of their race or ethnicity.

The sad truth is that racial and ethnic minority American borrowers continue to pay more than our White peers for nearly every type of financial service, including credit cards, car loans, home mortgages and more. We also bear a disproportionate share of the consequences of the economic downturn, as demonstrated by the unemployment rate, declining income, wealth, and homeownership levels. As envisioned by the authors of S. 3217 and H.R. 4173, the newly-created Consumer Financial Protection Bureau would police the market on behalf of consumers and significantly improve the caliber of financial services available to all American families. If successful, the proposed Consumer Financial Protection Bureau would raise banking standards, increase oversight and accountability, enforce neglected civil rights laws and other consumer protections and improve access to credit through innovative credit, banking, and savings products.

The NAACP is committed to now working with the House and Senate negotiators to ensure that the CFPB remains strong and consumers of all racial and ethnic backgrounds enjoy the protections they deserve.

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