

October 19, 2009

Hon. Barney Frank  
Chairman  
Committee on Financial Services  
United States House of Representatives  
2129 Rayburn House Office Building,  
Washington, DC 20515

Dear Chairman Frank:

The undersigned national Hispanic organizations write to express support for the creation of a new federal regulatory agency—the Consumer Financial Protection Agency (CFPA).

Hispanic individuals, families, communities, and businesses across America often pay more for financial products with terms that put them at risk. This is in large part due to the absence of effective regulatory policy and oversight. The consequences of such predatory practices in the current economy include severe declines in Hispanic wealth and homeownership rates.

Despite having the authority to do so, federal regulators failed to stop the industry practices that have caused millions to lose their homes and jobs. Rather, lax federal oversight and enforcement permitted, for instance, subprime mortgage lenders and consumer credit banks to effectively target minority communities. Latino borrowers fared very poorly in the face of such schemes. Federal regulators must be empowered to address such economic disparities and to prevent adverse impacts on Hispanic individuals, families, businesses and communities.

In recent years, Congress has delayed reforms to improve information about and access to quality financial services products and to strengthen unfair and deceptive practices laws. In the meantime, credit card companies made over \$17 billion in penalty fees in 2008, and depository institutions are expected to collect \$38.5 billion in customer overdraft fees in 2009. The disparate impact of these fees on minority individuals and businesses must be remedied.

Congress must take action to strengthen federal financial services regulations. This will ensure that all borrowers have the opportunity to secure credit products that accurately reflect risk profiles and that contain affordable and fair terms. Robust competition and enforceable regulations promote transparency and consumer choice. We need a financial system that provides consumers with better decision-making tools, encourages products that serve a wide range of credit needs, and that discourages unfair and deceptive practices and holds lenders accountable. .

The CFPA will focus on enforcement of consumer protection, product innovation, and equal access to financial markets. The CFPA must also be charged with improving access to standard prime credit products and with fostering innovation in product development to meet the needs of underserved communities. Unfair and predatory practices that target minority communities must be eliminated.

Thank you for addressing these concerns and for your leadership on this important legislation. We look forward to continuing to work with the Committee and the Congress to strengthen the CFPB legislation as it moves forward.

Sincerely,

Hispanic Association of Colleges and Universities  
Hispanic Federation  
Labor Council for Latin American Advancement  
League of United Latin American Citizens  
Mexican American Legal Defense and Education Fund  
National Association of Hispanic Federal Executives  
National Council of La Raza  
National Hispanic Council of State Legislators  
National Hispanic Council on Aging  
National Institute for Latino Policy  
United States Hispanic Chamber of Commerce  
United States Hispanic Leadership Institute

CC: House Committee on Financial Services  
House of Representatives  
Hon. Nydia Velazquez, Chair, Congressional Hispanic Caucus