

Six Victories for Latino Families

The “Restoring American Financial Stability Act of 2010” lays the foundation for a banking system that is more fair and accessible to Latino families.

- 1. Creates a new agency to protect consumers, the Consumer Financial Protection Bureau (CFPB).** The lack of strong protections for consumers has allowed unscrupulous lenders to lure borrowers into unfair and abusive financial products. As a result, Latino and other communities of color have been disproportionately impacted by the economic crisis. This legislation will create a new agency solely devoted to protecting Americans from abusive financial products and services, including mortgages, payday loans, and credit cards.
- 2. Provides assistance for families and communities affected by the foreclosure crisis.** An estimated 17% of Latino and 11% of Black homeowners have already lost their homes to foreclosure or are at imminent risk, and approximately two million Blacks and Latinos have lost their jobs since the recession began. This bill will provide at least \$1 billion bridge loans that will help families hold on to their homes while they search for a job, as well as an additional \$1 billion for the Neighborhood Stabilization Program (NSP) to redevelop foreclosed and abandoned properties as affordable housing.
- 3. Establishes new protections for future homeowners.** Reckless and deceptive lending has severely impacted Latino and other communities of color. For example, Latinos are 30% more likely than Whites to receive a high-cost loan when purchasing their home. Latinos are also more likely to receive loans with high-risk features. The bill includes comprehensive mortgage reform and anti-predatory lending measures essential to combating abusive lending practices that ushered in the economic crisis.
- 4. Creates a more transparent process for wiring money abroad.** American residents wire billions of dollars to their loved ones overseas. In fact, last year families in the U.S. sent \$17.3 billion to Mexico alone. Unfortunately, too many remittance providers were charging high fees, losing transfers, and running scams on vulnerable consumers. This bill will create a new disclosure that will allow senders to know exactly how much their loved ones will receive in their home country and a disclosure to compare prices ahead of time.
- 5. Expands community-based financial planning.** This bill provides expanded access to independent financial advice and guidance that can help families open bank accounts, build credit, identify an affordable car loan or credit card, and recover from a foreclosure or bankruptcy. This service is critical to helping consumers recover and avoid disastrous products in the future.
- 6. Promotes greater access to safe and affordable bank accounts and credit.** Currently, many Latino consumers rely on fringe financial products such as payday and car title loans to pay their bills and otherwise make ends meet. The bill will provide grants to help families connect to bank accounts and provide funding to Community Development Financial Institutions (CDFIs) to create alternatives to payday loans.

For more information, visit www.nclr.org/BankingReform.