

Date of Hearing: August 13, 2018

ASSEMBLY COMMITTEE ON BANKING AND FINANCE
Monique Limón, Chair
AJR 48 (Limón) – As Introduced July 5, 2018

SUBJECT: Consumer Financial Protection Bureau

SUMMARY: Would urge the President and the Congress of the United States to maintain the integrity of the Consumer Financial Protection Bureau (CFPB) to carry out its duties as intended to effectively protect consumers from abusive financial products and practices. Specifically, **this bill:**

- 1) Makes findings related to:
 - a) A history of the CFPB protecting consumers and our most vulnerable communities.
 - b) How payday and car title loans can leave borrowers with a cascade of financial consequences such as bank penalty fees, delinquency on other bills, bank account closures, and lenders seizing personal property.
 - c) The CFPB's role in protecting consumers from fraudulent and predatory lending practices.
 - d) The CFPB addressing the student loan debt crisis by working to resolve complaints against student loan servicers, researching and reporting on gaps in the federal student loan program, and cracking down on predatory for-profit colleges that offer high-cost loans and mislead students about career placement opportunities.
 - e) The fact that in its first five years of existence, the CFPB returned over \$300 million to consumers who were victims of illegal and abusive debt collection practices.
 - f) The legal action taken by CFPB against mortgage companies for wrongly foreclosing on consumers' homes.
 - g) The CFPB working closely with many California state and local government agencies and departments as well as consumer groups and financial institutions nationwide.
 - h) The CFPB's role in providing education and outreach services, adopting and clarifying regulations through an open and well-documented rulemaking process, and jointly pursuing enforcement actions against those involved in unfair and abusive financial practices that hurt California consumers and businesses.
 - i) Requests transmittal to various federal entities.

FISCAL EFFECT: This resolution has been keyed non-fiscal by Legislative Counsel.

COMMENTS: This resolution expresses the state of California's support for an independent CFPB whose mission is to protect consumers from abusive financial practices.

This resolution is sponsored by Nextgen California that notes:

The CFPB is the only independent federal regulatory agency with jurisdiction over banks, credit unions, and other non-bank financial entities, such as payday lenders, car title companies, and debt collectors. Since its establishment, the CFPB has returned roughly \$12.4 billion to over 31 million consumers. It has also received over 144,000 complaints from California residents regarding issues related to student and payday loans, debt collection, mortgage payments, and credit card scams.

The CFPB is a critical regulatory agency created in the aftermath of the 2008 financial crisis to enforce federal consumer financial laws and protect Americans in the financial marketplace.

The Author states:

Abusive practices in the financial industry are widespread and pernicious. Almost half of American households lack the savings to weather a \$400 emergency, such as an unexpected medical expense, frequently forcing over 19 million vulnerable households each year to borrow from financial and non-financial institutions that may act in unfair, deceptive, or predatory ways. Borrowers may be trapped in long-term debt cycles, be subjected to excessive overdraft fees, or have their credit ruined.

Californians paid over \$747 million annually in fees related to payday and car-title loans. Communities of color are disproportionately targeted and exploited as payday lenders are eight times more concentrated in neighborhoods of color as compared to white neighborhoods.

This resolution builds on the California Attorney General's call for the federal government to respect the CFPB's independence. With this resolution the author intends that California continue to be a leader in defending a fully functioning and independent CFPB. Its mission must continue to be centered on consumers, its leadership must have deep experience in consumer protections and holding corporations accountable and the agency must be accountable to all stakeholders, including through a community advisory board that represents the voice of working people. By holding predatory lenders and abusive financial companies accountable, the CFPB helps to ensure a fairer and more thriving economy for all people.

REGISTERED SUPPORT / OPPOSITION:

Support

Beneficial State Foundation
California Alliance For Retired Americans
California Asset Building Coalition
California Labor Federation, AFL-CIO
California League Of United Latin American Citizens
California Reinvestment Coalition
California School Employees Association

California Public Interest Research Group
CANHR
Center For Responsible Lending
Coalition For Humane Immigrant Rights
Consumer Attorneys Of California
Consumer Federation Of California
Consumer Watchdog
Consumers For Auto Reliability And Safety
Consumers Union Of U.S., Inc.
Greenlining Institute
Housing And Economic Rights Advocates
Legal Aid Society Of San Bernardino
New Economics For Women
Nextgen California
Riverside Legal Aid
San Francisco Office Of Financial Empowerment
State Building And Construction Trades Council Afl-cio
Western Center On Law And Poverty

Opposition

None on file

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