



Consumer Federation of America

May 18, 2010

Dear Senator:

RE: URGE “NO” VOTE ON SNOWE-PRYOR AMENDMENT #3883 AND “YES” ON LANDRIEU-DODD-KERRY SIDE BY SIDE

The Consumer Federation of America strongly urges you to oppose the Snowe-Pryor amendment #3883 to S. 3217 because it would have the unintended consequence of giving small businesses involved in abusive lending practices – such as payday or car title lenders – the ability to change, stall or kill Consumer Financial Protection Bureau (CFPB) rules before the public ever gets a look at them. It would also cause significant and unnecessary rulemaking delays by requiring the CFPB to go beyond existing law that already mandates special consideration of the impact of rule-making on small businesses.

We urge you to support the Landrieu-Dodd-Kerry Side by Side to Snowe-Pryor, which would give small businesses special input on CFPB rules, but at the same time as those rules are released to the public.

Snowe-Pryor is well-intentioned but would significantly undermine the ability of the CFPB to respond to abusive financial practices that harm consumers or small businesses. It would add at least two to six months, and possibly multiple years, to the rulemaking process by:

- giving “small business” lenders—firms like payday lenders, check cashing services, and mortgage brokers—the opportunity to provide input on CFPB rules before they are proposed to the public;
- adding more red tape and delays by requiring that a panel of regulators from CFPB, the Office of Information and Regulatory Affairs, the Office of Management and Budget, and the Small Business Administration review CFPB proposals and write a report on them before they are proposed to the public; and
- creating more opportunities for lenders to tie up CFPB rules in court .

These extra requirements are wholly unnecessary because the Regulatory Flexibility Act already requires agencies to give special consideration to small businesses. Moreover, the delays and burdens created by Snowe-Pryor #3833 would hurt small business owners, who often depend on revolving and mortgage credit to finance their businesses and would benefit from prompt, effective CFPB rules.

In contrast, the Landrieu-Dodd-Kerry Side by Side responds to small business concerns without hampering the CFPB's ability to protect consumers and small businesses. It would give small businesses the same ability for input on rules and the same panel review process (with a more generous deadline of 90 rather than 75 days). But it would also permit the CFPB to begin the formal rulemaking process at the same time, by giving the public notice of the proposed rule and seeking public comment, thereby ensuring that small lenders don't get the first bite at the apple and that rules are not delayed unnecessarily.

Sincerely,

A handwritten signature in black ink, appearing to read "Travis B. Plunkett". The signature is written in a cursive style with a large initial "T".

Travis B. Plunkett
Legislative Director