



May 3, 2011

The Honorable Shelly Moore Capito
Chairman
Subcommittee on Financial Institutions
& Consumer Credit
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Carolyn Maloney
Ranking Member
Subcommittee on Financial Institutions
& Consumer Credit
B371A Rayburn House Office Building
Washington, DC 20515

Re: H.R. 1121: “The Responsible Consumer Financial Protection Regulations Act of 2011”

Dear Chairman Capito & Ranking Member Maloney:

The American Financial Services Association (AFSA)¹ is pleased to express our support for H.R. 1121, the Responsible Consumer Financial Protection Regulations Act of 2011, introduced by Chairman Bachus.

AFSA members have a keen interest in legislation that promotes accountability and transparency at the Consumer Financial Protection Bureau (CFPB) and believe that this bill is a necessary step forward.

We are pleased that H.R. 1121 replaces the single Director of the CFPB with a bipartisan five-member commission bringing the structure more in line with traditional independent agencies. We believe, however, that this should be further strengthened by having the full commission approve all of the Bureau's functions, not just its rulemaking authority. Thus, for example, the proposed Commission should vote to approve litigation and enforcement actions. This has long been the practice at the Federal Trade Commission and the Securities and Exchange Commission.

Next, we believe that H.R. 1121 should be amended to address the role of the CFPB and state-licensed entities. AFSA members, many of which are non-bank finance companies, have worked effectively with state regulators in complying with both state and federal consumer protection laws. These state regulators have a familiarity with local and regional situations and issues faced by lenders. This knowledge, along with their geographic proximity to a given lender and financial market, means that state regulators are often the first to identify emerging issues, practices or products that may need further investigation or may pose additional risk to the financial industry.

Currently, the CFPB may promulgate regulations impacting these state-licensed companies without:

- finding that existing state law or regulation is inadequate;

¹ Founded in 1916, AFSA is the national trade association for the consumer credit industry protecting access to credit and consumer choice. Our 350 members include consumer and commercial finance companies, auto finance and leasing companies, mortgage lenders, credit card issuers, industrial banks and industry suppliers.

- determining an estimate of the number of state-licensed or supervised entities to which the proposed rule will apply;
- describing the projected reporting, recordkeeping and other compliance requirements of a proposed rule; or
- identifying the relevant state statutes, regulations and enforcement proceedings with which the new federal regulation may duplicate, overlap or conflict.

To address these concerns, AFSA recommends that at least one member of the commission have consumer credit management or supervisory experience. A similar approach has worked well at the Federal Deposit Insurance Corporation and, in light of the importance of state-regulated entities, AFSA believes it would be appropriate for the CFPB.

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AFSA looks forward to working with you. Please feel free to contact me with any questions at 202-296-5544, ext. 616 or bhimpler@afsamail.org.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is written in a cursive, flowing style.

Bill Himpler
Executive Vice President