



Republican National Committee

Counsel's Office

RESOLUTION IN SUPPORT OF REPUBLICAN EFFORTS TO REFORM OF THE CONSUMER FINANCE PROTECTION BUREAU

WHEREAS, Consumer debt and home loans represent approximately \$11,900,000,000 yearly in total loans outstanding; and

WHEREAS, The Democrat Congress in the Dodd Frank Act of 2010 created the Consumer Finance Protection Bureau (CFPB) which gives the agency free rein to operate and has become one of the most unaccountable federal agencies ever created with a staff exceeding 1000 and yearly funding of over \$600,000,000; and

WHEREAS, The CFPB was launched in 2011 and in early 2012 President Barack Obama dispensed with the Senate confirmation and appointed Richard Cordray as director under a “recess appointment” although the Senate was not officially in recess thereby bypassing the Senate confirmation process eliminated one of the few means of oversight held by Congress; and

WHEREAS, The CFPB is restructuring the mortgage market, devising restrictions on credit bureaus, educational loans, over draft policies, small consumer loans, credit card plans ; has amassed unverified complaints with which to attack creditors and bankers and has created an extraordinary control over consumer finance thereby constraining credit to all sectors of the American public the harming the U.S. economy; and

WHEREAS, The CFPB has created massive government interference in the financial market an under the CFPB the rule of law is being supplanted by regulatory whim based upon the premise that consumers are prone to financial irrationality and unable to act responsibly which has resulted in increased consumer costs and reduction of choices of financial products and services.

WHEREAS, The CFPB was established within the Federal Reserve System, the bureau operates independently, and with virtually no oversight. CFPB funding is set by law at a fixed percentage of the Federal Reserve’s operating budget. This budget independence limits congressional oversight of the agency, and its status within the Fed also precludes presidential oversight. Even the Federal Reserve is statutorily prohibited from “intervening” in bureau affairs; and

WHEREAS, The CFPB is empowered by statute to take action against “unfair, deceptive and abusive practices” in financial products and services. Legal standards for “unfair” and “deceptive” exist but the CFPB is not necessarily bound by prior interpretations. The concept of “abusive” is unfamiliar in regulatory law. As outlined in Title X, the bureau’s authority to craft rules and

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enforce against “abusive” practices is particularly vague. In other words, the bureau will act based on a supposition of future harm rather than actual violation of the law; and

WHEREAS, The CFPB unilaterally decides what constitutes a risk and impose new burdens on a financial services firm—for conduct that may or may not be improper if practiced by a different service provider at any given time; and

WHEREAS, The current structure of the CFPB, with its lack of accountability and absence of oversight, invites regulatory excess. Along with its unparalleled powers and approach to regulation and enforcement, the bureau’s actions can be expected to chill the availability of financial products and services; and

THEREFORE BE IT:

RESOLVED, The members of The Republican National Committee in order to repair the damage to the lending markets done by the creation of the Consumer Finance Protection Bureau (CFPB) hereby support the legislation proposed by Republican Senate leadership through the Consumer Financial Protection Bureau Accountability Act of 2017 (S.387) which would change the source of funding for the CFPB from the Federal Reserve System to yearly congressional appropriations and The Bureau of Consumer Financial Protection-Inspector General Reform Act of 2017 (S.626) which gives the President the authority to select the CFPB Inspector General in the future.