

Issue Briefs

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Family Financial Education



Wall Street Reform and Consumer Protection Act of 2010

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 is a more than 2,300 page law, and many of the details are set to be determined by administrative actions over the next year (most provisions are to be implemented in 180 days to 18 months). But there are several aspects of the law that may have impacts on consumers

Bureau of Consumer Finance

Title 10 of the Act, which is also known as the Consumer Financial Protection Act of 2010, creates a Bureau of Consumer Protection. This new agency based at the Federal Reserve but independent from other agencies will be tasked with monitoring and regulating consumer financial products, a job now spread over various state and federal agencies. Consumers will likely see more disclosures as well as limits on payday lenders and check cashing businesses, but automobile lenders and pawnbrokers are exempt. The Bureau will also regulate credit counseling, debt management or debt settlement services; and debt collectors.

Debit and Credit

The new law explicitly regulates the fees retailers pay to process credit and debit cards, which may result in stores accepting more forms of plastic payments.

National consumer complaint hotline

The law tasks the Bureau with manning a toll-free telephone number, a website and a database of

consumer complaints about financial providers and products. The Bureau and related institutions most show the action taken on complaints filed.

Mortgages

The hotbed of the financial crisis was in the mortgage market. The new law creates a federal standard for home loans, including that lenders must verify that borrowers can pay loans back. Brokers are prohibited from profiting from inflating loan amounts or rates, and more fees and terms must be disclosed. The new law also requires lenders to give a borrower their credit score at no cost if they deny a loan application.

Borrowers in Distress

The new law creates a new office of Housing Counseling to oversee this growing industry, as well as authorizes \$ 1Billion to help unemployed homeowners cover mortgage payments. The law also creates a new Office of Financial Literacy to coordinate work across federal agencies.

Change Ahead

Of course all of this comes on top of 2009's CARD Act which has resulted in reforms to credit card statements and disclosures. Consumers—and industry—are just now getting used to those changes. Changes in fees and billing cycles have generally been well received. But more changes are in store in the coming year.



The University of Wisconsin-Extension (UWEX) Cooperative Extension's mission extends the knowledge and resources of the University of Wisconsin to people where they live and work. Issue Briefs are an ongoing series of the Family Financial Education Team. This brief was drafted by J. Michael Collins, Assistant Professor in Consumer Finance and Extension State Specialist.

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