Foreclosures, Failed Banks and Fees: Why Ohio Needs A New Consumer Financial Protection Agency

A Report from Ohio PIRG,[1] with data from the Center for Responsible Lending.[2]

What started in 2006 with the deflation of the U.S. housing market bubble and a rapid increase in the number of foreclosures has expanded into a ruinous financial and economic crisis that is global in scope. It is widely known that a primary cause of the current financial crisis was abusive lending, particularly the widespread practice of selling subprime mortgages to people who couldn't afford them. The impact of this abusive mortgage lending was made worse for many consumers by a parallel explosion of virtually unregulated and unfair credit card, overdraft and payday lending practices. Worse, virtually all attempts by states to stop these abuses were preempted by federal bank regulators.[3]

The crisis has not ended. According to the Center for Responsible Lending at least 282,190 more foreclosures will be filed in Ohio between 2009-2012. In Ohio, a total of 3,853,373 homeowners will lose $17,229 million in wealth due to the foreclosures still to come. Homeowners in the U.S. are expected to lose $1.9 trillion in home equity wealth due to foreclosures from 2009-2012.

While the financial crisis is global in scope, Ohio is one of its flashpoints. Ohio lives and families have been shattered and homes and neighborhoods shuttered due to unfair and predatory lending practices.

The solution is to enact a strong federal Consumer Financial Protection Agency that reinstates federal law as a floor not a ceiling of protection and has as its primary responsibility the enforcement of consumer protection laws. A new Consumer Financial Protection Agency would regulate financial products like mortgages, car loans, payday loans and credit cards – wherever purchased -- in much the same way the Food and Drug Administration ensures the safety of our medicines or the Consumer Product Safety Commission oversees toys, electronics and other household goods.

A CFPA bill has been approved for House floor action by two committees; similar legislation is being prepared for Senate committee action.[4] The House floor and Senate committee votes are expected to occur in mid-December.

Ohio Attorney General Richard Corday supports a U.S. Consumer Financial Protection Agency: On August 18, 2009, Richard Corday joined 23 other attorney generals in their support of a U.S. Consumer Financial Protection Agency by sending a letter to Congress specifically supporting a CFPA and the preservation of stronger state laws[5].

This report provides analysis of the foreclosure problem in Ohio, reviews the lending and political activities of major predatory mortgage lenders doing business in the state, describes the

effects on the taxpayer-backed FDIC insurance fund of the three national bank failures to date in 2009 in the state and summarizes the impact of high-fee payday and overdraft loans on Ohio consumers.

I. RISKY LENDING BY BIG BANKS AND FAILED BANKS

Banks did risky business in Ohio that led not only to foreclosures; it also led to bank failures.

But according to a September 2009 analysis by the non-profit, non-partisan Center for Responsible Lending, the foreclosure crisis has not ended in Ohio or in the U.S. As the charts prepared by CRL show, the economic crisis spurred by the failure of federal regulators to protect consumers has had severe consequences for Ohio. 213,986 Ohio families were past due on their mortgages as of the end of June 2009 and 282,190 more foreclosures are expected between 2009 and 2012. In addition, it is predicted that foreclosures will cost the state's families a staggering $17,229 million in lost home equity during the period 2009-2012. These costs are compounded by the impact of abusive financial products such as payday loans and overdraft loans.

Table 1: FORECLOSURES IN OHIO

Ohio Mortgage Delinquencies and Foreclosures
- Foreclosure projections 2009-2012: 282,190
- Total Foreclosure Starts Q1-2008 through Q2-2009: 104,912
- Total Foreclosure Sales Q1-2008 through Q2-2009: 39,343
- Total foreclosure inventory end Q2-2009: 67,651
- Total past due mortgages end Q2-2009: 213,986
- 4Q Annual Change in Foreclosure Starts, ending Q2-2009: 2.5%
- Change in Foreclosure Starts from Q3-2006 to Q2-2009: 26%

Ohio Lost Wealth
- U.S. lost home equity wealth due to nearby foreclosures, 2009-2012: $1.9 trillion
- Ohio lost home equity wealth due to nearby foreclosures, 2009-2012: $17,228.6 million
- Ohio number of homes experiencing foreclosure-related decline: 3,853,373
- Ohio average loss per home affected: $4,471

Data and analysis: Center for Responsible Lending, responsiblelending.org

The Consumer Financial Protection Agency (CFPA) proposal currently before Congress would provide consumers with the protection the current regulatory structure has failed to provide.

In addition to the boxed charts, this report documents the activities of the nation's largest national banks and their subprime subsidiaries and the impact on Ohio. These firms came into Ohio and were able to do business without complying with our laws or under the authority of our attorney general's office thanks to the efforts of the national bank regulators, the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS) which pre-empted state laws.

A. Activities of the Largest National Banks in Ohio.

A number of leading large out-of-state banks did subprime mortgage business here and have either failed or took massive taxpayer subsidies as part of the TARP bailout.

1) **JPMorgan Chase**, ranked **12th** in the top 25 sub-prime mortgage lenders by the Center for Public Integrity, has 291 branches in Ohio[6]. Approximately 15 are located in the greater Cleveland area, at least seven in the greater Cincinnati area, and at least 38 in the greater Columbus area[7]. JPMorgan Chase also acquired Washington Mutual (WAMU) and collected $25 billion in funds from the government's Troubled Asset Relief Program. At least $30 billion in high-interest loans were issued by Chase Home Finance/JPMorgan

Chase & Co. between 2005-2007 in the United States. JPMorgan Chase Co. spent at least $14,995,087 in federal campaign contributions between 1994-2008[8].

2) **Wells Fargo** employs 1,000 people in Ohio. There is one Wells Fargo branch in Ohio, 21 Wells Fargo Financial stores across Ohio and approximately 19 Mortgage branches in Ohio. Wells Fargo & Co. received $25 billion from the Troubled Asset Relief Program for purchase of preferred stock. Wells Fargo-affiliated PACs made at least $5,450,427 in federal campaign contributions between 1994-2008[9]. The Center for Public Integrity ranked Wells Fargo Financial Inc, the subprime subsidiary of Wells Fargo, **8th** in the top 25 sub-prime mortgage lenders. At least $51.8 billion was issued in high-interest loans by Wells Fargo between 2005-2007 in the United States[10].

3) The **Countrywide** brand is being retired since it failed and was acquired by Bank of America. There were at least 39 Countrywide Home Loans Inc. branches throughout Ohio, many of which are now Bank of America mortgage lending offices[11]. Countrywide moved its headquarters from Alexandria, Virginia to Centennial, CO on February 4, 2009. On March 21, 2007, it changed its institution class to "OTS supervised national savings bank." As such, it switched its regulatory agency from the OCC to the OTS, but still avoided state enforcement. Bank of America, JPMorgan Chase & Co., Citigroup USA, Royal Bank of Canada, Barclays, and Deutsche Bank were among the parties Countrywide relied on for credit agreements. The Center for Public Integrity ranked Countrywide **1st** in the top 25 sub-prime mortgage lenders. Countrywide-affiliated PACs made at least $1,277,937 in federal campaign contributions between 1994-2008. Countrywide issued at least $97.2 billion in high-interest loans between 2005-2007 in the United States[12].

    a. **NEWS: Attorney General's Action**: The Ohio Attorney General's Office reported on September 9, 2009 that Ohio had reached a $4.9 million agreement with Countrywide to settle allegations that it used deceptive practices in loan origination[13].

4) **CitiFinancial** is the subprime lending entity of Citigroup (Citibank's parent) Inc. There are at least 72 branches in Ohio: At least 20 in the greater Cleveland area, at least 15 in the greater Columbus area, and approximately 15 in the greater Cincinnati area[14]. Through TARP and other Treasury and Federal Reserve programs, Citigroup has received federal guarantees on $306 billion in assets as well as $45 billion in direct investment and a $5 billion Treasury backstop on losses in the asset pool. Citigroup-affiliated PACs made at least $16,150,379 in federal campaign contributions between 1994-2008. The Center for Public Integrity ranked Countrywide **15th** in the top 25 sub-prime mortgage lenders. CitiFinancial issued at least $26.3 billion in high-interest loans between 2005-2007 in the United States[15].

5) **National City**, based in Cleveland, was acquired by PNC bank in 2008. With the acquisition, PNC inherited nearly $20 billion of losses on bad mortgages and other troubled assets from National City. Prior to selling First Franklin Financial, a national full-service mortgage lender heavily involved in subprime mortgage lending, to Merrill Lynch in 2006, National City Corp. acquired the company in 1999. The unsafe practices by First Franklin and National City Home Loan Services overexposed National City to

the subprime mortgage market. The Center for Public Integrity ranked First Franklin **4th** in the top 25 sub-prime mortgage lenders**.** At least $68 billion in high-interest loans were lent between 2005-2007 in the United States[16].

B. National Bank Failures in Ohio

Since 2007 two Ohio-based banks, Miami Valley Bank and People's Community Bank, have failed due to the mortgage crisis.

1) **Miami Valley Bank:** As a Federal Reserve non-member, Miami Valley Bank was regulated by the Federal Deposit Insurance Corporation (FDIC).[17] On October 24, 2007, Miami Valley Bank merged with The Citizens Banking Company of Sandusky, OH with government financial assistance. The bank had $86.7 million in total assets and $76 million in total deposits. Regulatory officials concluded that the bank was in too unsafe a condition to stay in business. According to a report in MarketWatch, officials concluded that the bank was insolvent, "with liabilities in excess of its assets.[18]" The bank's two branches reopened as branches of the Citizens Banking Company.

2) **People's Community Bank:** As a savings association, People's Community Bank was regulated by the OTS. Peoples Community Bank was the first bank closed in Ohio in 2009. It had $705.8 million in assets and $598.2 million in deposits as of March 31, 2009. The bank's failure cost the deposit insurance fund $129.5 million. The bank merged with the First Financial Bank, National Association in Hamilton, OH. People's Community Bank had 19 branches[19].

II. OTHER EFFECTS OF THE MORTGAGE CRISIS ON OHIO

1. **Effects of Foreclosure/High-Risk Lending:**
   a. **Residual Effects of High Foreclosure Rates in Ohio-Cost of Vacant Lands Across Ohio:** On December 3, 2008, Lavea Brachman, Co-Director of the organization Greater Ohio, testified on Senate Bill 353 regarding county land reutilization corporation legislation. In the testimony, a study conducted by Greater Ohio and a consortium of other groups, "60 Million and Counting: The Cost of Vacant and Abandoned Properties to 8 Ohio Cities," was released in February 2008. The communities included in this study were Cleveland, Lima, Dayton, Toledo, Springfield, Columbus, Zanesville, and Ironton. According to the study, the amount of vacant lands, abandoned in party by the high number of foreclosures, cost over $49 million in lost tax revenues as of 2006, and vacant properties cost $15 million in city services (e.g. fire, police, demolition). Other research by Greater Ohio discovered that foreclosure rates in more rural counties have increased at an average of 462% between 1994 and 2007. Two examples cited are Allen County, which saw foreclosure rates increase by 295% and 542% in Muskingum County[20]. In Cleveland, vacant lands have cost the city more than $35 million in property tax loss and wages for workers to service the vacant lands[21].

   b. **Foreclosures Affect Both Ends of Economic Spectrum-Foreclosures on High-End Homes in Central Ohio:** The rate of high-end homes entering into foreclosure

has begun to rise. According to Michele McCoy, a Fifth Third vice president in charge of overseeing bank's foreclosures, "The average value and price (of our foreclosed properties) has been increasing, and more and more upper-end houses are being foreclosed upon." In 2009, at least four Franklin County homes with at least a $750,000 value were sold at sheriff's auctions. One of the largest housing problems in central Ohio is that the market for high-end homes has evaporated[22].

c. **Cleveland Files Lawsuit Against Major Investment Banks:** On January 10, 2008, Cleveland Mayor Frank Jackson filed a lawsuit against 21 investment banks claiming that they facilitated the subprime lending and foreclosure crisis in Cleveland. The premise of the lawsuit was that the financial institutions named in the suit violated Ohio's public nuisances law. The banks named in the suit were: Ameriquest Mortgage Securities, Inc., Bank of America, N.A., Bear Stearns & Co., Inc., Citibank, N.A., Citigroup Global Markets, Inc., Countrywide Securities Corporation, Credit Suisse First Boston LLC, Credit Suisse (USA), Inc., Deutsche Bank Securities, Inc., GMAC-RFC Holding Company, Goldman Sachs & Co., Greenwich Capital Markets, Inc., HSBC Securities (USA), Inc., JP Morgan Acquisition Corp., Chase Bank USA, N.A., Merrill Lynch, Pierce, Fenner & Smith Inc., Morgan Stanley & Co., Inc., Novastar Mortgage, Inc., Option One Mortgage Corporation, Washington Mutual Bank, Wells Fargo Bank, N.A., and Wells Fargo Asset Securities Corporation[23].

The lawsuit claims that the institutions created mortgage-backed securities by bundling subprime loans and/or provided the funding for customers to purchase the underlying loans. According to the plaintiff, the high foreclosure rates constitute a public nuisance. According to Mayor Jackson, "To me, this is no different than organized crime or drugs. It has the same effect as drug activity in neighborhoods. It's a form of organized crime that happens to be legal in many respects[24]." In a 2006 analysis of federal mortgage data by the "Plain Dealer," high interest loans accounted for at least 60% of new loans in Cleveland and some parts of eastern Cuyahoga County[25].

While the lawsuit was dismissed, the following list of the number of foreclosure filings by the banks in Cuyahoga County illustrate the level of responsibility the banks had in propelling the foreclosure epidemic that afflicted Cleveland, which is already plagued with high poverty rates, a staggering economy, and dwindling employment opportunities[26].

Deutsche Bank Trust Co. – 4,750
Wells Fargo – 4,000
Ameriquest Mortgage Co. – 1,600
Countrywide Financial Corp. – 1,300
HSBC Holdings – 1,300
JPMorgan Chase – 1,000 (some filings made by unnamed JPMorgan affiliates)
Washington Mutual Inc, - 900
Citigroup Inc. – 600
Bank of America Corp. – 450
NovaStar Financial Inc. – 200
The Bear Stearns Cos. – 175

IndyMac Bancorp – 160

III. The Impact of High-Cost Overdraft and Payday Loans on Ohio

A. Payday Loans: Legalized Loan Sharking

Marketed as short-term relief for a cash crunch payday loans carry annual interest rates of 400 percent on average nationally but as much as 500-1000% APR in Ohio, depending on how long the loan is held. Payday loans often catch working people – or those with a steady source of income such as Social Security or a disability check – in a long-term debt trap.

Too frequently borrowers cannot pay off the loan on payday when it's due without leaving a large gap in their budget which forces them to immediately take out a new loan after paying the first one back. One recent study found that people who took out payday loans nearly doubled their chances of filing for bankruptcy. These households' higher bankruptcy risk exists even when compared to households with similar financial status who were denied a payday loan.[27]

Overdraft Loan Costs
-U.S. overdraft lending charges: $17.5 billion -Ohio estimated share of overdraft fees: $661 million -U.S. Share of overdraft loan fees from debit card transactions: 44% -U.S. median amount of credit extended in debit card overdraft loan: $13 -U.S. median amount of overdraft loan fee: $34.
Data and analysis: Center for Responsible Lending, responsiblelending.org

B. Overdraft "Protection": Protecting Bank Profits But Hurting Bank Customers

Banks have gotten into the game, too. Their overdraft fees burden the same people-- those living paycheck-to-paycheck. Banks and credit unions routinely approve uncovered transactions without warning their customers of a negative account balance, and charge an average $34 fee for each incident, even when the uncovered purchase amounts to just a few dollars.

Instead of deterring the practice of bouncing checks, as they did for decades, over the last five to ten years more and more banks have encouraged consumers to bounce checks and overdraw debit and ATM cards. Banks have replaced a beneficial back-up system for checking accounts with this system of high-cost, unsolicited overdraft loans that are in effect the banks' version of a usurious payday loan. The costly and often multiple fees charged for these overdraft loans drive customers further into the red. The problem has grown worse as formerly small cash transactions have been substituted by small debit transactions that are approved at point-of-sale even when the bank knows the account shows a negative balance. In 2008, overdrafts cost consumers nearly $24 billion; a leading analyst believes that the 2009 cost will be $38 billion. Almost half of all overdrafts (46%) are triggered by debit cards at the ATM or the point of sale. These overdrafts could be easily prevented with a warning or denial. Most debit point-of-sale overdrafts are small, averaging less than half the $34 fee, meaning that these overdraft loans cost nearly $2 for every one dollar advanced by the bank to cover the shortfall.

IV. Why a Consumer Financial Protection Agency is the Answer[28]

The idea of a federal consumer financial protection agency focused on credit and payment products – and reinstating federal laws as a floor not ceiling of protection -- has gained broad and high-profile support because it targets the most significant underlying causes of the massive regulatory failures that occurred. First, federal agencies did not make protecting consumers their top priority and, in fact, seemed to compete against each other to keep standards low, ignoring many festering problems that grew worse over time. If agencies did act to protect consumers, the process was cumbersome and time-consuming. As a result, agencies did not act to stop some abusive lending practices until it was too late. Finally, regulators were not truly independent of the influence of the financial institutions they regulated.

Combining bank safety and soundness supervision in the same institution as consumer protection magnified an ideological predisposition or anti-regulatory bias by federal officials that led to unwillingness to rein in abusive lending before it triggered the housing and economic crises. Structural flaws in the federal regulatory system compromised the independence of banking regulators, encouraging them to overlook, ignore and minimize their mission to protect consumers. A dynamic was created in which regulatory agencies competed against each other to weaken standards and ultimately led to an oversight process that was cumbersome and ineffectual. These structural weaknesses threatened to undermine even the most diligent policies and intentions. They complicated enforcement and vitiated regulatory responsibility to the ultimate detriment of consumers.

Within agencies in which the functions of safety & soundness supervision and consumer protection are combined, regulators have often treated consumer protection as less important than their safety and soundness mission or even in conflict with that mission.[29] For example, after more than 6 years of effort by consumer organizations, federal regulators are just now addressing incomplete rules that fail to protect consumers from high-cost "overdraft" loans that financial institutions often extend without the knowledge or permission of consumers. Given the longstanding inaction on this issue, it is reasonable to assume that regulators were either uninterested in consumer protection or viewed restrictions on overdraft loans as an unnecessary financial burden on banks that extend this form of credit, even if it is deceptively offered and financially harmful to consumers. In other words, regulators apparently decided that their overriding mission was to ensure that the short-term balance sheets of the institutions they regulated were strong, despite the fact that questionable products or practices (like overdraft loans or mortgage pre-payment penalties) were harmful to consumers. Recently, "USA Today" explained the issue in powerful terms:

> Today, each of the nation's 10 largest banks allows consumers to overdraw with checks, debit cards or at ATMs, a 2009 USA TODAY survey reveals. Large banks also reserve the right to process large transactions first, triggering more overdraft fees by emptying the account more quickly. Some even charge consumers before they overdraw by deducting a purchase when it's made, rather than when it clears, pushing the account into the red sooner.[…] Meanwhile, the Federal Reserve is examining the fairness of certain overdraft practices. It's unclear whether those efforts will be enough to rein in overdrafts, now the single-largest driver of consumer fee income for banks. In 2009, banks are expected to reap a record $38.5 billion

from overdraft fees, nearly twice the $20.5 billion they stand to collect from credit card penalties such as late and over-limit fees[30].

Two other examples of agency failures are the Federal Reserve's failure to implement Home Ownership and Equity Protection Act (HOEPA) rules for fourteen years even as the mortgage crisis grew and the Office of the Comptroller of the Currency's (OCC) position that state consumer protections were pre-empted by federal law while enforcing no federal consumer laws itself.

The Federal Reserve Board was granted sweeping anti-predatory mortgage regulatory authority by the 1994 HOEPA. Final regulations were issued on 30 July 2008 only after the world economy had collapsed due to the collapse of the U.S. housing market triggered by predatory lending.[31]

In interpretation letters, amicus briefs and other filings, the OCC preempted state laws and local ordinances requiring lifeline banking (NJ 1992, NY, 1994), prohibiting fees to cash "on-us" checks (par value requirements) (TX, 1995), banning ATM surcharges (San Francisco, Santa Monica and Ohio and Connecticut, 1998-2000), requiring credit card disclosures (CA, 2003) and opposing predatory lending and ordinances (numerous states and cities)[32]. From 2000-2004, the OCC worked with increasing aggressiveness to prevent the states from enforcing state laws and stronger state consumer protection standards against national banks and their operating subsidiaries, from investigating or monitoring national banks and their operating subsidiaries, and from seeking relief for consumers from national banks and subsidiaries.

These efforts were followed by OCC's wide-ranging preemption regulations in 2004 purporting to interpret the National Bank Act.

Meanwhile, OCC's only two large consumer protection actions since 1995 followed earlier actions against the wrongdoers by other, smaller agencies.[33] Essentially, the agency was shamed into a few pro-consumer activities.

While some might argue that the Federal Reserve Board does deserve some credit for leading regulators in enacting credit card protections in 2008,[34] that action was an exception to OCC practice. Congress, led by Rep. Carolyn Maloney, had acted first and ultimately passed a stronger law, the 2009 Credit Card Accountability, Responsibility and Disclosure Act (CARD Act)[35].

The Fed's abject failure to heed years of warnings of the impending mortgage crisis and its actions (with other regulators) encouraging the above-explained overdraft fees are more typical of its point of view. In many ways, the inactions of the one agency that did not embrace the credit card rules, the OCC, likely led to the final action by Congress this year. The OCC's failure to act on rising credit card complaints at the largest national banks triggered Congress to investigate, resulting in passage of the law.

Although a Consumer Financial Protection Agency (CFPA) would not be a panacea for all current regulatory ills, it would correct many of the most significant structural flaws that exist, realigning the regulatory architecture to reflect the unfortunate lessons that have been learned in the current financial crisis and sharply increasing the chances that regulators will succeed in protecting consumers in the future. As proposed by the President, the CFPA is designed to

achieve the regulatory goals of elevating the importance of consumer protection, prompting action to prevent harm, ending regulatory arbitrage (the process whereby banks change their charter status in order to obtain a different, more favorable, regulator), and guaranteeing regulatory independence.

The CFPA, as proposed by President Obama, is granted broad authority to assure a marketplace that promotes fair treatment, fair competition, and the marketing of asset-building financial products. In particular, it provides broad, generic authority to address unfair, deceptive and abusive practices beyond those identified in existing substantive statutes and goes beyond mere disclosures. It is given authority to address arbitration abuses. It places all consumer protection statutes together in one place for holistic protection. It is granted authority to set standards for products that are deserving of and that warrant public trust and reliance.

The CFPA will be most effective if its rules are a floor not ceiling of protection, if it covers all financial actors, including car dealers, and does not have loopholes in its regulatory framework for smaller institutions.

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[1] Written by Manfred Mecoy, Ohio PIRG State Director, Edmund Mierzwinski, Ohio PIRG Federal Consumer Program Director and JoEllen Taylor, Ohio PIRG Federal Research Associate.

[2] The Center for Responsible Lending is a non-profit, non-partisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. http://www.responsiblelending.org (last visited 28 November 2009).

[3] States are largely preempted from enforcing any state consumer or mortgage laws against national banks and any of their state-incorporated non-bank affiliates and subsidiaries, which limited their efforts. Federal bank regulators have generally prohibited banks from associating with payday lenders, so states, including Ohio, have authority to enforce limits and restraints on such entities.

[4] The House Financial Services and Energy and Commerce Committees have approved HR 3126, to establish a Consumer Financial Protection Agency. As amended in Financial Services, it exempts car dealers. Senator Dodd, Chairman of the Senate Banking Committee, has filed a Discussion Draft of a bill to be considered in his committee in December. As proposed, his legislation would cover auto dealers under the CFPA.

[5] For more information visit http://www.ohioattorneygeneral.gov/Briefing-Room/News-Releases/August-2009/Consumer-Financial-Protection
Ohio State Attorney General's Office, Press Releases.

[6] Source: FDIC website (www.fdic.gov) Bank Find: JPMorgan Chase: Offices.

[7] Source: http://www.yellowbook.com/yellow-pages.

[8] Source: Center for Public Integrity http://www.publicintegrity.org/investigations/economic_meltdown/the_subprime_25/.

[9] Source: Ibid.

[10] Source: Ibid.

[11] Source: http://www.yellowbook.com/yellow-pages/?what=countrywide+home+loans+inc&where=Ohio.

[12] Source: Center for Public Integrity http://www.publicintegrity.org/investigations/economic_meltdown/the_subprime_25/.

[13] For more information, the full press release can be found at http://www.ohioattorneygeneral.gov/Briefing-Room/News-Releases/September-2009/Ohio-Foreclosure-Counseling-Agencies-to-Receive-$1.

[14] Source: http://www.yellowbook.com/yellow-pages.

[15] Source: Center for Public Integrity http://www.publicintegrity.org/investigations/economic_meltdown/the_subprime_25/.

[16] Source: Ibid.

[17] The FDIC insures all banks and thrifts. The federal Office of the Comptroller of the Currency (OCC) supervises and examines (regulates) all nationally-chartered banks. Its sister Treasury agency, the Office of Thrift Supervision (OTS), regulates all national thrifts. In general, these are the larger institutions. The Federal Reserve backs up state regulators as the chief federal enforcer for state-chartered institutions that are Federal Reserve member banks and

thrifts. The FDIC plays a similar supervisory role for state-chartered banks and thrifts that are not Federal Reserve members.

[18] Source: Schroeder, R. (2007). The Citizens Banking Company of Sandusky, Ohio got federal approval to take over the insured deposits of the failed Miami Valley Bank on Thursday, a U.S. banking regulator announced. *MarketWatch*. Retrieved at http://www.marketwatch.com/story/ohio-bank-closed-by-state-regulator.

[19] Source: Ibid.

[20] Source: Brachman, L. (2008). Testimony on Senate Bill 353. Retrieved at http://rebuildohio.org/.

[21] Source: Kroll, J. (2008). Foreclosure study says vacant properties cost Cleveland $35+million. *The Plain Dealer/Cleveland.com*. Retrieved at http://blog.cleveland.com/metro/2008/02/foreclosure_study_says_vacant.html.

[22] Source: Weiker, J. (2009). Foreclosed: High-end homes. *The Columbus Dispatch*. Retrieved at http://www.dispatch.com/live/content/local_news/stories/2009/09/19/SHERIFF_AUCTION.ART_ART_09-19-09_A1_EPF4E7A.html.

[23] Source: United States District Court Northern District of Ohio Eastern Division, *City of Cleveland v. Ameriquest Mortgage Securities, Inc., et al.* Case No. 1:08 cv 139. Retrieved at http://www.cleveland.com/cityhall/index.ssf/2009/05/federal_judge_dismisses_clevel.html.

[24] Source: Seper, C. (2008). Cleveland sues 21 banks over subprime mess. *Cleveland.com*. Retrieved at http://blog.cleveland.com/metro/2008/01/cleveland_sues_21_investment_b.html.

[25] Source: Exner, R. & Marshall, K. Tracking high-interest lending. Retrieved at http://www.cleveland.com/news/wide/index.ssf?lending0122.html.

[26] Source: Ibid.

[27] Center for Responsible Lending Fact Sheet, Payday Loans Put Consumers In the Red, (undated) available at http://www.responsiblelending.org/payday-lending/research-analysis/payday-loans-put-families-in-the-red.html (last visited 28 November 2009).

[28] For a more detailed discussion, see testimony of Edmund Mierzwinski, COPIRG Federal Consumer Program Director, before the U.S. House Financial Services Committee, hearing on Community and Consumer Advocates' Perspectives on the Obama Administration's Financial Regulatory Reform Proposals, 16 July 2009, available at http://www.house.gov/apps/list/hearing/financialsvcs_dem/fchr_071809.shtml (last visited 8 October 2009).

[29] Occasionally, safety and soundness concerns have led regulators to propose consumer protections, as in the eventually successful efforts by federal banking agencies to prohibit "rent-a-charter" payday lending, in which payday loan companies partnered with national or out-of-state banks in an effort to skirt restrictive state laws. However, from a consumer protection point-of-view, this multi-year process took far too long. Moreover, the outcome could have been different if the agencies had concluded that payday lending would be profitable for banks and thus contribute to their soundness.

[30] Kathy Chu, "Banks' 'courtesy' loans at soaring rates irk consumers," USA Today, 8 July 2009, available at http://www.usatoday.com/money/perfi/credit/2009-07-08-banks-overdraft-fees_N.htm (last visited 14 July 2009).

[31] 73 FR 147, Page 44522, Final HOEPA Rule, 30 July 2008

[32] "Role of the Office of Thrift Supervision and Office of the Comptroller of the Currency in the Preemption of State Law," USGAO, prepared for Financial Services Committee Chairman James Leach, 7 February 2000, available at http://www.gao.gov/corresp/ggd-00-51r.pdf (last visited 21 June 2009).

[33] [33] Testimony of Arthur E. Wilmarth, Jr., Professor Of Law, George Washington University Law School, Hearing On "Credit Card Practices: Current Consumer And Regulatory Issues" On April 26, 2007, Before The Subcommittee On Financial Institutions And Consumer Credit Of The Committee On Financial Services, available at http://financialservices.house.gov/hearing110/htwilmarth042607.pdf (last visited 14 July 2009).

[34] The final rule was published in the Federal Register a month later. 74 FR 18, page 5498 Thursday, January 29, 2009

[35] HR 627 became Public Law No. 111-24 on 22 May 2009.