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1. Remaining TARP funds should focus on homeownership preservation and providing assistance to troubled borrowers and neighborhoods. According to an early December 2008 GAO report, not one penny of TARP money had yet been spent on foreclosure prevention or loan modification.

2. A response to foreclosure must include:

A foreclosure moratorium of 3-6 months

An effective, systemic loan modification program which is not optional to the lender and which is not built around the failed Hope for Homeowners approach.

Permanent bankruptcy court power to modify home mortgage balances, giving bankruptcy courts the same powers with respect to first mortgages on homes as they have for other types of real estate.

Permanent statutory authority for servicers to modify loan terms and balances for future loans when that is a least cost alternative to foreclosure and thus is in the best interests of the investors in the aggregate.

3. The OCC should withdraw its preemption regulations and stop working to promote the preemption of state consumer protection law as applied to national banks and their operating subsidiaries.

4. Treasury decision makers and financial regulatory agency heads must be as committed to consumer protection as they are to safety and soundness. The mortgage crisis shows how closely linked they are.

5. Treasury must seek substantive credit reform for all forms of credit, including:

Underwriting for the ability to repay to the highest interest rate to which the loan can rise.

An end to pricing structures that understate the true cost of the credit.

Requirements that the loan be suitable to the borrower.

The end to payments to brokers to place consumers in higher cost loans.

6. All financial institutions who receive federal support, including stock purchases, loan guarantees or debt purchases should be required to avoid specific anti-consumer practices.

7. Every financial institution regulator should accept online complaints and provide effective assistance to individual consumers.

8. Treasury should endorse strong credit card reform legislation. Financial institution regulatory agencies should put an end to “gotcha” practices such as hair-trigger application of high fees.

9. Any new federal financial regulatory structure must provide for active and proactive regulation. It must allow for innovations in consumer protection and for enforcement by states. Treasury should form an advisory group from consumer organizations to work with it on developing restructuring proposals.

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10. The Treasury (including OCC) should place a stronger emphasis on fair lending oversight, regulation, and enforcement.

11. Protect and strengthen the Community Reinvestment Act, while restricting CRA credit for loans only where that credit is sustainable and suitable to the borrower.

12. The Treasury Department should support increased consumer protections for new types of payment mechanisms. A consumer's rights concerning various debit products, for example, shouldn't depend on how the money is held by the card provider.

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