

Dear Members of Congress,

Thank you for your tireless efforts to put this country back on the road to economic recovery. On behalf of the millions of young people our organizations represent, we urge you to support comprehensive Wall Street reform that will protect consumers and help secure a prosperous, stable financial future for our nation.

Young Americans stand to benefit greatly from Wall Street reform. Navigating the financial landscape is never easy for people applying for their first credit card or student loan, or supporting themselves on a meager paycheck. Nearly half of us make less than \$27,000 a year, and too many are tempted to turn to payday lenders to make ends meet. Young Americans have been particularly hard hit by the economic crisis- those under 25 have the highest unemployment rate of any age group in the country. This leaves many young adults vulnerable to the types of misinformation and predatory practices by financial institutions that the reforms hope to prevent. The proposed House and Senate Financial Reform bills go a long way toward cracking down on consumer abuses and reducing the risk of future financial disasters, and would represent a tremendous step forward.

As you continue to work toward a final reform proposal, we urge you to support the inclusion of the following provisions that will directly impact the young adult community in a positive manner:

- *Regulation of the Private Student Loan Market:* America's students face a serious threat from subprime private loans. A significant amount of the debt incurred by students pursuing higher education comes from private loans, some with interest rates at 18%. In fact, 3 million young Americans took out private loans in 2008, up sharply from 1 million in 2004. The House gives the Consumer Financial Protection Agency (CFPA) full authority over private student loans and requires certification of these loans. The Senate bill does not give the CFPA enforcement authority over private student lenders, though an amendment in the Senate bill creates a special ombudsman to monitor private student loans, an important provision that will help prevent abuses by subprime lenders. It is imperative that there be significant oversight of these lenders.
- *Credit Card Consumer Protection:* Approximately half of younger households carry a credit card balance. The credit card law signed by President Obama protects young adults by banning rate hikes on existing balances and other unfair practices. However, a CFPA could help guarantee that this law is enforced. It could also ensure that young adults understand the options they are being offered, especially important for those young Americans facing critical financial decisions for the first time.
- *Prevention of Predatory Checking Account Practices:* 13% of younger households do not have bank accounts, and they are often tempted to turn to alternatives such as check cashing. Of households that do not hold bank accounts, over a third choose not to because either they did not like dealing with banks or service fees were too high. A CFPA could help rein in the practices that drive young adults away from using checking accounts, including enrollment in overdraft protection programs without consent.

- *Regulation of Alternative Financial Services:* For those that are tempted to turn to check cashing, pay day lenders, and other alternatives, comprehensive financial reform should ensure that there are robust regulations in place to prevent abusive and predatory tactics.
- *Oversight of the Mortgage Market:* A new consumer protection agency would consolidate complex mortgage paperwork and protect borrowers from predatory lending practices that young adults, most of whom are first-time buyers, may be particularly vulnerable to.
- *Prevention of Future Economic Crisis:* As taxpayers and future stewards of the national debt, young Americans have a keen interest in avoiding multi-trillion-dollar bailouts to cover the irresponsibility of our largest banks and financial institutions. The economic turmoil caused by their behavior will have dire long-term effects on young adults. A recent study shows that even fifteen years after college graduation, wages are still lower for those who entered the labor market when unemployment was high. Regulation should help create a more stable economic environment and prevent future bailouts.

It has been said that our generation will be the first to be less well off than our parents. Your bold leadership is needed to ensure that prediction does not become a reality. Protecting our future means holding the big banks and Wall Street accountable for the damage they have caused and putting in place regulations to prevent the next economic crisis.

Thank you again for your efforts to enact comprehensive financial reform and for standing with young Americans at this critical time. We look forward to working with you and your colleagues to ensure that the final legislation addresses the needs of our generation and all Americans.

Sincerely,

Campus Progress Action

Consumer Federation of America

DEMOS

Rock the Vote

Roosevelt Institute Campus Network

Student PIRGS

Young Invincibles