



SENATOR HARRY REID, MAJORITY LEADER DODD-FRANK ACT



What the Dodd-Frank Act Means for You

Passed in the wake of one of the worst economic recessions in the United States, the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, signed into law on July 21, 2010, will help restore responsibility and accountability in our financial system, stop fraud and abuse on Wall Street, and protect American consumers from predatory practices. I was proud to shepherd this legislation, the most significant overhaul of the nation's financial regulatory system since the Great Depression, to passage.

This law creates transparency within financial regulatory agencies, prevents future taxpayer-funded bailouts of Wall Street firms, strengthens oversight, empowers regulators to aggressively pursue financial fraud, and creates a new independent watchdog for consumer protection. Following years with little or no accountability for Wall Street and big banks, the loss of 8 million jobs, failed businesses, a drop in housing prices, and trillions of dollars in personal savings wiped away, *the Dodd-Frank Act* provides American consumers safeguards from too-big-to-fail Wall Street banks.

How does it affect you?

Consumer Protection: *The Dodd-Frank Act* created the [Consumer Financial Protection Bureau](#) (CFPB), an independent watchdog agency, to consolidate and strengthen consumer protection responsibilities. The CFPB's mission is to protect American consumers from unfair business practices and ensure American consumers get the clear, accurate information they need to shop for mortgages, credit cards, private student loans, and other financial products. In addition, Dodd-Frank eliminates loopholes that allow risky and abusive practices to go on unnoticed and unregulated.



Too-Big-to-Fail Bailouts: By requiring financial institutions to create "living wills" and forcing them to maintain enough capital to cover their risk, Dodd-Frank ensures that tax payers will not be responsible for banks' bad bets.

Corporate governance: Company shareholders are now required to have a non-binding vote to determine executives' salaries, and public companies are required to take back compensation when executives are found guilty of lying.

Safe lending: Lenders are required to verify a borrower's ability to repay loans, unfair lending practices are prohibited, penalties for irresponsible lending are established, consumer protections for high-cost mortgages are expanded by lowering interest rates and fee triggers, and lenders are required to disclose maximum payments on variable rate mortgages.

Federal Reserve Emergency Lending: Emergency lending to individual entities is now prohibited, and the disclosure of emergency lending and discount window lending conditions and terms is required.

Credit Rating Agencies: Investors and businesses are protected under tough new rules that require transparency and accountability.

Rebuilding Our Communities: The Dodd-Frank Act provides \$1 billion in funds to rehabilitate and redevelop neighborhoods impacted by the foreclosure crisis.

Insurance reforms: Dodd-Frank restructured insurance regulation and created the first Federal government office dedicated solely to monitoring the insurance industry.

Regulation Enforcement: Regulators now have the proper authority to aggressively investigate financial fraud, conflicts of interest, and system manipulation.



Benefits for Small Businesses:

Fee Protection: Fees imposed by credit card companies for debit card transactions are controlled by the Federal Reserve to ensure that they are reasonable and proportional to transaction processing costs.

Regulation Protection: Clearly defined oversight procedures prevent the unintentional regulation of small businesses.

Resources for Consumers:

Hotline: To report a complaint or learn about new consumer protections under the [Consumer Financial Protection Bureau](#) (CFPB), dial toll-free (855) 411-2372. For Español, dial toll-free (855) 411-2372.

Foreclosure Assistance: *The Dodd-Frank Act* provides grants to low- and middle-income homeowners and tenants for foreclosure legal assistance. In addition, it establishes a program for bridge loans to assist qualified unemployed homeowners in mortgage payments. For foreclosure legal assistance in Nevada, contact Nevada Legal Services, Inc. at toll-free (866) 432-0404 or visit www.nlslaw.net.

Credit Scores: Consumers are given free access to their credit score in cases where the score negatively affects hiring decisions or financial transactions. To request a free annual credit report, visit www.annualcreditreport.com.

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