Lawmakers are more than happy to bash Wall Street, but they continue to carve out special exceptions for hometown industries seeking to escape the reach of a new watchdog for consumer financial products.

Auto dealers, mortgage and title insurers, manufactured home sellers, universities and community banks are all lining up for loopholes in the financial reform bill being written by the House Financial Services Committee. Each of these industries has found champions in committee members who are happy to offer exemptions to federal oversight under the proposed consumer financial protection agency.

The drip, drip, drip of amendments seeking to curtail the CFPA's power has consumer advocates fuming.

“Every industry is working hard to weaken the bill,” said Ed Mierzwinski, director of U.S. PIRG's consumer program, observing that even the rent-to-own industry is getting help seeking its own exemption from Democratic Rep. Joe Baca of California. “Rent-to-own is just another predatory lender,” he said.

Consumer advocates fought back this week against pending amendments that they think would weaken the new agency's power to oversee financial products.

Their hit list includes Wisconsin Democratic Rep. Gwen Moore's amendment that would exclude credit insurers — firms that provide products such as title and mortgage insurance. Moore has a major mortgage insurance company in her home district. California Republican Rep. John Campbell, a former car dealer, is offering another special interest carve out, which would strip CFPA of its authority to oversee car dealer financing.

The amendments could get votes as early as Wednesday, and the committee could approve the CFPA bill by Thursday.

Consumer advocates say many of the lending institutions seeking carve outs are rife with abusive lending and that their activities are just as much in need of CFPA oversight as those of banks and mortgage brokers.

“When consumers are tripped up by deceptive or abusive financial products and services, the result is often an inexorable cycle of debt, deteriorating creditworthiness and foreclosure,” said Travis Plunkett, legislative director of the Consumer Federation of America. “An agency with no teeth, or no ability to oversee significant financial products and services, will leave consumers high and dry.”

And if the lobbyists are successful, many industries that lend directly to consumers won’t feel the full force of the CFPA — or be affected by it at all.

The National Automobile Dealers Association, with member dealers in nearly every district across the country, flexed its considerable political muscle against the CFPA having any clout over its industry. The group sent out multiple “action alerts” — the most recent Tuesday morning — to drum up calls in support of Campbell’s amendment.

“The CFPA overreaches when it comes to dealer-assisted finance,” which is already regulated by the Federal Trade Commission and the Federal Reserve, said David Hyatt, the dealer group’s vice president of public affairs. “Dealer-assisted financing, car loans had absolutely nothing to do with the troubles that we’re facing. So the CFPA ought to target where the troubles really come from.”

Auto dealers have spent $1.3 million lobbying Congress so far this year, and their political action committee delivered $4.6 million in political contributions in the 2008 cycle — and nearly $800,000 so far this cycle.

Moore heard concerns about the impact of CFPA on credit insurers from MGIC Investment Corp., a Wisconsin-based mortgage insurer located in her district, though aides stress that she isn’t pushing her amendment because of a constituent request.

Moore’s office disputes consumer advocates’ characterization of her amendment, saying the products in question would still be regulated by CFPA but at the point at which a lender offers the product to a consumer, not when the insurer offers it to the lender.

Community banks and smaller credit unions have already won their own carve out in the CFPA bill, as the Financial Services panel unanimously approved an amendment to exempt them from CFPA examinations, though they’re still subject to the rules written by the new agency.

And last week, Rep. Joe Donnelly (D-Ind.) secured a victory for manufactured housing retailers when the committee unanimously adopted his amendment clarifying that the retailers are not covered by CFPA.

U.S. PIRG’s Mierzwinski says the reason for all these carve outs and exemptions is simple: campaign money.

“People are put on [the Financial Services] Committee by both parties when they are vulnerable so they can raise more campaign contributions,” he said. “What happens when you start to raise money from the industry? Well, you start having cognitive dissonance about the right public policy.”