



To: National Independent Automobile Dealers Association
From: Shaun K. Petersen
Re: January 2014 Regulatory Update
Date: January 31, 2014

I. Consumer Financial Protection Bureau

a. Comment Period Extended for Debt Collection Advanced Notice of Proposed Rulemaking

In November, the CFPB published an Advanced Notice of Proposed Rule Making regarding debt collection practices. The original comment period was set to close February 10, 2014 however, the CFPB announced it would extend the comment period until February 28, 2014.

II. Department of Justice

a. DOJ Files Lawsuit Against North Carolina BHPH Dealership Alleging Violations Equal Credit Opportunity Act

The DOJ brought a lawsuit against Auto Fare Inc., Southeastern Auto Corp. and Zuhdi A. Saadeh in the Western District Court of North Carolina. The Complaint alleged that the dealership intentionally targeted African-American consumers for the extension and servicing of installment sale contract on unfair and predatory terms. Specifically, the DOJ alleged that the dealership inflated sale prices, down payment and interest rates without tying the increase to a meaningful difference in the customer's credit.

It further alleged that the dealership's owner, Saadeh, used derogatory terms when referring to African-Americans. The complaint further alleges that African-American customers had higher rates of default and repossession or vehicles where repossessed even though the loan was not in default. Further, the dealership failed to provided notice

that the vehicles had a GPS tracker installed and that the tracker would be, and was, used for repossessing the vehicle.

III. Department of Labor

No Significant Updates

IV. Environmental Protection Agency

a. EPA Settles with Importer for Clean Air Act Violations

The EPA settled with a Dallas-based vehicle importer Savoia, Inc, BMX Imports, L.P., BMX Trading, LLC., and Terry Zimmer for alleged violations of the Clean Air Act. The importer imported over 24,000 motorcycles and recreational vehicles without an EPA Certificate of Conformity; compliant emission control information labels; or being properly warranted.

As part of the settlement, the business must cease operation or follow an EPA Compliance plan. The business must destroy 115 vehicles in inventory that have catalytic converters or carburetors that do not conform to the Certificate of Conformity. Lastly, the business must pay a \$120,000 penalty.

V. Federal Trade Commission

a. Operation Steer Clear

FTC has taken action against ten dealers against car dealers in California, Georgia, Illinois, North Carolina, Michigan, Massachusetts, and Texas. The advertisements subject to the suit were a mixture of newspaper, internet and video advertisements. The FTC alleged that all of the dealerships misrepresented the cost of purchasing or leasing a vehicle in violation of the FTC Act in some way. The different alleged violations were:

1. Offering a lease for \$0 due at signing when, in fact, the offer excluded substantial fees and other amounts in excess of \$5,000.
2. Offering vehicle financing without disclosing all terms required by the Truth in Lending Act.
3. Offering leases without disclosing all terms required by the Consumer Leasing Act.
4. Offering low monthly payments in the body of the advertisement and failing to disclose in the body that higher payments will be required after a certain period of time. (Example: body of the ad reads \$99/mo. The footnote discloses that \$99/mo is only valid for the first two months but does not disclose the remaining payments.)
5. Offering low monthly payments without clearly and conspicuously disclosing a large last balloon payment. (Example: \$99/mo for 35 mo. In the body of the ad. The footnote discloses that \$10,000 is due on the 36th month.)

6. Offering consumer's sweepstakes prizes to all consumers when all consumers will not receive the offered prize.

Nine of the dealers entered into proposed consent orders which prohibit the dealerships from committing the alleged actions in the future. None of the dealerships admitted to committing any violation of the law nor were any of the dealerships monetarily fined. The tenth dealer has not yet settled the matter with the FTC.

b. Settlement with Nissan North America

Nissan North America, Inc., its advertising agency that designed television ads for the Nissan Frontier settled allegations of deceptive advertising. The FTC alleges that the companies advertised the Frontier with an ad that showed the truck rescuing a dune buggy stuck in sand on a steep hill. However, the FTC alleges that the truck cannot actually perform such a task and that the ad was misleading in that the truck was made to appear steeper than it was.

Under the settlements, the companies are banned from misrepresent any material quality or feature of a pickup truck through the depiction of a test, experiment, or demonstration. The orders do not prohibit the use of special effects and other production techniques as long as they do not misrepresent a material quality or feature of the pickup truck.

VI. Internal Revenue Service

No Significant Updates

VII. National Highway Traffic Safety Administration

No Significant Updates

VIII. National Motor Vehicle Title Information System

No Significant Updates

IX. Significant State Law/Regulatory Updates

a. **Pending Legislation/Regulation**

i. Indiana

1. House Bill 1148: The bill specifies that license fee revenue under the vehicle salvaging law is to be retained by the secretary of state and is not deposited in the motor vehicle highway account. The bill also specifies

that a licensing fee that is submitted with an application under the licensing of vehicle salvaging law is nonrefundable.

2. Senate Bill 350: The bill makes various changes concerning the dealer services division within the office of the Secretary of State. It also repeals language concerning the disposition of fees collected for the licensing of vehicle salvaging into the motor vehicle highway account. It would also repeal language classifying boat dealers in two categories.
3. House Bill 1237: The bill amends, codifies and makes technical corrections to various bureau of motor vehicle's fees and related distributions conform to BMV practices following the settlement of fee related litigation.

ii. Kentucky

1. House Bill 169: Increases the amount of liability insurance required for dealers; increases the amount of bond required for dealers; limits off site sales to within the county.

iii. New Jersey

1. A.B. 1038: The bill would allow consumers to walk away from purchases of vehicles with major nonconformities or material defects. Under the bill, consumers purchasing used cars would be able to request that the dealer immediately repurchase the used motor vehicle rather than waiting for the dealer to attempt to fix the problem.
2. A.B. 1502: The legislation provides a permanent rebate of the sales and use tax paid for certain purchases of taxable goods and services made by or on behalf of, an individual or small business affected by Hurricane Sandy, and an individual or small business that will be affected by a future natural disaster in a designated disaster area. Under the bill, receipts from sales of goods and services to install, maintain, service, or repair goods that were damaged, destroyed, or lost due to a natural disaster in a designated disaster area in this state are eligible for a rebate during the recovery period. Receipts from sales of such goods and services are eligible for a rebate whether the sales are made to disaster victims or to contractors on behalf of disaster victims.

iv. Virginia

1. 2013 VA Regulation Text 133540: The proposed rule would eliminate the requirement that motor vehicle dealers maintain copies of its advertisements in newspapers and on the internet for 60 days from the expiration of the advertisement. The Rule would also repeal repetitious language.

v. West Virginia

1. Senate Bill 286: The bill would amend and reenact Section 46A-6-107 of the Code of West Virginia, 931, as amended, relating to disclaimers of warranties with respect to goods which are the subject of or are intended to become the subject of a consumer transaction. The bill prohibits exclusion, modification or limitation of any warranty or remedy on the sale of used vehicles. A dealer must disclose any waiver of warranty on used motor vehicles as to particular defect or malfunction. The bill further lays out the conditions which permit an as-is sale of used motor vehicle. It requires a conspicuous disclosure of as-is sale and prohibits an as-is sale from disclaiming any express warranties made by dealer.

vi. New Mexico

1. 12.2.14 NMAC: This new regulation promulgated by the Attorney General would require sellers of used motor vehicle to have the vehicle inspected by an ASE, I-Car level 11 mechanic, or other qualified individual prior to sale to the consumer. The dealer must provide the consumer an inspection report detailing the findings of the inspection. If the dealer determines that alterations or repairs to the vehicle equal or exceed six percent of the sale price of the vehicle, the dealer must provide the customer with a signed affidavit describing the vehicle and stating that to the best of the knowledge of the dealer what specific alterations and repairs have been made.

X. Significant Case Law Updates

No Significant Updates



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January 31, 2014

To: NIADA
From: Federal Advocates
Subject: January Monthly Report

House Financial Services Committee Hearing

The Committee on Financial Services held a hearing on January 28 to receive the Semi-Annual Report of the Consumer Financial Protection Bureau and the Director of the Bureau's testimony on the report. CFPB Director Richard Cordray was the only witness. Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111-203) created the CFPB as an independent agency within the Federal Reserve System and charged it with regulating "the offering and provision of consumer financial products or services under the Federal consumer financial laws." The CFPB's mission is to "implement and . . . enforce Federal financial consumer law consistently for the purposes of ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent and competitive." Title X grants the CFPB's Director the "general authority" to "prescribe rules and issue orders and guidance" to administer, enforce, and implement federal consumer financial laws. Title X also requires the CFPB to prepare semi-annual reports describing its activities during the previous six months, and it requires the CFPB's Director to testify before the Financial Services Committee to report on the CFPB's activities. At the request of the Committee, the Association prepared and submitted the attached statement for the record.

Rental Cars Recall

No additional legislative developments. On July 30, the Senate Commerce Committee reported S. 921, the rental car recall bill without amendment with the understanding that the Committee would continue working with the stakeholders. To review, NIADA sent opposition letters to key Members of the Committee raising various concerns about the bill and advocating for inclusion of the NIADA/NADA amendment. In addition, NIADA surveyed its membership to get a better assessment of member rental car operations and

the bills impact. Also monitoring developments for NAAA. No House bill introduced to date. Last Congress, Congresswoman Capps (D-CA) introduced a companion bill.

Auction Sales

We continue to report on this issue in recognition of its importance and the possibility of congressional action at some point. However, to date there have been no further developments either from the Hill or between the industry and law enforcement.

H.R. 2543, End Discriminatory State Taxes for Automobile Renters Act of 2013

Introduced on June 27 by Congressman Cohen (D-TX) with 6 cosponsors. On September 13 the bill was referred to the Subcommittee on Regulatory Reform, Commercial and Antitrust Law of the Judiciary Committee. The bill prohibits states or local governments from levying or collecting a discriminatory tax (generally, a tax or tax assessment that is applicable to the rental of motor vehicles or motor vehicle businesses or property, but not to the majority of other rentals of tangible personal property within a state or locality) on the rental of motor vehicles, motor vehicle rental businesses, or motor vehicle rental property.

Status Update: No change since the last report.

S. 1584, Providing Replacement Automobiles for Certain Disabled Veterans and Members of the Armed Forces

Introduced on October 28 by Senator Sanders (I-VT) with no cosponsors. Hearing held by the Committee on Veterans Affairs on October 30. The bill would increase the amount of government assistance from \$18,900 to \$30,000 for military members to acquire a replacement vehicle for vehicles destroyed in disasters, provided that the eligible member does not receive property insurance compensation for the loss..

Status Update: No change since the last report.

H.R. 749, Eliminate Privacy Notice Confusion Act

This was H.R. 5817 that was introduced by Congresswoman Luetkemeyer last Congress and passed the House. He reintroduced it in the new Congress on February 15 and the bill passed the House (with 73 cosponsors) on March 12 without amendment. On March 13, it was referred to the Senate Committee on Banking, Housing, and Urban Affairs. The bill amends the Gramm-Leach-Bliley Act to exempt from its annual privacy policy notice requirement any financial institution which: (1) provides nonpublic personal information only in accordance with specified requirements, and (2) has not changed its policies and practices with regard to disclosing nonpublic personal information from those disclosed in the most recent disclosure sent to consumers. On March 21, Senator Brown (D-OH) introduced companion bill S.635, the Privacy Notice Modernization Act of 2013. With 20

cosponsors (now 44), the bill was also referred to the Committee on Banking, Housing, and Urban Affairs.

Status Update: No change since the last report.

S.1029, the Regulatory Accountability Act of 2013

Introduced on May 23 by Senator Portman with 8 cosponsors (now 9) and referred to the Committee on Homeland Security and Governmental Affairs. The bill amends the Federal regulatory process by specifying issues agency must consider in a rulemaking; various notice requirements for major and high-impact rules; public comment and hearing procedures; judicial review; and, final rulemaking. Last Congress, the Senator introduced a similar bill – S.3468, the “Independent Agency Regulatory Analysis Act of 2012.”

Status Update: No change since the last report.

H.R. 1663, Promoting Automotive Repair, Trade and Sales Act of 2013 (PARTS Act)

Introduced on April 23 by Congressman Issa (CA-49) on a bipartisan basis with 4 cosponsors and referred on June 14 to the Judiciary Subcommittee of jurisdiction. The bill makes it not an act of infringement, with respect to a design patent that claims a component part of a motor vehicle as originally manufactured, to: (1) make, test, or offer to sell within the United States, or import into the United States, any article of manufacture that is similar or the same in appearance to the component part claimed in such design patent if the purpose of such article is for the repair of a motor vehicle to restore its appearance to as originally manufactured; and (2) use or sell within the United States any such same or similar articles for such restorations more than 30 months after the claimed component part is first offered for public sale as part of a motor vehicle in any country. Defines "component part" as a component part of the exterior of a motor vehicle only (such as a hood, fender, tail light, side mirror, or quarter panel), excluding an inflatable restraint system or other component part located in the interior of a motor vehicle. Specifies that an offer to sell include any marketing of an article of manufacture to prospective purchasers or users and any pre-sale distribution. Applies this Act to any patent issued, or application filed, before, on, or after the effective date of this Act. Also on April 23 Senator Whitehouse (RI) introduced on a bipartisan basis the identical bill (S.780) with 2 cosponsors. The bill was referred the same day to the Judiciary Committee. NIADA reviewed the legislation and determined at this point not to lend its name in support. We will continue to monitor further developments.

Status Update: No change since the last report.

H.R.2414, the Black Box Privacy Protection Act

On June 18, Congressman Capuano (MA-7) introduced H.R.2414, the Black Box Privacy

protection Act with 10 (13) cosponsors. On July 15, the bill was referred to the Homeland Security Committee Subcommittee. The bill amends the Automobile Information Disclosure Act to require manufacturers of new automobiles to disclose on the information label affixed to the window of the automobile: (1) the presence and location of an event data recorder (commonly referred to as a "black box"), (2) the type of information recorded and how such information is recorded, and (3) that the recording may be used in a law enforcement proceeding. Sets forth similar requirements for motorcycle manufacturers. Defines "event data recorder" as any device or means of technology installed in an automobile that records information such as automobile or motorcycle speed, seatbelt use, application of brakes, or other information pertinent to the operation of the automobile or motorcycle. Prohibits the manufacture, sale, offering for sale, or import into the United States of an automobile manufactured after 2015 (bearing a model year of 2016 or later) that is equipped with an event data recorder, unless the consumer can control the recording of information. Requires the event data recorder in an automobile or motorcycle, and any data recorded, be considered the property of the owner of the automobile or motorcycle. Makes the retrieval or downloading of recorded data by any other person unlawful, except: (1) with the owner's consent, (2) in response to a court order, or (3) by a dealer or automotive technician to service the vehicle. Requires certain violations to be treated as unfair or deceptive acts or practices under the Federal Trade Commission Act.

Status Update: No change since the last report.

FY14 Appropriations

On Jan. 17, the President signed the \$1.1 trillion omnibus spending bill to keep the Federal government funded through September and avoid another shutdown. Obama signed the bill before a small audience at the New Executive Office Building near the White House, where he was joined by staffers from the Office of Management and Budget

Under the bill, the Clean Water SRF is funded at \$1,448.9B or \$353.9M more than the President's request, and the Safe Drinking Water SRF is funded at \$906.9M or \$89.9M more than the President's request.

The WaterSmart program is funded at \$19M or \$7M more than the President's request; Title 16 is funded at \$21.5M or \$7.5M more than the President's request; and, CALFED is funded at \$37M that was the President's request.

Also under the bill, the Army Corps of Engineers is funded at \$5.467 billion, an increase of \$487 million (10%) above the FY13 enacted level of \$4.718 billion. Over \$1 billion will be funded from the Harbor Maintenance Trust Fund. Additional O&M funding is provided across the board for the Corps' navigation program, including \$40 million for

small ports and harbors and \$42 million for inland waterways. In addition, the Corps of Engineers is funded at \$94.5M for various Continuing Authorities Programs including Environmental Infrastructure Projects compared to the President's request of \$29M.

Lastly, the bill provides almost \$41B for the Federal Highway program – the same level authorized in MAP21 which expires September 30,2014. This is an increase of \$557M from the FY13 level. It also provides for another round of TIGER grants at \$600M. The bill contains \$2.15B for the Federal Transit Administration, a decrease of \$100M below FY13. The legislation allows \$8.6B in state and local transit grant funding consistent with MAP21, and \$2.1B for New Starts, full funding for state and local Small Starts, and funding for all current Full Funding Grant Agreement projects.

The bill follows the guidelines of the December budget agreement, as follows:

1. The total deal is \$85 billion. About \$45 billion of that replaces sequestration cuts in 2014. About \$20 billion replaces sequestration cuts in 2015. About \$20 billion is deficit reduction atop sequestration.
2. The sequestration relief is evenly divided between defense spending and non-defense discretionary spending. The sequester's cuts to mandatory spending are unaffected.
3. The new policies in the deal are split between revenue through fees and spending cuts.
4. Spending will be \$45 billion higher in 2014 than it would've been absent the deal.
5. The deal replaces half of sequestration's cuts to defense and non-defense discretionary spending in 2014. It replaces a fourth of them in 2015.
6. The deal doesn't include any extension of unemployment insurance.
7. No changes to Medicare and Social Security; no new taxes and no entitlement reform.



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Mr. Chairman and Members of the House Financial Services Committee, my name is Steve Jordan, Executive Vice President of the National Independent Automobile Dealers Association (“NIADA”) headquartered in Arlington, Texas. On behalf of the Association, I appreciate the opportunity to submit this statement for the record regarding the Committee’s January 28th hearing on the Consumer Financial Protection Bureau (“CFPB”).

The NIADA represents more than 17,000 members who are connected to the automobile industry in some form or fashion, but primarily independent dealers who own dealerships across America that are not affiliated with a manufacturer.

They are businessmen and women who subscribe to the NIADA Code of Ethics that emphasizes honor, integrity and fair dealing. More than 40 percent of these dealers have been in business for more than 20 years, and almost 50 percent have five or fewer employees. They are the small car store that survives in the best of times and the worst of times because they are a part of their communities as fathers, mothers, Better Business Bureau members, Chamber of Commerce members, city councilmen, school board members, churchgoers, youth organization sponsors and coaches, and task force members who look for ways to make our cities and our towns better places to live.

The passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 and the creation of the Consumer Financial Protection Bureau (“CFPB”) drastically changed the regulatory landscape for those engaged in the financial services industry. Not only did the CFPB become a new cop on the beat, it became a cop with significant power and virtually limitless resources.

At the time of the Dodd-Frank debate, NIADA voiced concerns about the structure and budget of the CFPB, which was unlike other agencies in Washington, D.C., and vastly different than the agency automobile dealers were most accustomed to dealing with: the Federal Trade Commission (“FTC”). Unlike the FTC which has five commissioners from both political parties each with an equal vote on how the Commission will conduct business, all power of the CFPB is vested in one director appointed by the President.

Moreover, because the CFPB’s budget is ensconced in the Federal Reserve, it not subject to the appropriations process. This effectively precludes Congressional oversight of the Bureau’s finances and operations. Additionally, one could even argue that the CFPB is not subject to

Presidential oversight. The primary fear that results from vesting all authority in one director and giving that individual financial latitude without any real restraint is that the CFPB will function in a shroud of secrecy and drift from its statutory mandate with an undue burden of influence from unchecked consumer advocates.

In fact, reviewing the Bureau's actions as it relates to the automotive financing industry, NIADA believes that the CFPB's perfunctory efforts have not statistically identified any meaningful automotive finance related problem that would merit additional enforcement or oversight outside of the current myriad of federal laws and regulations to which auto finance companies and dealers must abide.

In an effort to justify its existence and the redundancies of federal regulatory oversight in which it now sits, the CFPB has not adequately created a need for itself in the automotive finance space and as such is attempting to create a problem where none exists. In March 2013, the CFPB released a guidance document to lenders engaged in indirect auto lending (i.e. dealer assisted financing.) The document purports to provide guidance about compliance with the Equal Credit Opportunity Act ("ECOA") to those lenders that engage in dealer-assisted financing where the dealer is permitted to adjust the interest rate at which the lender is willing to buy the contract. The CFPB asserts these compensation policies create significant risk that pricing disparities will result based on race, national origin, or other factors that violate the ECOA; an assumption that has not been proven through consumer complaints. Without disclosing their methodologies, the CFPB suggests that these practices will result in a negative "disparate impact" to consumers in a protected class and that "disparate impact" can only be proven by a statistical evaluation of past credit transactions.

The CFPB's guidance document additionally suggests that a flat fee compensation model for financing profit would alleviate this concern. NIADA categorically rejects the concept of a flat fee as a way to assuage any attempts to adhere to the ECOA. In fact, the CFPB boldly goes so far as to instruct consumers to pay a flat fee, as if markup is illegal on its face. (See, <http://www.consumerfinance.gov/askcfpb/727/what-buy-rate.html>).

Although the CFPB guidance document gives the appearance that discrimination is their concern, the reality of their actions, coupled with the lack of evidence and methodology disclosure, suggests the CFPB's true desire is to limit dealer profit. Specifically, that because a dealer is compensated in the form of a mark-up at their own discretion that fraud must exist. Discretion to legally and fairly earn a profit rendering financial services does not also mean that fraud exists. Discretion does not equal fraud.

From the moment the CFPB released this guidance document, industry stakeholders, including NIADA, have asked the CFPB to provide empirical evidence that this disparate impact actually exists. Moreover, NIADA and others in the industry have repeatedly asked the CFPB to reveal the statistical method it uses to determine whether "disparate impact" is present in an automotive lender's portfolio. In addition to industry demands for information behind the CFPB's conclusions, multiple members of both chambers of Congress have asked the CFPB to provide this same information. To date, the Bureau continues to withhold this critical information that

would provide the industry, Congress, and public with evidence that a meaningful consumer problem exists and that the CFPB is not in search of a problem to justify its existence.

In addition to the withholding of information, NIADA joins with others who have raised the concern that the CFPB issued this guidance document without holding any public hearing or soliciting public comment. It was not until after a bipartisan letter from 22 Senators was sent to Director Cordray did the Bureau conduct its first public forum on the matter, a full 7 months after the guidance document was issued.

The secrecy with which the CFPB is operating is either intentional or not. Neither is acceptable for any federal agency, much less for one with the wide-swath of oversight, enforcement and funding capacity as the CFPB. The CFPB expects, as they should, that the consumer be treated fairly. NIADA agrees. Consumers cannot adequately purchase or finance a car if material information is willfully withheld or misrepresented. NIADA and its dealers support this standard of open and honest dealing. But, just as that expectation is placed on a dealer or financier; it should certainly be expected of the regulators overseeing the industry.

While NIADA does not believe additional regulations and a new cop on the beat are warranted, we do believe that anything the CFPB does should be open and readily discernible. Only then, can NIADA adequately answer the question it gets more frequently than any other: “What do I need to do to comply?”

Although dealers are not subject to the CFPB’s jurisdiction, ultimately, everything the CFPB touches in the auto financing industry will affect NIADA members. To that end, NIADA will continue to engage the CFPB in the discussions that we hope will provide the Bureau with needed information about the industry so they can make informed, open decisions consistent with its statutory mandate. Moreover, when appropriate, NIADA welcomes the opportunity to work with the Bureau on initiatives that educate the public on the car buying and financing experience. This is especially true for our nation’s military personnel whom the CFPB has gone to great lengths to protect.

As we recently shared with the Senate Committee on Commerce, Science & Transportation, NIADA stands ready to use our current resources, including our education and training staff, state association directors – many of whom are veterans – and our Automotive Consumer Television Network, which is available to anyone via the Internet at <http://niadatv.com/autoconsumer/>, to address the needs of car-buying military personnel – active or retired.

In that regard we have produced a simple to understand video that explains the car-buying process for active service members or those returning to civilian life. The video, “Car Buying Tips for Military Service Members,” is available for viewing on Automotive Consumer Television, our Internet TV network providing industry information and education for consumers, as well as NIADA.TV and NIADA.com

By way of conclusion, in remarks given in November at the Auto Finance Forum, Director Cordray underscored the CFPB’s tenacity by saying,

“...if anyone is uncertain about our resolve, let me do my best to dispel that uncertainty this morning. We will make every effort to do the job that Congress has set out for us, which is to identify and root out unlawful, discriminatory lending practices, including practices that, in the words of the Supreme Court, are “fair in form but discriminatory in operation.” We intend to create a fair marketplace for all consumers. Illegal discrimination in all forms is simply wrong. No one should have to worry about having to pay more to finance a vehicle because of race, ethnicity or any other protected characteristic under federal law.”

We agree, with one exception: NIADA believes a fair marketplace already exists for all consumers in the automotive finance industry. NIADA and its members are committed to lawful and non-discriminatory practices, and we are as equally steadfast in our resolve to defend the right of automotive lenders and dealers to lawfully and fairly make a profit in collaboration with their valued customers. NIADA believes this agency has not justified their position of disparate impact in fair lending and by extension they have fallen short of their own Supreme Court litmus test of conducting practices that are “fair in form and discriminatory in operation.”

We encourage the Committee to look at fundamental structural changes to the CFPB that will provide for greater openness and accountability for the Bureau’s operations. NIADA stands ready to assist the Committee in any way we can.