

The Brownback/Campbell Language is Consistent with the Purpose of Wall Street Reform Legislation

Purpose of the Wall Street Reform Legislation	Why Conferees Should Support the Brownback/Campbell Auto Dealer Language
<i>Hold Wall Street firms and big banks accountable.</i>	Main Street auto dealers had no role in the housing bubble or financial crisis.
<i>Need to protect against “too big to fail”</i>	Auto dealerships are small businesses averaging 50 employees.
<i>Need to rein in risky lending and regulate systemic risk</i>	Auto lending is sound and based on due diligence. Auto finance lenders <i>must</i> look primarily to the borrower for repayment, since vehicle financing is secured by a depreciating asset (the vehicle). Unlike mortgages, auto finance did <i>not</i> experience a subprime lending crisis and does not pose a systemic risk. Since 2004, 60-day auto loan delinquency rates have never exceeded 1%, even during the recession.
<i>Need to cover auto loans</i>	The Brownback/Campbell language keeps every auto loan and every auto finance source that underwrites, funds and/or services a loan (including buy-here-pay-here operations) regulated by the new agency. Dealers are not lenders; they are facilitators that increase competition by providing consumers with a wide variety of options from multiple lenders.
<i>Need additional regulations to hold parties accountable</i>	Consumers are already protected since dealers are already subject to extensive federal regulation (e.g., the Truth In Lending Act, Fair Credit Reporting Act, etc.) and the full range of state consumer protection statutes.
<i>Another “cop on the beat”</i>	Dealers are currently and would continue to be regulated by the FTC, the Federal Reserve, and state consumer protection statutes under the Brownback/Campbell language.
<i>Super-agency (Bureau of Consumer Financial Protection/CFPB) needed to create additional regulations</i>	Since dealers are already effectively regulated, additional rules would be costly, complicated and unnecessary. Unnecessary regulations threaten small businesses and jobs especially since Main Street businesses have not rebounded like Wall Street.
<i>Agency whose sole purpose is to protect consumers is needed</i>	Dealers have an important stake in the community and benefit from treating their consumers and repeat customers fairly. FTC data states that less than 2% of consumer complaints were “auto related”, and an even smaller percentage related to auto finance.
<i>Need to protect ordinary American consumers</i>	Adding another layer of regulation and fees will reduce availability of auto credit and increase costs to consumers. The Brownback/Campbell language is necessary because the broad authority granted to the CFPB seriously threatens to limit dealer-assisted financing and the convenience and competition this type of financing offers consumers at all economic levels.