



NATIONAL AUTOMOBILE DEALERS ASSOCIATION
8400 Westpark Drive • McLean, Virginia 22102
703/821-7040 • 703/821-7041

Legal & Regulatory Group

Federal consumer protection regulations applicable to automobile dealers' financial operations

1. Anti-Discrimination

a. Equal Credit Opportunity Act – Federal Reserve Board (FRB) Reg B

Prohibits creditors from engaging in discriminatory practices against credit applicants; establishes guidelines for gathering, evaluating, and retaining credit information; and requires written notification when credit is denied

b. Fair Credit Reporting Act (FCRA) - Medical Information Rule (FRB Reg FF)

Generally prohibits creditors from obtaining and using medical information when determining an applicant's eligibility for credit; also restricts sharing medical information with affiliates

2. Unfair & Deceptive Acts or Practices

a. Federal Trade Commission (FTC) Act – FTC Credit Practices Rule

Requires creditors to provide written disclosures to cosigners before they sign a retail installment sales contract; also prohibits unfair credit practices, deceptive cosigner practices, and pyramiding late charges

b. FTC Act – Unfair & Deceptive Acts & Practices

Generally prohibits businesses from engaging in unfair or deceptive acts or practices

3. Credit Disclosures

a. Truth In Lending Act (FRB Reg Z)

Imposes disclosure, advertising, and other requirements on consumer credit sales

b. Federal Consumer Leasing Act (FRB Reg M)

Imposes disclosure, advertising, and other requirements on consumer leasing

4. Financial Privacy

a. FCRA – Obtaining Credit Reports

Requires that businesses have and certify a permissible purpose to obtain a consumer's credit report and imposes restrictions on a creditor's ability to purchase prescreened lists of customers from consumer reporting agencies for credit solicitation purposes

b. FCRA – FTC Prescreen Opt-Out Disclosure Rule

Requires that creditors provide prescreened customers to whom they send credit solicitations with a long and short form notice with instructions on how to opt-out of future prescreened solicitations from creditors

c. FCRA – Affiliate Information Sharing

Restricts the disclosure of credit report information

d. FCRA – FTC Affiliate Marketing Rule

Restricts using credit report information to market to the customers of an affiliate

e. Gramm Leach Bliley Act (GLB) – FTC Privacy Rule

Requires financial institutions to provide finance and lease customers with a notice that accurately describes the institution's privacy policy and restricts the disclosure of customers' personal information

5. Accuracy of Credit Reports

a. FCRA – FTC Address Discrepancy Rule

Requires users of credit reports to develop procedures to ensure that credit reports ordered from consumer reporting agencies that contain a "Notice of Address Discrepancy" pertain to the correct customer

b. FCRA – Adverse Action Notices

Requires users of credit reports to notify customers in writing when adverse action is taken against them based in whole or in part on information contained in a credit report

c. FCRA – Risk-based Pricing Notices

Requires users or credit reports to notify customers in writing when they obtain credit on unfavorable credit terms (relative to the user's other credit customers)

6. Identity Theft

a. GLB Act – FTC Safeguards Rule

Requires financial institutions to develop a comprehensive written program to protect their customer information

b. FCRA – FTC Disposal Rule

Requires users of credit reports to develop procedures to properly dispose of credit report information

c. FCRA – FTC Red Flags Rule

Requires creditors and financial institutions to develop a written program that contains procedures to identify, detect, and respond to “red flags” indicating the possibility of identity theft

d. FCRA – Fraud & Active Duty Alerts

Requires users of credit reports who receive a fraud or active duty alert on a credit report to develop procedures to verify the customer’s identity before extending credit to the customer

e. FCRA – Credit & Debit Card Truncation

Requires persons to truncate the expiration date and all but the last 5 numbers on electronically printed credit and debit card receipts given to cardholders at the point of sale

For additional information, contact NADA Legislative Affairs at (202) 547-5500 or legislative@nada.org.