



# National Automobile Dealers Association



## **SUPPORT THE BROWNBACK/CAMPBELL LANGUAGE**

**Preserve Optional, Affordable Auto Finance Alternatives for Consumers**

**The Brownback/Campbell language keeps every auto loan and every auto finance source regulated by the new Consumer Financial Protection Bureau (CFPB).**

- The language keeps all auto loans and all auto finance sources under the regulation of the new CFPB. The Brownback/Campbell language would have no impact on the ability of the CFPB to regulate the companies that underwrite, fund, and service auto loans. These finance sources include captive and independent finance companies, banks, and credit unions.
- The language specifically prohibits motor vehicle dealers from entering other lines of business (real estate, payday loans or auto title loans) unless such lines of business are completely regulated by the CFPB. The definition of "dealer" has been tightened. A dealer must be "predominately" engaged instead of "primarily" engaged in selling motor vehicles or else is subject to CFPB regulation.
- The amendment completely empowers the CFPB to regulate buy-here-pay-here auto dealers – dealers who lend their own money and are treated like other finance sources.

**Dealers' retail financing activity would continue to be effectively regulated by the Federal Reserve Board and the Federal Trade Commission.** Dealers also would have to conform to changes to current federal regulations governing their operations initiated by the CFPB and adopted by the Federal Reserve Board and Federal Trade Commission, and additional contract requirements imposed by finance sources subject to CFPB regulation.

**The language expressly preserves all Federal consumer protection laws and regulations governing motor vehicle dealers.** Dealers would continue to be subject to the full range of federal laws and regulations that currently apply to their operations (e.g., Truth In Lending Act, Federal Consumer Leasing Act, Equal Credit Opportunity Act, Fair Credit Reporting Act, Gramm-Leach-Bliley Act, Federal Trade Commission Act, etc.).

**Dealers would also continue to be subject to state laws and regulations.** Dealers would be subject to state regulations, including those issues under state consumer fraud statutes, enforced by state consumer protection agencies.

**The revised language expressly empowers the Office of Service Member Affairs within the CFPB to effectively respond to potential complaints by service members, and to work with the appropriate agencies to pursue enforcement action.**

**The amendment benefits consumers because it keeps auto credit affordable.** Dealerships have multiple relationships with lenders (community banks, local credit unions, national banks, and captive finance companies). However, since dealer-assisted financing is always optional, consumers can always rely on their own banking relationships.

Conferees should support the Brownback/Campbell language because dealer assisted financing provides more convenience, more competition, and more choices for consumer who rely on affordable credit to meet their transportation needs.

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