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RVDA
The National RV Dealers Association
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RVIA
RECREATION VEHICLE
INDUSTRY ASSOCIATION



November 18, 2015

Dear Representative:

We, the undersigned organizations who represent businesses that make, sell, finance, auction and service motor vehicles are writing to express our strong support for H.R. 1737, the “Reforming CFPB Indirect Auto Financing Guidance Act.” This bipartisan bill, introduced by Reps. Guinta (R-NH) and Perlmutter (D-CO), would rescind the Consumer Financial Protection Bureau’s (CFPB) flawed 2013 auto finance guidance and allow the CFPB to reissue it under a more transparent and better informed process.

H.R. 1737, drafted by members of the House Financial Services Committee on a bipartisan basis, has 166 bipartisan cosponsors. On July 29, the House Financial Services Committee passed H.R. 1737 by a vote of 47–10. In addition to rescinding the 2013 guidance, H.R. 1737 would require that, prior to issuing any new guidance related to indirect auto financing, the CFPB:

- provide notice and a period for public comment;
- make public any studies, data, and analyses upon which the guidance is based;
- consult with the Federal Reserve Board, the Federal Trade Commission and the Department of Justice; and
- study the cost and impact of the guidance on consumers as well as women-owned, minority – owned, and small businesses.

This is the entire scope of the bill. By design, H.R. 1737 does not impinge on the CFPB’s structure, jurisdiction, or authorities.

H.R. 1737 is needed to produce a more informed guidance compared to the 2013 guidance, which lacked public input, transparency, consultation with the CFPB’s sister agencies and, by the CFPB’s own admission, any study of the impact of the guidance on consumers. As a consequence of being issued

without these essential safeguards, the CFPB's guidance could potentially (1) eliminate a dealer's ability to discount credit in the showroom; (2) raise credits costs; and (3) push marginally creditworthy consumers out of the auto credit market entirely.

Apart from the fact that guidance should not be used as a means to make sweeping policy and market changes, the CFPB auto guidance does not effectively manage fair credit risk in the showroom, which is its purported goal. The Department of Justice (DOJ), however, has created a better approach to address fair credit risk without decreasing competition and harming consumers. The DOJ model was used as a template for a comprehensive compliance program that the National Automobile Dealers Association, National Association of Minority Automobile Dealers, and American International Automobile Dealers Association issued last year to their respective members. This compliance program addresses fair credit risk where it matters -- in the showroom -- while preserving a dealer's ability to discount credit.

Thirteen Congressional letters signed by over 90 Members and Senators on both sides of the aisle have been written to the CFPB asking questions and expressing concern regarding its auto guidance. Nonetheless, many essential questions still remain unanswered. The open and transparent process required by H.R. 1737 would provide a framework for those questions to be answered, and to ascertain whether the CFPB's new policy can withstand public scrutiny.

Since the 1920s, credit has been the lifeblood of America's auto industry. H.R. 1737 is a moderate, bipartisan process bill that does not direct a result or tie the CFPB's hands, but merely gives the public an opportunity to scrutinize and comment on the CFPB's attempt to change the auto loan market via "guidance."

We respectfully ask you to protect consumers and vote "yes" on H.R. 1737. Thank you for your consideration.

Sincerely,



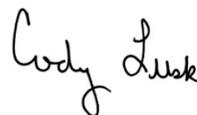
Peter Welch
President, National Automobile Dealers
Association



Steve Jordan
CEO, National Independent Automobile Dealers
Association



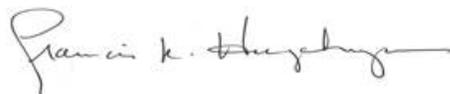
Chris Stinebert
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Cody Lusk, AIADA
President, American International Automobile
Dealers Association



Mitch Bainwol
President and CEO, Alliance of Automobile
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Frank Hugelmeyer
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Phil Ingrassia
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