

**American Bankers Association
American Financial Services Association
Consumer Mortgage Coalition
Credit Union National Association
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Federal Credit Unions**

May 29, 2014

Dear Members of the U.S. House of Representatives:

The undersigned organizations support Representative Garrett's amendment to H.R. 4660, the Commerce, Justice, Science, and Related Agencies Appropriations Act for Fiscal Year 2015. The amendment would prohibit any funds made available by the Act from being used for litigation in which the Department of Justice (DOJ) seeks to prove illegal discrimination based on the "disparate impact" theory.

All of our organizations and their member companies view illegal discrimination in housing and lending as morally, ethically, and legally abhorrent and do not tolerate it in any size, shape or form. They are committed to providing financial services to American consumers in full compliance with all lending laws.

Recently, the Department of Justice, along with the Consumer Financial Protection Bureau (CFPB), entered into a \$98 million settlement with Ally Financial and Ally Bank over allegations that it discriminated against minority borrowers in its indirect auto lending program. The order represents the federal government's largest auto loan discrimination settlement in history. The CFPB and DOJ based their allegations solely on a disparate impact theory of discrimination. They do not allege that Ally intentionally discriminated against any consumers. This settlement was only a part of a larger joint effort between the CFPB and DOJ to address disparate impact in the auto lending market.

Disparate impact claims also have been brought under the Fair Housing Act pursuant to rules issued by the Department of Housing and Urban Development. This is notwithstanding that the basis for such claims under the Act is in considerable dispute.

Under the disparate impact theory, even when a lender takes every step to prevent discrimination and treats all consumers fairly and equally, a neutral policy can serve as a basis for very serious and harmful claims in the absence of intentional discrimination. Smaller lenders, in particular, will find it difficult to manage this type of litigation risk. Left unchecked, disparate impact enforcement could increase the cost and undermine the availability of credit throughout the economy.

We ask the Members of the House of Representatives to vote in favor of Representative Garrett's amendment.