



Statement of Fair Lending Principles In Support of an Industry-wide, Pro-Consumer Solution

*In Recognition that Automobiles Are Fundamental to the American Way of Life
and that Auto Financing is Essential to the U.S. Economy*

Participants in the U.S. auto industry maintain:

- ✓ The automobile is an essential part of the American way of life, providing people greater options for where they live, work and how they spend their free time. The purchase of a vehicle is one of the most important financial decisions an individual can make, and auto financing is a crucial aspect of that decision.
- ✓ Avoidance of discrimination on a prohibited basis in auto finance is required by law and fundamental to maintaining trust in the auto financing process – a process that contributes to the vibrancy of the automobile industry’s impact on the U.S. economy.
- ✓ Indirect automobile finance sources do not collect or receive, nor are they allowed to collect or receive, and thus have no visibility into, the race or ethnicity of our customers or credit applicants, and therefore these factors are never able to influence our credit or pricing decisions.
- ✓ Preserving competition in the auto finance industry is in the best interest of consumers because it drives down prices and increases financing options (85% of new vehicles sold in the U.S. are financed or leased, with the remainder of buyers paying cash.¹).
- ✓ Auto dealers provide customers with the information and service vital to the sale of a vehicle, and are independent of those who extend credit directly or indirectly as part of the overall transaction. Mandating overly prescriptive restrictions on compensation paid to automobile dealers would:
 - reduce competition and flexibility, potentially making credit options unavailable or less readily available to consumers; and
 - potentially increase the cost of credit to consumers – particularly consumers who are in a low- to-moderate income bracket.
- ✓ A piecemeal solution to any fair lending concerns may harm consumers as business migrates to those industry players that are subject to the least restrictive consumer protections.

¹ Experian Auto Count, Q1–3 2014, 2013

In Recognition that Fair Lending Practices, Required by Law, Are Fundamental to American Values

While not having insight into the race or ethnicity of their credit applicants and customers, participants in the auto industry, are committed to:

- ✓ treating all individuals fairly and equitably in our financing and servicing processes; and
- ✓ supporting the objective of the Consumer Financial Protection Bureau (“CFPB”) and the Department of Justice (“DOJ”) to prohibit illegal discrimination in indirect auto financing.

In Recognition that a Resolution to any Fair Lending Concerns Must be Industry-wide in order to Promote Competition and Serve Consumers’ Best Interests

Participants in the auto industry, support:

- ✓ addressing any fair lending concerns by adopting an industry-wide resolution with a single set of standards applied consistently across the industry in order to:
 - provide clarity, certainty, and confidence in the financing and servicing processes to the industry and consumers;
 - preserve vigorous competition across the industry; and
 - protect consumers no matter where they choose to purchase or finance their vehicle and maintain credit availability.
- ✓ working cooperatively, transparently, and in good faith with the CFPB, DOJ, and other industry participants to ensure the laws regulating America’s fair lending practices provide a pro-compliance, pro-competition, and pro-consumer industry-wide resolution.
- ✓ financial education for consumers to help ensure they are prepared to make smart choices when making credit related decisions and to further transparency in the automobile finance process.

The members of the American Financial Services Association are dedicated to protecting access to credit and consumer choice.