

May 7, 2018

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Ryan and Minority Leader Pelosi:

On behalf of the members of the American Bankers Association (ABA), I write to express our support for S. J. Res. 57, a resolution to disapprove Consumer Financial Protection Bureau Bulletin No. 2013-02, "Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act", scheduled for consideration on the House floor this week.

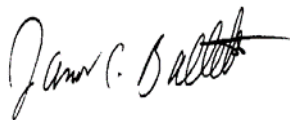
According to the statements of the Bureau at the time of issue, the Bulletin was to provide lenders with fair lending compliance "guidance" in situations when lenders permit automobile dealers flexibility to set automobile loan interest rates. In practice, however, the Bulletin was applied as far more than guidance, asserting with regulatory effect, highly controversial legal theories and methodologies to allege that banks and finance companies that purchase motor vehicle installment sales contracts may be liable under the Equal Credit Opportunity Act (ECOA) for purported, but undemonstrated racial disparities in the interest rates that the automobile dealers charged consumers.

ABA strongly believes that every automobile customer deserves to be treated fairly, and that there is no room for illegal discrimination of any kind in automobile financing. However, the Bulletin was issued without the opportunity for public comment on its legal underpinnings, critical review of its assumption and bases, and its impact on consumer access to convenient and affordable credit.

The regulatory and enforcement uncertainty caused by this Guidance has caused many banks to exit or curtail their indirect auto lending, which limits consumer choice and increases the cost of credit.

ABA urges the House to adopt S.J. Res. 57.

Sincerely,



James C. Ballentine

cc: Members of the U.S. House of Representative