

April 17, 2018

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

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 BCFP Bulletin No. 2013-02, "Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act" (Bulletin).

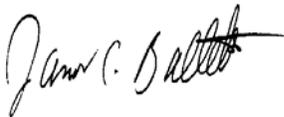
According to the statements of the Bureau of Consumer Financial Protection (Bureau) at the time of issue, the Bulletin was to provide lenders with fair lending compliance "guidance" in situations when lenders permit automobile dealers flexibility to set automobile loan interest rates. In practice, however, 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 Senate to adopt S.J. Res. 57.

Sincerely,



James C. Ballentine

cc: Members of the U.S. Senate