Mr. WELCH changed his vote from "yea" to "nay." So the resolution was agreed to.

Mr. HENSARLING. Mr. Chairman, I rise today in support of H.R. 1737, the Reforming CFPB Indirect Auto Financing Guidance Act. It is an important, bipartisan bill cosponsored by 166 Members of the House, including 65 Democratic Members. It was approved by the Financial Services Committee that I chair with strong bipartisan support, including more than half of the committee's Democratic members who voted.

If Congress means what it says when we write a law, the law cannot be allowed to willfully ignore the law. Without this bill, the CFPB would have done a blatant end run around the Dodd-Frank Act as well as the Administrative Procedure Act.

I would like to thank Representative GUNTA of New Hampshire and Representative PERLMUTTER of Colorado for their leadership in providing the CFPB with an opportunity to live up to its claim of transparency and accountability. I want to thank the gentleman from Texas (Mr. WILLIAMS) as well for his outstanding work on this bill.

The CFPB’s flawed bulletin on indirect auto lending attempts to regulate compensation paid to auto dealers despite the fact that auto dealers were specifically exempted from the Dodd-Frank Act from CFPB rulemaking.

By using this bulletin, the Bureau went far beyond merely clarifying existing law and, instead, in trying to make new policy through this guidance, it upended normal rulemaking process and without public input.

This is an affront, Mr. Chairman, to due process. This is an affront to the rule of law and to basic fairness. Furthermore, the CFPB has not been transparent in revealing the methodology it used to determine whether fair lending violations existed in the auto finance market.

It took a year of constant pressure from Members of Congress and 13 different letters from 90 Democratic and Republican Members to get the CFPB to finally provide documentation regarding its disparate impacts.

In the white paper ultimately provided by the CFPB, they admitted that their own proxy methodology for determining racial disparities is flawed and overestimates the number of African Americans by perhaps as much as 20 percent. Outside statisticians at the well-respected Charles River Associates found the figure could be off by as much as 41 percent.

According to a series of three articles published last September in the American Banker, internal agency documents show the CFPB was aware that their disparate impact methodology significantly overstates racial impact. In other words, Mr. Chairman, they knowingly used junk science and may have no evidence of unintentional discrimination based on the disparate impact theory.

In those same internal memos, the American Banker newspaper also found that unaccountable CFPB bureaucrats

The result of the vote was announced as above recorded. A motion to reconsider was considered to be on the table.

**ANNOUNCEMENT BY COMMITTEE ON RULES REGARDING AMENDMENT PROCESS FOR H.R. 8, NORTH AMERICAN ENERGY SECURITY AND INFRASTRUCTURE ACT OF 2015**

(Mr. SESSIONS asked and was given permission to address the House for 1 minute.)

**Mr. SESSIONS.** Mr. Speaker, I will be sending around a Dear Colleague letter this afternoon outlining the amendment process for H.R. 8, the North American Energy Security and Infrastructure Act of 2015. The amendment deadline will be Tuesday, November 24, 2015, at 12 p.m. Amendments should be drafted to the text posted on the Committee of the Whole Web site. Please feel free to contact me or my staff if we may be of further assistance.

**REFORMING CFPB INDIRECT AUTO FINANCING GUIDANCE ACT**

**Mr. HENSARLING.** Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and submit extraneous materials on the bill (H.R. 1737) to nullify certain guidance of the Bureau of Consumer Financial Protection and to provide requirements for guidance issued by the Bureau with respect to indirect auto lending.

This is an affront, Mr. Chairman, to due process. This is an affront to the rule of law and to basic fairness. Furthermore, the CFPB has not been transparent in revealing the methodology it used to determine whether fair lending violations existed in the auto finance market.

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According to a series of three articles published last September in the American Banker, internal agency documents show the CFPB was aware that their disparate impact methodology significantly overstates racial impact. In other words, Mr. Chairman, they knowingly used junk science and may have no evidence of unintentional discrimination based on the disparate impact theory.

In those same internal memos, the American Banker newspaper also found that unaccountable CFPB bureaucrats
chose to disregard the explicit exemption of auto dealers that Democrats, when they had a supermajority in both the Senate and the House and controlled the White House, put into Dodd-Frank.

They chose to disregard the formal rulemaking requirement set out by the Administrative Procedure Act and instead used high-profile enforcement actions against large auto lenders to pressure them to lower the caps they set on dealer reserve.

Now, there is no law requiring the CFPB to do this. It is a political decision that many in the industry have been calling on the CFPB to do for years. This is not to say that auto dealers should be exempt from fair lending laws. However, there is no statutory requirement for the CFPB to do this if it does not believe it is necessary.

As noted earlier, the CFPB has pressured finance companies to lower the caps they set on dealer reserve or eliminate this discretion altogether. However, under this pricing model, the Wall Street Journal recently revealed that interest payments for some consumers could increase by as much as $500 over the life of the loan.

This shows the dire need for the CFPB to follow a transparent process when issuing any subsequent auto finance guidance. That is what H.R. 1737 will accomplish.

The bill is a simple bill. It requires the Bureau to, number one, provide notice and an opportunity for public comment. Number two, it says the CFPB must make any studies, data, or analysis used in the bulletin public. Number three, it must consult with other relevant regulators. Four, it must study the impact of the guidance on consumers as well as women-owned businesses, minority-owned businesses, and small businesses.

To those who claim this bill somehow undermines the CFPB’s antidiscrimination efforts, let me quote from the views the Democrat members stated in our report:

H.R. 1737 does not alter the CFPB’s examination or enforcement activity pursuant to ECOA. That is simply a red herring.

Mr. Chairman, I urge all my colleagues to support H.R. 1737.

Mr. Chairman, I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman and Members, I rise today in opposition to H.R. 1737, which would gut the Consumer Financial Protection Bureau’s important work of regulating discriminatory auto lending practices and protecting minority borrowers.

In spite of the fact that Chairman HENSARLING just talked about a study, what he didn’t tell you is that was a study that was done by the automobile industry, who is supporting this bill.

H.R. 1737 would cancel important policy guidance the CFPB provided to lenders to help them comply with Federal fair lending laws.

The bill also imposes burdensome restrictions on the issuance of any future auto lending guidance by requiring the CFPB undergo a public notice and comment period and conduct cost-benefit studies before issuing guidance, requirements that have historically only been applied to agency rulemakings.

These restrictions are clearly designed to substantially delay or effectively prevent the Bureau from issuing future antidiscrimination guidance to auto lenders, action that would undermine a lender’s ability to comply with the law at the expense of minority borrowers.

This long shadow of discrimination is still alive and well in some corners of the auto lending marketplace.

The CFPB has secured nearly $140 million in relief to minority borrowers since December 2013 in landmark settlements against Ally Financial, Pritz First Bank, and American Honda Finance Corporation, finding in each case that undisclosed dealer markups caused minority borrowers to overpay for their auto loans by an average of $200 more than similarly situated White borrowers, even when considering the borrower’s creditworthiness.

Mike Jackson, the CEO of the Nation’s largest auto retailer, AutoNation, commended the CFPB’s approach in its settlement with Honda, noting that other lenders should take a close look at the Honda settlement as a template for a solution.

Much like Mr. Jackson, I believe that the CFPB is doing a commendable job of tackling a decades-old problem of minority borrowers not getting a fair deal when they obtain financing from dealerships.

The Bureau’s work in this regard should be supported, but instead, we are faced with H.R. 1737, yet another legislative proposal that would attempt to tie the Bureau’s hands as it attempts to inform lenders of the steps that they can take to comply with Federal fair lending laws and to protect minority borrowers.

I wouldn’t care if everybody were treated the same way—you charge everybody too much—but, when you single out a certain segment of our society that happens to be minorities and you charge them more than other borrowers, it is a problem.

H.R. 1737 follows a familiar script of industry-driven attempts to undermine the CFPB. Cost-benefit analysis, public notice, and outside rulemaking, unnecessary interagency consultation requirements are all designed to do the same thing, delay and undermine the important work of the CFPB.

Instead of addressing the underlying discrimination in indirect auto lending that the CFPB is seeking to address, H.R. 1737 takes away an important tool for lenders seeking to follow the law who have been relying on the guidance for almost 3 years to develop their compliance policies.

This is not a modest proposal designed to bring about transparency in the CFPB’s oversight of auto lenders. Since issuing its guidance in March 2013, the CFPB has been transparent. It has provided industry with its models for identifying potential fair lending violations. Its supervisory manual describes exactly what the Bureau is seeking when conducting fair lending exams and highlights that clearly set forth the kinds of business practices that the Bureau will focus on when it examines an indirect auto lender.

Furthermore, the CFPB’s settlement agreements all follow a similar template that give lenders a glimpse into the kind of remediation that the Bureau will pursue should there be potential fair lending violations within a lender’s portfolio.

H.R. 1737’s supporters have yet to identify what information any additional transparency would yield or what additional information lenders need to comply with Federal fair lending laws.

If enacted, H.R. 1737 would actually place lenders at a disadvantage, just as scrutiny for fair lending violations from the CFPB and the DOJ intensifies. We should be working to support efforts to give industry as much information as possible so it can comply with the law. H.R. 1737 does just the opposite, creating unnecessary uncertainty for lenders.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 5 minutes to the gentleman from New Hampshire (Mr. GUINTA), the author of H.R. 1737, a real champion for due process and auto buyers.

Mr. GUINTA. I thank Chairman Hensarling for his leadership on this very, very important issue.

Mr. Chairman, it has been over 2 years since the Consumer Financial Protection Bureau issued flawed auto financing guidance that created much uncertainty in the auto lending market.

More than half of car buyers finance their purchase when they acquire an automobile. These consumers have the ability to receive great auto rates through dealer-assisted financing.

However, this flawed and unstudied guidance threatens to eliminate auto dealers’ flexibility to discount the purchase price that clearly set forth the kinds of business practices that the Bureau is seeking when conducting fair lending exams and highlights that clearly set forth the kinds of business practices that the Bureau will focus on when it examines an indirect auto lender.

No Federal agency can set new policies through guidance. However, in March of 2013, the CFPB attempted to go outside the formal rulemaking process by blatantly disregarding consumers and small businesses, blatantly disregarding their ability and their
right to comment on guidance that will directly affect them.

Mr. Chairman, H.R. 1737 asks that the CFPB rescind its flawed guidance and reissue it under a more transparent process by consulting other regulators and allowing the public notice and comment.

I want to be clear. This bill does not strip the CFPB of any rulemaking authority it currently has. H.R. 1737 gives the CFPB the golden opportunity to correct and reissue their guidance that would take into account consumers and bring clarity to the market.

Mr. Chairman, again, I want to reiterate that my colleagues and I are merely trying to promote transparency, accountability, and due process.

There are a small number of critics that believe this bill is unnecessary because the CFPB already has the tools to correct their auto guidance. Well, the CFPB could have fixed this issue with the CFPB’s action 2 years ago, but they disregarded 13 bipartisanship letters that were sent urging them to correct the failacies in their guidance.

I find it ironic that the agency that is supposed to protect the consumer is, in fact, harming them with the guidance. In fact, this guidance impacts much more than car buyers. It harms auto dealers, RV dealers, motorcycle dealers, international dealers, and even manufacturers.

Congress created the CFPB to protect consumers, not hurt them by silencing the voices of thousands of consumers and small businesses.

On August 31 of this year, The Wall Street Journal reported: “Some automakers have responded by overhauling their loan pricing in ways that will likely mean higher costs for some borrowers.”

If the CFPB really cares about developing policies that are truly in the best interest of consumers, they should amend their guidance to be more transparent and allow public participation.

Mr. Chairman, my bill is very simple and narrow, and, quite frankly, it is common sense. It only asks for five things: public notice and comment; make the data available to the public; consult with the Federal Reserve Board, the FTC, and the DOJ; create a common sense approach to the motor finance market; and enactment.

Mr. Chairman, I include in the Record letters of support from the National Automobile Dealers Association, the National Independent Automobile Dealers Association, the Recreation Vehicle Industry Association, American International Automobile Dealers Association, the National Auto Auction Association, Alliance of Automobile Manufacturers, the National RV Dealers Association, the Motorcycle Industry Council, American Financial Services Association, and the Motorcycle Industry Council, American Financial Services Association, New Hampshire Automobile Dealers Association, and the Small Business and Entrepreneurship Council, the U.S. Chamber, and the U.S. Consumer Coalition.

I urge my colleagues to join the 166 Members in support of H.R. 1737.

CHAMBER OF COMMERCE OF THE UNITED STATES: For the Chamber of Commerce, the world’s largest business federation representing the interests of more than three million businesses of all sizes, sectors, and locations as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America’s free enterprise system, strongly supports the “Reforming CFPB Indirect Auto Financing Guidance Act,” and H.R. 1210, the “Portfolio Lending and Mortgage Access Act.”

H.R. 1737 would change the Consumer Financial Protection Bureau’s (CFPB) approach to the indirect auto lending market, and bring much-needed transparency. The CFPB has created enormous uncertainty in this market by issuing guidance without notice and comment, and undertaking enforcement and supervisory actions based upon post hoc statistical models and failed to share its analysis and assumptions, thus depriving lenders of the ability to anticipate the CFPB’s analysis and to comply accordingly. H.R. 1737 would rectify this and put any guidance regarding indirect auto lending on a solid footing by eliminating any legal effect of the CFPB’s 2013 guidance, and then imposing reasonable conditions on any future guidance on this topic.

The Chamber supports H.R. 1210, which would provide regulatory certainty to lenders as part of a broader approach to the indirect auto market. H.R. 1210 would facilitate a robust underwriting process by lenders and would also help qualified borrowers obtain mortgages by alleviating some of the uncertainty that currently exists under the QM rule.

Collectively, these bills would provide clear rules and establish certainty in the marketplace benefiting consumers and businesses. The small business community urges the House of Representatives to pass these bills as expeditiously as possible.

Sincerely,

R. BRUCE JOSTEN, Executive Vice President, Government Affairs.

SMALL BUSINESS & ENTREPRENEURSHIP COUNCIL, November 17, 2015.

TO ALL MEMBERS OF THE HOUSE OF REPRESENTATIVES: The Small Business and Entrepreneurship Council (SBE Council) strongly supports H.R. 1737, the “Reforming CFPB Indirect Auto Financing Guidance Act.” We urge you to vote for this bipartisan legislation when it is acted upon by the full House this week.

This important piece of legislation rescinds the problematic guidance issued by the Consumer Financial Protection Bureau (CFPB) on indirect auto financing. The guidance is based on post hoc statistical analysis, but has not made public. In the end, CFPB’s action would prevent consumers from being able to see the most sense for them. This guidance would also raise costs. Small firms and self-employed individuals who purchase vehicles to conduct businesses would be impacted by this unnecessary auto-financing rule. To compete and survive, small businesses need flexibility in choosing their best financing arrangements.

H.R. 1737 requires that the CFPB be more transparent on future rules or guidance by making those proposed actions available for public notice and comment. The CFPB would also be required to study the impact of its actions on consumers.

Thank you for your consideration, and for your support of America’s entrepreneurs and small business owners.

Sincerely,

KAREN KERZIGAN, President & CEO.

MOTORCYCLE INDUSTRY COUNCIL, Arlington, VA, November 17, 2015.

HON. FRANK GUNTKA
House of Representatives, Cannon House Office Building, Washington, DC.

DEAR REPRESENTATIVE GUNTKA: On behalf of the Motorcycle Industry Council (MIC), I write in support of H.R. 1737, the “Reforming CFPB Indirect Auto Financing Guidance Act.” This important legislation was voted out of Committee with overwhelming support and currently has 166 cosponsors. We are encouraged that this bipartisan legislative proposal will be considered by the House of Representatives this week and look forward to continuing to work with you as the bill moves through the legislative process and toward enactment.

The MIC is a not-for-profit national industry association with offices in Irvine, California and metropolitan Washington, D.C. The MIC seeks to support motorcyclists by representing manufacturers, distributors, dealers and retailers of motorcycles, scooters, ATVs, ROVs, motorcycle/ATV/ROV parts and accessories, and members of allied trades such as insurance, finance and others with a commercial interest in the industry.

H.R. 1737 is necessary as a result of 2013 Consumer Financial Protection Bureau (CFPB) guidance that threatens the ability of dealers to discount the annual percentage rate offered to consumers to finance vehicle purchases. The guidance was issued without adequate public input, consultation with industry or consumer agencies or study of the guidance on consumers. Your legislation would address these issues by requiring the CFPB to provide notice and a period for public comment, make public any studies, data, and analyses on 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.

Thank you.

Sincerely,

DUANE TAYLOR, President & CEO.

DEAR REPRESENTATIVE: We, the undersigned organizations that 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 (CFPB) flawed 2013 auto finance guidance and allow the CFPB to reissue it under a more transparent and better informed process.

The Small Business and Entrepreneurship Council, 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) 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 prioritizing the needs of American consumers by introducing and shepherding this legislation through Committee.

The U.S. Consumer Coalition (USCC) is a grassroots advocacy organization that works to protect consumers’ rights to access free-market goods and services, and we believe that all Americans benefit from a thriving free-market economy. Unfortunately, the CFPB is actively engaging in efforts to regulate, restrict, and diminish consumer choice. As an advocate on behalf of America’s consumers, defending their right to make decisions for themselves and their families without burdensome government interference, USCC supports H.R. 1737.

H.R. 1737 would grant consumers continued access to auto financing discounts that can save them millions of dollars every year. To further protect the rights of consumers, H.R. 1737 would also require more transparency in the CFPB’s regulation and rule making process. Specifically, the bill would require the CFPB:

- Provide a public notice and comment period before issuing any final guidance on indirect auto financing;
- Make publicly available all information relied on by the CFPB for making such a rule; Consult with other government agencies that share jurisdiction over the indirect auto lending market; and
- Study the costs and impacts of the guidance to consumers and women-owned, minority-owned, and small businesses.

By the CFPB’s own admission, the 2013 guidance was made without any study on the impact that it would have on consumers. It is imperative that such studies are done to show the direct and indirect, immediate and long-term impacts that the powerful CFPB can have on the every day lives of the American consumer.

USCC supports the reforms that H.R. 1737 seeks to make, as well as any effort to protect consumers’ freedom and choice.

Sincerely,

BRIAN WISE, President, USCC.

HON. FRANK GUINTA, House of Representatives, Concord, NH, November 16, 2015.

DEAR REPRESENTATIVE GUINTA: On behalf of the 149 new car and truck dealers in New Hampshire, we are writing to express our strong support for H.R. 1737, the “Reforming CFPB Indirect Auto Financing Guidance Act.” This bipartisan bill was introduced on April 6 by you and Rep. Ed Perlmutter (D-Colorado). H.R. 1737 would rescind the Financial Protection Bureau’s (CFPB) flawed 2013 auto finance guidance and allow the CFPB to reissue it under an open and transparent process.

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.

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 credit 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’s 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.

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 prioritizing the needs of American consumers by introducing and shepherding this legislation through Committee.

The U.S. Consumer Coalition (USCC) is a grassroots advocacy organization that works to protect consumers’ rights to access free-market goods and services, and we believe that all Americans benefit from a thriving free-market economy. Unfortunately, the CFPB is actively engaging in efforts to regulate, restrict, and diminish consumer choice. As an advocate on behalf of America’s consumers, defending their right to make decisions for themselves and their families without burdensome government interference, USCC supports H.R. 1737.

H.R. 1737 would grant consumers continued access to auto financing discounts that can save them millions of dollars every year. To further protect the rights of consumers, H.R. 1737 would also require more transparency in the CFPB’s regulation and rule making process. Specifically, the bill would require the CFPB:

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By the CFPB’s own admission, the 2013 guidance was made without any study on the impact that it would have on consumers. It is imperative that such studies are done to show the direct and indirect, immediate and long-term impacts that the powerful CFPB can have on the every day lives of the American consumer.

USCC supports the reforms that H.R. 1737 seeks to make, as well as any effort to protect consumers’ freedom and choice.

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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 credit costs; and (3) push marginally creditworthy consumers out of the auto credit market entirely.

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- Study the costs and impacts of the guidance to consumers and women-owned, minority-owned, and small businesses.

By the CFPB’s own admission, the 2013 guidance was made without any study on the impact that it would have on consumers. It is imperative that such studies are done to show the direct and indirect, immediate and long-term impacts that the powerful CFPB can have on the every day lives of the American consumer.
with the threat that the CFPB’s policy may eliminate our customers’ ability to obtain lower interest rates at dealerships.

On behalf of all New Hampshire small business auto dealers, thank you for your leadership on this important small business and consumer issue.

Sincerely,

DENNIS GAUDET,
New Hampshire Director, National Automobile Dealers Association

WILLIAM GURNEY,
Chairman, New Hampshire Automobile Dealers Association

Ms. MAXINE WATERS of California.

I yield 3 minutes to the gentleman from Texas (Mr. AL GREEN), who is the ranking member on the Oversight and Investigations Subcommittee.

Mr. AL GREEN of Texas. Mr. Chairman, I thank President Obama; I thank Mr. Cordray, who is the head of the CFPB; and I thank the ranking member for taking the position of protecting consumers.

Mr. Chairman, we live in a world where it is not enough for things to be right. They must also look right. And here is what doesn’t look right and, in fact, is not right.

It doesn’t look right and is not right for a person to go into an auto dealership, agree on a price, and then be sent to a finance department where this indirect lending takes place. It doesn’t look right for that person to then be quoted an interest rate and agree to that interest rate, not knowing that the interest rate that the person has agreed to is higher than the one the person qualified for.

This is what we are dealing with, consumers not knowing that they are paying more for their interest rates than they have qualified for. We dealt with this with the yield spread premium, same thing, slightly different, in that it dealt with home mortgages, but we outlawed that in Dodd-Frank. The only way to try to make sure that all people are treated fairly and equally when they apply for auto loans.

It doesn’t look right for this to happen, and studies consistently show that minorities, African Americans, Hispanics, Asians, are charged more for these loans than others are charged. The empirical evidence is there for those who wish to see it.

It is not enough for things to be right; they must also look right. This bill just doesn’t look right, and it doesn’t smell right, and it is not right, and we ought not continue this kind of behavior in this country.

In a righteous world, we would be debating representation, not the type of fraud that is being perpetrated on consumers.

Mr. Chairman, I ask that people vote their conscience. But I will tell you that I am not going to support this kind of procedure that makes it entirely possible for invidious discrimination to continue. I came here to fight invidious discrimination. This is a part of that fight.

We must not allow this kind of behavior to continue when we have got a CFPB that is willing to stand up for minorities, we have got a President who has appointed this man, and we have got a ranking member who is fighting hard to make sure minorities are treated fairly.

To this end, I would say, consumers have no greater friend in the Congress of the United States of America than the Honorable MAXINE WATERS, who goes to bat every day to make sure that consumers, regardless of race, creed, color, national origin, or sexuality, are treated fairly.

Mr. HENSARLING. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. GARRETT), chairman of the Capital Markets and Government Sponsored Enterprises Subcommittee of our committee.

Mr. GARRETT. Mr. Chairman, it was just back in 2013, the CFPB, the Consumer Financial Protection Bureau, issued something called a bulletin.

What did it do? It tried to eliminate auto dealer discounts, essentially helping consumers, on the grounds that these discounts create a fair credit risk.

Now, there are two major problems with what they did. First, the CFPB’s actions will actually raise costs, raise credit costs for families—these very same families that are having a tough time, as it is, in this economy because this is a bad economy right now—and make it harder for these families to purchase a car.

Secondly, the CFPB’s action is expressly prohibited by law from regulating auto dealers by the authorizing statute in Dodd-Frank.

You see, the CFPB acted behind closed doors, without any transparency or input from the general public that they are supposed to be protecting, to circumvent, to go around the law, and found an indirect way to alter an industry that the CFPB is prohibited by law from that.

If that is not the very definition of an out-of-control agency, I don’t know what it is.

Mr. Chairman, it is time that we defend the rule of law in this country and defend transparent government against these unaccountable bureaucrats down the street at the CFPB.

That is why I am proud to sponsor the Reforming CFPB Indirect Auto Financing Guidance Act. And by doing so, but for the CFPB’s unlawful actions and denying the ability to provide dealers discounts, denying the ability to provide the discounts to the customers, and requiring a transparent process for all future actions, it would be unfair to the consumers’ ability to get a discounted auto rate and preserve the ability to adhere to the principles of open, honest, transparent, lawful government.

So I urge my colleagues from both sides of the aisle to support H.R. 1727.

Ms. MAXINE WATERS of California.

Mr. Chairman, I yield myself such time as I may consume.

We must realize that what Mr. GARRETT just shared with us is certainly not what the CFPB has done. As a matter of fact, what the CFPB has done, it has said: Lender, you cannot say that I will take X amount of percentage of interest; I will take 5, 10 percent interest; dealer, you can mark it up another 3, 4, 5 percent.

So he has not exactly shared with you what happens with the CFPB.

I yield 3 minutes to the gentleman from Minnesota (Mr. ELLISON), a member of the Financial Services Committee.

Mr. ELLISON. I want to thank the gentlewoman for the time. The ranking member has been an outstanding advocate for American consumers, and I thank her.

I rise today to ask people to vote ‘no’ on this piece of legislation and to alert the American people of another attempt to make it easier to overcharge you when you make a purchase.

That’s what the American wallets occurs when you try to buy a car. Most people need to take out a loan to buy a car or a truck. They frequently get their financing through an auto dealer.

Car buyers don’t realize that some dealers can raise the interest rate offered by the partnering bank to make an additional profit.

For years, there has been a concern that African Americans and Latinos, despite negotiating harder and having good credit scores, pay a higher interest rate than white car buyers, charging some people 2 or 2.5 more percent than others, based on skin color.

It is also a violation of the law. The Equal Credit Opportunity Act prohibits discrimination in the financial marketplace. Lenders who partner with auto dealers have a responsibility to ensure that borrowers receive fair treatment. That is what the Consumer Financial Protection Bureau is trying to do.

The CFPB issued guidance recommending that the auto industry establish flat-rate pricing and some other approach to ensure that they are not discriminating against their customers. This makes sense to me and would be beneficial to consumers.

This bill, on which I urge a ‘no,’” nullifies the CFPB’s guidance. It requires the bill to jump through a number of hoops that open the Bureau up to litigation before the CFPB can establish new guidance.

The National Association of Minority Auto Dealers opposes this bill. They say: ‘‘To date, the recent consent orders between the CFPB, DOJ and financial institutions and captive finance companies to settle discrimination claims have not resulted in any negative outcomes or loss of revenue for minority dealers. We are convinced that this matter should and, more importantly, can be resolved with a non-legislative fix.”

Mr. Chairman, I say thank you to them.

When people are overcharged or treated unfairly in the marketplace, it
November 18, 2015

Re NAACP Strong Opposition to H.R. 1737,

The Reforming CFPB Indirect Auto Financing Guidance Act.

MEMBERS,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE ELLISON, On behalf of the NAACP, our nation’s oldest, largest and most influential civil rights organization, I strongly urge you to oppose and vote against H.R. 1737, the Reforming CFPB Indirect Auto Financing Guidance Act. If enacted, this legislation will allow racial and ethnic minorities to continue to be discriminated against by auto dealers. Inequalities based on race or ethnicity in the financial services or any other arena must be stopped, and this bill goes in the opposite, and wrong, direction.

Financial regulations have worked for more than 20 years that the full price you may pay for an auto may not be based solely on the make, type, and model of the car; some of the less scrupulous car dealers would offer higher loan rates to people based on the color of their skin, their last name, or what they look like. In the mid-1990’s, this trend for discrimination had grown and a series of lawsuits were filed against the largest auto finance companies in the country. The data from those lawsuits showed that borrowers of color—mostly African-Americans—were likely to have their loans marked up, and paid markups twice as large as similarly situated white borrowers with similar credit ratings. Thus, 21, the Mortgage Finance Protection Bureau (CFPB) issued a bulletin providing guidance for indirect auto lenders who may fall within the CFPB’s jurisdiction on ways to limit risk under the Equal Credit Opportunity Act, or ECOA. This CFPB bulletin explained that certain lenders who offer auto loans through dealerships are responsible for any unlawful, discriminatory pricing, which may occur and that they should take actions to eliminate the discrimination. In other words, dealers could continue to mark up loans, and they should continue to be compensated for such mark-ups; simply, they should not discriminate should have no problems with the CFPB guidance. In fact, they should welcome it as it helps clean up an industry which has been tainted by discrimination for too long. An auto loan is too important, and too much of a family investment for us to allow discrimination to exist in the cost of the car.

So, we urge you in advance for your attention to the NAACP position. Should you have any questions or comments on the NAACP position, please feel free to contact me.

Sincerely,

HILARY O. SHELTON, Director, NAACP

Washington Bureau & Senior Vice President for Policy and Advocacy.

PREVENT DISCRIMINATION IN AUTO LENDING

OPOSE H.R. 1737: THE REFORMING CFPB INDIRECT AUTO FINANCING GUIDANCE ACT

H.R. 1737 is opposed by the National Association of Minority Auto Dealers (NAMAD) in support of H.R. 1737, “Reforming CFPB Indirect Auto Financing Guidance Act”, as we believe this issue has been resolved legislatively. This legislation does nothing to alter the Consumer Financial Protection Bureau’s (CFPB) authority to enforce, or lenders’ obligations under the Equal Credit Opportunity Act (Act).

We support the CFPB’s mission to ensure that consumers are protected and treated fairly. Reversing guidance to lenders at a time of heightened regulatory scrutiny could delay lenders’ efforts to comply with the Act.

Looking back on the great financial crisis of 2008, legislation enacted to bail out financial institutions and to aid General Motors and Chrysler through bankruptcy was not necessarily focused on minority dealers. Minority-owned dealers were disproportionally affected with a 40% (400 dealers) decline in its dealer body in comparison to non-minority dealers, who suffered only a 6% decline. Today, out of the 18,000 new automobile dealerships, only 1,100 are minority owned.

NAMAD finds that, to date, the recent consent orders between the CFPB, DOJ and financial institutions and captive finance companies to settle discrimination claims have not resulted in any negative outcomes or loss of revenue for minority dealers.

We are convinced that this matter should, and more importantly, can be resolved with a non-legislative fix. In particular, NAMAD believes that the Fair Credit Compliance Policy & Program it instituted in 2014 along with the Center for Responsible Lending and the American Association for Justice is the program is designed to prevent any discriminatory practices for all consumers.

We do not support H.R. 1737, as the solution to discrimination in auto lending, but rather urge you and your colleagues to assist us in coming up with and implementing a non-legislative answer.

Sincerely,

DAMON LESTER,
President.
more than $176 million in fines and restitution to people who paid higher interest rates for auto loans based not on their credit risk but on their ethnicity.

This is the real reason why the CFPB should not be able to continue to enforce these rules for indirect auto lenders. When people are overwhelmingly less likely to have the money to spend and invest which allows our economy. We urge members to support, not weaken, the CFPB’s effort to fight discrimination in auto lending. Oppose H.R. 1737.

Sincerely,

KEITH ELLISON,
Co-Chair, Congressional Progressive Caucus.

RAUL GRIJALVA,
Co-Chair, Congressional Progressive Caucus.

Support Fair Lending, Oppose H.R. 1737

stand with nearly 70 civil rights and consumer advocacy organizations in opposition to H.R. 1737.

Dear Colleague:

This legislation sends a clear message to the CFPB that they should back down from enforcing longstanding laws against indirect lenders. The CFPB has recovered $1.9 billion in fines and penalties against auto lenders for engaging in discriminatory auto lending practices. The CFPB has recovered more than $1.9 billion in fines and penalties against auto lenders in the 40 years since the Equal Credit Opportunity Act (ECOA) was enacted. Now is not the time to tell the Bureau to back away from enforcing these laws.

The CFPB has recovered $1.9 billion in fines and penalties against auto lenders for engaging in discriminatory auto lending practices. This is why the CFPB’s structure and funding and indirectly their authority to regulate auto dealers is under attack.

The proposal is modest because it is not a direct attack on the Bureau’s structure, budget or enforcement authority under ECOA. This is misleading, as the administration aims to undermine their authority to do so directly through familiar attacks on the Bureau’s oversight has caused prices to increase or led to fewer borrowers being able to get financing.

The CFPB’s current guidance bulletin re- structs discounts except guidance to auto lenders. Indeed, H.R. 1737’s supporters have yet to dem- onstrate why the Bureau’s oversight has caused prices to increase or led to fewer borrowers being able to get financing.

Mr. HENSARLING. Mr. Chairman, I do rise to oppose H.R. 1737. I have listened very carefully to my colleagues, and I am very sympathetic and empathetic to their desire to help their auto dealers. Too bad this legislation doesn’t do that.

I agree with the proponents of this bill that the CFPB can’t directly regulate auto dealers, and I don’t think the CFPB wants to regulate auto dealers. Mr. MESSER. Mr. Chairman, if it ain’t broke, don’t fix it.

Ignoring this simple wisdom, the CFPB issued a guidance bulletin, without public notice and comment, threatening to eliminate a car dealer’s ability to discount interest rates for their customers, and it is bad for consumers because they will inevitably pay more.

H.R. 1737 is common sense legislation that stops the CFPB’s solution in search of a problem. It nullifies the CFPB’s current guidance bulletin restricting discounts on auto loan interest rates, and it requires the CFPB to allow for public notice and comment before any further restrictions can be imposed.

It also requires a study of the costs and impacts of interest rate deductions on consumers.

It is a good bill, and I urge my colleagues to support it.

Ms. MAXINE WATERS of California. Mr. Chairman and Members, this business about consumers not being able to negotiate down, that somehow the car dealers can’t give a discount is absolutely not true, absolutely not true.

I yield 2 minutes to the gentlewoman from Wisconsin (Ms. MOORE), the ranking member on the Subcommittee on Monetary Policy and Trade of the Financial Services Committee.

Ms. MOORE. I thank the ranking member.

Mr. Chairman, I do rise to oppose H.R. 1737. I have listened very carefully to my colleagues, and I am very sympathetic and empathetic to their desire to help their auto dealers. Too bad this legislation doesn’t do that.

I agree with the proponents of this bill that the CFPB can’t directly regulate auto dealers, and I don’t think the CFPB wants to regulate auto dealers.
Now, the problem is that this legislation attempts to free the auto dealers from discrimination. Of course, discrimination is a violation of the Equal Credit Opportunity Act. The CFPB and the Department of Justice brought actions against these lenders for violations of ECOA.

We heard from the other side that there was no evidence that these car dealers had done anything wrong. No, because it didn’t go to court. That is why there was no evidence. It went to settlement, and they settled for $10 million.

Pretty simple, the CFPB protected borrowers from discrimination and then put out helpful guidance.

So why are we here today, Mr. Chairman? We are here considering this legislation so that auto dealers can violate the ECOA.

Mr. HENSARLING. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana (Mr. Stutzman).

Mr. STUTZMAN. Mr. Chairman, I thank the chairman for his yielding and his work on this issue. I also thank Mr. Guinta for bringing this bill forward.

Mr. Chairman, ever since the CFPB introduced its 2013 bulletin on indirect auto lending, the need for this legislation has been clear.

First, the CFPB issued its bulletin in order to get around the rulemaking process for indirect auto lending. This kind of guidance is traditionally used as a mere restatement of law or to provide further explanation of rulemaking. It is not traditionally used to make a major policy like fundamental altering the auto loan market.

Second, it is clear that the CFPB is unwilling to publish online all of the data and assumptions it has relied upon for this guidance. Providing these details should be an obvious and easy step to implement for any credible government agency.

Unfortunately, because the CFPB is not subject to the appropriations process, they seem unwilling to comply even with the most commonsense oversight by Congress. Therefore, H.R. 1737 is necessary to require the CFPB to provide for a notice and comment period before it can reissue any related guidance.

Mr. Chairman, this compromise legislation represents fair and reasonable adjustments to the CFPB’s regulatory guidance process intended to promote transparency and accountability for regulators. This legislation is truly a bipartisan effort that was supported in committee by 13 Members on the minority side of the aisle.

I am so glad to see widespread support for this legislation from a range of groups, including the U.S. Chamber of Commerce, the National Automobile Dealers Association, the national RV Dealers Association, the Independent Community Bankers Association, and the Credit Union National Association.

Mr. Chairman, last year I was proud to introduce legislation similar to Mr. Guinta’s after hearing from so many auto dealers in my State the frustrations they had with this particular rule. I am proud to support this legislation and I urge my colleagues on both sides of the aisle to help us promote greater transparency, accountability and bring common sense back to the marketplace.

Again, I thank the gentleman from New Hampshire (Mr. Guinta).

Ms. MAXINE WATERS of California, Mr. Chairman, what Mr. Stutzman is doing is trying to confuse people between a rule and a guidance. This is a guidance, and they are trying, through this legislation, to make guidance comply with the same kind of rules that the rules have to go through. So don’t pay any attention to that. He is just trying to confuse people.

Mr. Chairman, I yield 2 minutes to the gentlewoman from New York (Ms. Velázquez), a member of the Financial Services Committee.

Ms. VELAZQUEZ. Mr. Chairman, I rise in strong opposition to H.R. 1737.

Mr. Chairman, this legislation is yet another attempt to obstruct the most important watchdog working on behalf of U.S. consumers, the CFPB.

Since its creation, the agency has returned over $11 billion to more than 25 million consumers harmed by unfair and deceptive practices. Its work is absolutely essential for everyday Americans, giving them the security of knowing that there is someone on their side.

One area where the CFPB’s role is increasingly important is auto finance, where outstanding car and truck loan balances now reach $1 trillion, the highest in history.

Unfortunately, discrimination is still alive and well in the indirect auto lending marketplace. In the three settlements to date against Ally Financial, Fifth Third Bank, and Honda, the CFPB recovered more than $40 million in borrower relief and penalties. It found that minority borrowers paid $200 more over the life of a car loan than white borrowers, even when controlling for borrowers’ characteristics.

The CFPB’s findings are consistent with decades of litigation and research that confirm that discriminatory markups in indirect auto lending cause millions of dollars in overpayments from minority borrowers. To further their work in this area, the CFPB issued specific guidance regarding auto lending practices.

Unfortunately, H.R. 1737 will repeal this guidance and place absurd restrictions on the reissuance of any new guidance. These new restrictions would be unique to the CFPB and would place an unprecedented burden on the agency’s issuance of guidance designed to help lenders comply with Federal fair lending laws. This undermines the basic role of the CFPB and will create uncertainty regarding the application of Federal lending laws in the auto finance sector.

The Acting CHAIR (Mr. Smith of Nebraska). The time of the gentlewoman has expired.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield the gentlewoman from New York an additional 30 seconds.

Ms. VELAZQUEZ. Doing so is a raw deal for car buyers, especially minorities who continue to fall victim to deceptive and unfair practices.

Let’s let the CFPB do what it is supposed to do—protect the millions of consumers that will buy cars this year—and reject H.R. 1737. I urge a ‘‘no’’ vote on this misguided legislation.

Mr. HENSARLING. Mr. Chairman, might I inquire how much time is remaining on each side.

The Acting CHAIR. The gentleman from Texas has 15 minutes remaining. The gentlewoman from California has 13½ minutes remaining.

Mr. HENSARLING. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. Hinojosa), my Democratic colleague.

Mr. HINOJOSA. Mr. Chairman, I rise today in support of H.R. 1737, the Reforming CFPB Indirect Auto Financing Guidance Act.

I am proud to say that in my 19 years in Congress, I have been a champion of the consumer and have fought for their protection. As a member of the Financial Services Committee, I strongly supported the creation of the Consumer Financial Protection Bureau and continue to be a strident defender and proponent of CFPB.

I support this bill to correct the CFPB’s guidance with respect to indirect auto lending, which would increase the cost of consumer financing. In our effort to find discrimination in the marketplace, we must be careful not to push for policy solutions that hurt the very consumers we are trying to protect.

This bill does not prevent nor hinder the CFPB or any agency from enforcing fair lending laws. Rather, it provides an opportunity to reissue the guidance in a more inclusive and transparent manner.

As part of our mission to protect consumers, I urge the CFPB to work closely with stakeholders to improve the guidance in this important area. I also encourage the Bureau to develop and implement a financial literacy program aimed at teaching consumers the skills necessary to make informed financial decisions regarding the purchase of an auto through the use of financing. We need to do everything we can to ensure Americans have the basic financial literacy skills to enable them to navigate our increasingly complex financial system and make good, informed decisions.

Mr. GUINTA. Will the gentleman from Texas yield?

Mr. HINOJOSA. I yield to the gentle- man from New Hampshire so that he may express support for financial liter- acy and other to work with us to en- courage the Bureau to develop a financial literacy program aimed at auto fi- nancing.
Mr. GUINTA. I would like to reiterate that the CFPB has the authority and the tools to increase financial literacy skills to consumers. I would be more than happy to work with the gentleman personally to make sure that they benefit our base consumers when they are purchasing a car. That is something that is important and critical. I value the interest that the gentleman has on this component of the bill, and I plan to work with the gentleman.

Mr. HINOJOSA. I thank the gentleman. I gladly accept his offer, and I look forward to working together to promote financial literacy, especially with respect to auto financing.

Mr. Chairman, I urge my colleagues to support H.R. 1737.

Ms. MAXINE WATERS of California. Mr. Chairman and Members, this is not about financial literacy. This is about raw discrimination.

I yield 2 minutes to the gentleman from Maryland (Mr. CUMMINGS), the ranking member of the Oversight and Government Reform Committee. He is a real champion for freedom and justice.

Mr. CUMMINGS. Mr. Chairman, I thank the gentlewoman for yielding, and I thank the gentlewoman for her strong leadership.

Mr. Chairman, I rise today to oppose H.R. 1737. If this bill is enacted, it will cost minority auto purchasers millions of dollars.

Car purchases are extremely complicated transactions. Most Americans make only a few in a lifetime, and they are usually familiar with the many detailed terms and procedures of these transactions. One thing that is not complicated is that charging a markup just because a buyer is a minority is simply illegal.

The Consumer Financial Protection Bureau protects minority purchasers against auto dealers that seek to charge abusive and predatory markups. The purpose of the bill before us today is to undermine freedom and justice. It is exactly what it is—leaving minority consumers at risk of being charged abusive and predatory interest rates.

In 2013, the CFPB ordered Ally Bank to pay $80 million in damages and $18 million in penalties for imposing higher interest rates on 235,000 minority borrowers. Just this year, the Bureau ordered Fifth Third Bank to pay $18 million in damages for permitting markups of as much as 2.5 percent for minorities.

When you play the race card, you have the authority under the Equal Credit Opportunity Act. They claim that they didn’t use the right methodologies, the same that is used by the Justice Department.

They claim that they can’t give discounts. That is absolutely not true. They can. I yield as much time as he may consume to the gentleman from New York (Mr. JEFFRIES), a young man that has an excellent track record for justice for minorities and women consistently.

Mr. JEFFRIES. Mr. Chairman, I thank the distinguished gentlewoman from California for yielding and for her leadership.

Let’s be clear. The opponents of this legislation are not playing the race card. America for centuries has played the race card—slavery, Jim Crow, lynchings, the Black Codes, institutional racism, unconscious bias—that continues to this day.

Yes. Of course we have come a long way in the United States of America, but we still have a long way to go. Everyone should have recognized the fact a few months ago when those souls were killed in Charleston, South Carolina, that racism in many corridors in this country is still functional, in existence, and poisoning our society.

So when we take a situation where African American consumers are paying higher interest rates for the same financial product when controlling for creditworthiness put in the context of history in this country, we are concerned.

All we are simply saying is that, if we really believe in a country where
everyone, regardless of color, has the opportunity to robustly pursue the American Dream. We need a level playing field. We need rules of engagement that apply to everyone, regardless of the color of their skin. We need equal opportunity to robustly pursue the American Dream.

That doesn’t exist right now in the automobile lending context. That is why I urge a “no” vote against this legislation. Let the CFPB do its work.

Mr. HENSARLING. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. WILLIAMS), one of the outstanding workers for H.R. 1737.

Mr. WILLIAMS. Mr. Chairman, in full disclosure, my name is WILLIAMS, as Mr. DAVID SCOTT had said. I am also an auto dealer, but my colleagues here in the House already know that. It is not something I am ashamed of. In fact, it is something I am very proud of.

But Mr. GUNTA’s bill isn’t just about auto dealers. It is about an agency that continues to be in the best interest of the consumer, not the bigger government.

Well, Mr. Chairman, I am here this afternoon to give you a little perspective on that. As many small-business owners you and I know, the financial crisis of 2008 was the worst they had ever seen. Millions of Americans and thousands of small-business owners never recovered.

In response, Congress passed the Dodd-Frank Act, which, in turn, created the CFPB. The CFPB was given broad jurisdiction over the financial services sector: banks, insurance companies, mortgage lenders, credit card companies, payday lenders. The list goes on and on on.

Dodd-Frank consisted of 2,300 pages of new laws and regulations. Mr. Chairman, I want to take a second and read from one of the sections of Dodd-Frank that has particular importance to us today. Section 1029 says:

The Bureau may not exercise any rulemaking, supervisory enforcement or any authority, including any authority to order assessment, over a motor vehicle dealer that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both.

So how did we get here today? In 2013, the CFPB didn’t propose a new rule or a new regulation. In fact, they didn’t propose any. There were no comments from industry, consumers, or even Congress. But, instead, they offered guidance.

Since releasing this guidance in 2013, the CFPB has acknowledged that they did not analyze or estimate the economic impact it would have on customers. In addition, an independent study commissioned by the American Financial Services Association found several significant flaws in the Bureau’s methodology, which led to inaccurate, incomplete, and unreliable conclusions about pricing disparities in the auto finance market.

In addition, recent settlements from the CFPB and lenders have highlighted the Bureau’s strong-arm tactics and inability to prevent fraudulent claims. At a hearing a few months ago, the Committee on Financial Services heard testimony about the lack of oversight implemented by the CFPB when paying claims to top auto dealers. Those claims were potentially discriminated against.

Mr. Chairman, what most don’t understand is that auto dealers—I repeat—auto dealers—are driven by competition. We are driven by protecting our reputation, providing service to our customers, and serving our communities.

When the CFPB issues fines on auto lenders for alleged discriminatory practices, they don’t punish the dealers. They punish the consumer, the very people they are trying to supposedly protect, just as government involvement does.

Mr. GUNTA’s bill would finally bring transparency and clarification to a process that has had neither. Mr. Chairman, I know Director Cordray and all those at the CFPB think they can control my industry by controlling the lenders we do business with. But let’s not lose sight on what the law says.

I urge passage of H.R. 1737. Let your conscience be your guide.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. GARAMENDI), a former insurance commissioner who has dealt with a lot of these issues.

Mr. GARAMENDI. Mr. Chairman, I thank the gentlewoman.

My colleague from California has raised a very significant issue here. It kind of helps to actually read the guidelines.

I have spent 8 years of my life as a regulator trying to protect the consumers from unfair practices in the insurance industry, some of which dealt with the issue of credit.

What we have here is an effort by the CFPB to give guidance—sorry, not a law, but a regulation—to auto dealers and to indirect lenders on what they should do—not must do, but what they should do—to obey the Equal Credit Opportunity Act, which the CFPB actually does have the power to enforce.

By extension, an indirect lender stands in the place of an auto dealer in the face of the credit market. That is then makes the indirect lender subject to the Equal Credit Opportunity Act.

It is pretty simple here. This is guidance about how you could monitor what you should do as a dealer or as an indirect lender in obeying the Equal Credit Opportunity Act.

It is pretty simple. And when you don’t do it, there are outlines about what you should do to deal with any problem that is found.

I am going: What is the problem here? What problem does the indirect lender have? What is the problem? What is the problem behind the law?

Now, my history in regulating the insurance industry is that there is a pernicious and continuing discrimination that takes place, not necessarily Black, not necessarily Hispanic, but it exists in the poorer communities and keeps those communities down because they wind up paying a whole lot more for insurance, for credit, and for other economic policies. Pretty simple.

The Acting CHAIR. The time of the gentleman has expired.

Ms. MAXINE WATERS of California. I yield the gentleman an additional 30 seconds.

Mr. GARAMENDI. Let me wrap up very quickly then.

This is about being fair in the practices of lending. I understand the auto dealers and the indirect lenders would rather not, but there is a history here, as has been stated in the debate, of where lenders have been found to be out of compliance with the Equal Credit Opportunity Act.

So what we are trying to do here with this opposition to this bill is saying to follow the guidance, follow the guidance and stay out of trouble. Pretty simple.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas (Mr. HILL).

Mr. HILL. Mr. Chairman, I rise today in support of my colleague from New Hampshire on his bipartisan bill to reform and assist our Nation’s auto dealers and consumers and increase the oversight and transparency of the Consumer Financial Protection Bureau.

Dodd-Frank explicitly prohibited the CFPB from regulating auto dealers, but their guidance on indirect auto lending is an end around to do just that, regulate auto dealer sales.

Not only is the CFPB’s guidance inherently flawed, but the agency has not provided the opportunity for public comment or input, nor have they shared any of their analysis or assumptions on which they based their model.

This guidance is another example of emerging government price regulation and fee setting in the financial services industry. We have not seen one bit of oversight of our financial regulation, tried not to set price by regulatory directive. Instead, we have operated on a consumer disclosure and consumer education model.

But price regulation is clearly what this guidance does. It is softer and more delicate in its language, but it clearly is leading towards price regulation.

Consumer lending in banking is down among community banks. It has been cut in half over the past few years. One reason for that, one key reason for that, is the inability of a consumer bank to price for risk.

Today’s legislation is not about discrimination. It is about giving access to credit to people who need it and giving access to credit to them in the right way, particularly those families with limited resources.

This bill in no way ties CFPB’s hands. It merely gives the public an opportunity to comment on the Bureau’s
attempt to reshape the auto loan mar-
tet. Whether it is in a rural area or an
town, this pernicious expansion of
financial services by the Federal
Government will have a negative
effect on credit allocation in our
communities.

Mr. Chairman, I include in the
RECORD a letter from the Independent
Community Bankers of America.

INDEPENDENT COMMUNITY BANKERS OF AMERICA,
Hon. JEB HENSARLING,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

Dear Chairman Hensarling and Ranking
Member Waters: On behalf of the more than
6,000 community banks represented by ICBA,
I write to thank you for scheduling a mark-
up for July 28 on important regulatory re-
f orm bills. We are particularly pleased that a
number of the bills scheduled for markup re-
fect the recommendations for regulatory ad-
vancement in ICBA’s Plan for Prosperity. We
strongly encourage all committee members
to vote YES on the bills noted below:
The Institution Customer Protection
Blaine Luetkemeyer, H.R. 766 is designed to
curtail the abuses of Operation Choke Point.
The bill would prohibit the federal banking
agencies from suggesting, requesting, or or-
dering a bank to terminate a customer rela-
tionship unless the regulator put the order in
writing and specified a material reason for
the action, among other provisions.
The Portfolio Lending and Mortgage Ac-
Barr, H.R. 1210 would provide that any resi-
dential mortgage held in portfolio by the
originator is a “qualified mortgage” for the
purposes of the Consumer Financial Protec-
tion Bureau’s “ability to repay” rule. H.R.
1210 will help preserve access to credit for
customers of community banks and other
lenders.
The Small Bank Exam Cycle Reform Act of
Tipton, H.R. 1553 would allow a highly rated
community bank with assets of less than
$1 billion to use an 18 month exam cycle.
ICBA supports a 24 month exam cycle for highly
rated community banks. Because examiners
have more than sufficient information to
monitor a community bank from offshore, we
believe that this change would not com-
promise supervision, and would actually
increase safety and soundness by allowing
examiners to focus their limited resources on
the true sources of risk.
The Reforming CFPB Indirect Auto Fi-
nancing Act (H.R. 1737), which was intro-
duced by Rep. Frank Guinta, H.R. 1737 would
effectively nullify the CFPB’s guidance on
indirect auto lending. In proposing and issuing
guidance primarily related to indirect auto
financing, the CFPB would be required to
provide for a public notice and comment pe-
riod, make available all studies, data, and
other information on which the guidance is
based, and meet other requirements intended
to ensure the process is open, transparent,
and responsive to public input. The CFPB
would also be required to consult with the
Board of Governors of the Federal Reserve
System, the Federal Trade Commission, and
the Department of Justice. ICBA suggests
strengthening this requirement by requiring
the CFPB to also consult with the Federal
banking regulators, the Federal Deposit Insur-
ance Corporation and the Office of the Com-
troller of the Currency.
Financial Institutions Examination Fair-
ness and Reform Act (H.R. 1737). Sponsored
by Reps. Lumsden and Carney, H.R. 1737 would go a long way to-
toward improving the oppressive examination
environment that many community banks
experience during and following an economic
downturn.
Among other provisions, H.R. 1941
would create an Office of Independent Exam-
nation Review within the Federal Financial
Institutions Examination Council and give
financial institutions a right to an expe-
dited, independent review by an examiner of
the Department of Justice. ICBA suggests
strengthening H.R. 1737 by requiring the
Department of Justice. ICBA suggests
strengthening H.R. 1737 by requiring the
Department of Justice to promote supervi-
sion, and would actually in-
crease safety and soundness by allowing ex-
aminers to focus their limited resources on
the impact they may have on the larger auto
market.
Mr. Chairman, I oppose H.R. 1737.
Ms. MAXINE WATERS of California.
Mr. Chairman, I yield 2 minutes to the
gentleman from Maryland (Mr. Sar-
banes), a true champion for consumers.
Mr. SARBANES, I thank the gentle-
woman for yielding.
Mr. Chairman, I oppose H.R. 1737.
The title of this legislation, the Re-
forming Repeal of Wells Fargo False
Guidance Act, is misleading. The legis-
atu e not about “reforming” the
the guidance of the CFPB. It is about eras-
ing and undermining CFPB’s guidance
alongside and suspending the Bureau’s
good work when it comes to monitor-
ing and identifying discrimination
in auto lending. Both the CFPB and the
Department of Justice have found
repeatedly that dealer discretion in de-
termining the interest rates on auto
loans leads to systemic discrimination
against minority borrowers.
Suppliers have argued that this legis-
lation would bring clarity and trans-
parency to the auto loan market, but
we must ask ourselves: Clarity and
transparency for whom? It sure doesn’t
bring transparency for the American
car market when it comes to auto
dealers who have been found to have been
selling auto loans leads to systemic discrimi-
nation against minority communities with
discretionary interest rate markups, in-
creasing the carrying costs of auto
ownership for individuals who too often
cannot afford the increased financial
burden.
Mr. Chairman, I stand in strong sup-
port of H.R. 1737, and I will tell you
why. It is because it is what I have
done and what my family has done for
almost 60 years. We are a third-genera-
tion automobile dealer.
I can tell you that it is a people busi-
ness, not a White person business, not a
Black person business, not a Brown
person business, not a Red person busi-
ness, or a Yellow person business. It is
a business that is done face-to-face. I
have sat across the desk from many
people, lower income people, who can-
not afford to get a car because they
don’t have the ability to negotiate the
auto loan.
It is our business, and I am stunned
by people who have never done what we
have done who have somehow decided
that we are racist and that we are over-
charging people. We are doing exactly
the opposite, and you are doing exactly
the opposite. You are discriminating
against the very people who need our
help to buy cars. We negotiate the deal

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Sincerely,
CAMIL R. FINE,
President & CEO.
for them. We negotiate the cost down. So to stand here today and think that somehow this is racist—if I were a person of color, I would be offended that you would even begin to suggest that I do not understand how to negotiate and that I do not understand who to trust and who not to trust.

Three generations of Kellys have sold over 150,000 cars. You don’t do that by cheating people. You don’t do that by being a racist. You don’t do that by discriminating against people. You do that by working with people. It is stunning in this House—America’s House—that we would reduce this down to an issue of color and not of cooperation. The ability to get these people transportation—private transportation—falls on the shoulders of those who are the dealers. We negotiate in their best interest.

How stunning to think that somehow we are the perpetrators who are just taking advantage of these poor people who don’t have any financial literacy. That, my friends, ultimately, is the biggest insult you could give people of color or people of gender. It is absolutely incredible to me that we would talk about this and not of cooperation.

I yield 2 minutes to the gentleman from Colorado (Mr. PERLMUTTER), a member of the Financial Services Committee.

Mr. PERLMUTTER. I thank the gentlewoman from California, my ranking member. I appreciate the emotionally charged conversation that we are having here on the House floor today.

Mr. Chairman, I rise in support of H.R. 1737.

In the 14th Amendment to the Constitution of the United States, there are two basic principles among the others that are noted. One is that no one shall be deprived of life, liberty, or property without due process of law. The other one is that no one shall be denied equal protection under the laws of the United States of America.

We have kind of a collision of these two principles today. One is that there is the potential for the disparate treatment of people—discrimination—which all of us abhor and that we want to see rooted out by root and branch. The other one is, when you do a major policy in this country, there is always notice and an opportunity to be heard. That is where the collision comes in today.

The Consumer Financial Protection Bureau issued a bulletin without, really, notice and an opportunity to be heard to determine whether or not there was disparate treatment or whether methodologies that indicate there is are accurate. In fact, what we have seen is that the bulletin can be inaccurate based on this bulletin.

So H.R. 1737, with as much emotion as it has raised, asks the CFPB to go back and check what they have done. At no time is there any limitation to the CFPB’s or to the Department of Justice’s rights under the Equal Credit Opportunity Act to go after discriminating individuals, to go after bad actors.

I would suggest to the CFPB that, while they are looking at their bulletin again, if they see evidence of discrimination, they refer it to the Justice Department and that it be condemned loudly and roundly.

Mr. HENSARLING. Mr. Chairman, I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman and Members, this discussion today has been about discrimination. This is discussion about the very powerful automobile dealers who come to the Congress of the United States and use their considerable influence to get the Members of Congress to get rid of a guideline that was put together by the Consumer Financial Protection Bureau.

They don’t want the guidance because they don’t want to be guided in how not to discriminate. They have gotten away for years with markups, and they have gotten away for years with targeting certain communities. For those who say that this has not happened, you are absolutely wrong. Minority communities, poor communities are targeted by every scheme and every fraudulent operation that you can think of.

Whether we are talking about this markup that causes minorities to pay more for automobiles or payday loans or whether we are talking about these private, postsecondary rip-off schools, communities of color are not only targeted in these ways, but we discovered in the 2008 subprime meltdown that communities have been targeted and that minorities who have the same credit ratings as their white neighbors are given lower interest rates and loans—minorities who pay their bills—were charged more in interest rates for their mortgages than others.

This is not something that we are making up. The people on the opposite side of the aisle will have you believe they are working in the best interest of these minorities who continue to be ripped off. I don’t have to say much, if anything, to prove that that is not true. Just take a look at who is supporting them. We are supported by the NAACP, the Rural Funders Council of La Raza, the National Association of Minority Auto Dealers, the Center for Responsible Lending, the National Consumer Law Center, the Center for Working Families, the Consumers Union. There are 67 consumer organizations who are sick and tired of seeing minorities being ripped off.

We are often counseled by those who say we are not pulling ourselves up by our boots straps, that we are not doing enough. Why do you think a wealth gap exists? It exists because these fraudulent schemes are supported by people like those on the other side of the aisle.

I urge everyone in Congress to vote “no” on this discriminatory legislation.

Mr. Chairman, I yield back the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield myself the balance of my time.

It is fascinating to me how often the ranking member talks about discrimination, but she didn’t seem to talk about the discrimination coming out of the CFPB. She knows good and well, Mr. Chairman, that we have had witness after witness not come up with junk science about some disparate impact methodology that is proven wrong, but we have had actual witnesses come and talk about discrimination. The other side is now holding up as a paragon of virtue to enforce our civil rights laws.

We have had the inspector general come and say, at the CFPB, minorities are ripped off. The ranking member wants to hold up the CFPB as some paragon of virtue because they use junk science—a methodology they admit themselves over-represents minority populations?

This is about due process. Mr. Chairman, due process for every American. We can’t have some rogue agency putting out guidance and not allowing any public comment. We cannot allow this agency, regardless of what its motivations may be, to ultimately take away the credit opportunities of hard-working Americans who are trying to get ahead. We cannot let this rogue agency impose its will.

It is time for us to support the legislation. I encourage all Members to support it.

Mr. Chairman, I yield back the balance of my time.

Ms. NORTON. Mr. Chair, I join many of my Democratic colleagues, as well as the NAACP, the Leadership Conference on Civil and Human Rights, the National Council of La Raza, the National Association of Minority Automobile Dealers, and many other civil rights groups in opposing H.R. 1737, the Recasting Indirect Auto Financing Guidance Act, a bill that would significantly diminish the Consumer Financial Protection Bureau’s (CFPB) ability to protect consumers
Mr. GOSAR. Mr. Chairman, I rise today to offer a commonsense amendment to H.R. 1737.

This simple amendment ensures that any costs or potential impacts to any and all veteran-owned businesses are considered and included in the study required by this bill for any future auto financing guidance that may be produced by the Consumer Financial Protection Bureau.

The three main categories that the SBA utilizes for set-aside government contracts are women-owned, minority-owned, and veteran-owned businesses. The base bill requires a report that would include any cost or impacts associated with new guidance for minority-owned businesses and women-owned businesses.

I think we should all agree that it only makes common sense, then, to also consider any costs or implications for our Nation's heroes and veteran-owned businesses that may arise from any future guidance being considered.

Our servicemen and -women already face tough challenges finding work when they return from service. In recent years, veterans' unemployment numbers have been some of the highest in the country and, at times, have been in double digits. Earlier this year, post-9/11 veterans faced unemployment numbers north of 7.2 percent. We shouldn't let any potential future guidance from an already rogue agency create under Dodd-Frank exacerbate employment hurdles for our Nation's veterans.

One week ago today, we celebrated Veterans Day and the patriotic service that so many men and women have given to this great Nation. We have asked these heroes to risk their lives for this country, and many of our veterans have answered that call time and time again, including multiple tours overseas. Most veterans return from service seeking not only to reintegrate and establish normal lives, but to continue serving their country by contributing to the workforce, finding jobs, and establishing small businesses.

My amendment is a simple measure and will help ensure veteran-owned businesses are not harmed by any future auto financing guidance put forth by CFPB.

Chairman HENSLER supports this amendment. I thank the chairman for his support and also for bringing forth this commonsense bill that rejects this misguided guidance. I urge the chairman and committee for everything they do to advocate for small businesses and job creators throughout the country.

I hope that all my colleagues support our veterans and the businesses they own by voting in favor of my commonsense amendment.

I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Chairman, I claim time in opposition to the amendment.

The Acting CHAIR. The gentlewoman is recognized for 5 minutes.

Ms. MAXINE WATERS of California.

I yield myself such time as I may consume.

Mr. Chairman, this amendment compounds one of the underlying problems that I have expressed in my opposition to H.R. 1737.

While I have been and continue to be one of Congress' most vocal supporters of minority-owned businesses, further expanding an already unnecessary cost-benefit study concerning the impacts of nonbinding policy guidance is unproductive and only increases the likelihood that future guidance designed to actually help lenders comply with the law is further delayed or never issued.

Mr. Chairman and Members, I want you to understand what is being said by the opposite side of the aisle. They basically are saying: Help me to look out for our veterans and make sure that they don't have any guidance that would impede their ability to do business. Well, I mean, that is kind of a made-up problem.

This is not a problem. Simply, what is really happening by the attempt to throw veterans into this is to get Members thinking "perhaps I want to support this amendment because I don't want to be thought of as not supporting veterans." When you talk about cost-benefit analysis and studies, what you are talking about is: How do I tie up the agency? How do I create impediments to the agency being able to do its job.

This Congress supports veterans in so many ways. We support them in their quest to do business, and we have laws on the books that will help them to successfully get into business. We support them in housing. We support them with better health care.

I don't want any Members of Congress to think somehow this kind of made-up amendment is something that really they should be supporting if they want to help veterans. This is simply a way by which to get you to do something, making you think you are supporting veterans and thinking you can oppose it.

This is an unnecessary amendment, and it gets in the way of good guidance coming out of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(b)) is amended by adding at the end the following:

"(5) GUIDANCE ON INDIRECT AUTO FINANCING.—In proposing and issuing guidance primarily related to indirect auto financing, the Bureau shall:

(A) provide for a public notice and comment period before issuing the guidance in final form;

(B) make available to the public, including on the website of the Bureau, all studies, data, methodologies, analyses, and other information relied on by the Bureau in preparing such guidance;

(C) redact any information that is exempt from disclosure under paragraph (3), (4), (6), (7), or (8) of section 552(b) of title 5, United States Code;

(D) consult with the Board of Governors of the Federal Reserve System, the Federal Trade Commission, and the Department of Justice;

(E) conduct a study on the costs and impacts of such guidance to consumers and women-owned, minority-owned, and small businesses.

The Acting CHAIR. No amendment to the bill shall be in order except those printed in House Report 114-306. Each such amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report, equally divided and controlled by the pro and con, shall not be subject to amendment, and shall not be subject to a demand for division of the question.
Protection Bureau, so I would ask you to vote "no" on this amendment.

I reserve the balance of my time.

Mr. GOSAR. I can't believe. Mr. Chairman, what I just heard. I just can't believe it. I hope that veterans who are watching C-SPAN today are listening carefully, listening very carefully about this amendment.

The three divisions which it oversees, the veterans were left out, and we just want to make sure that our veterans are included in any study that CFPB would go forward with.

That is sad. That is sad.

When we talk about the Veterans Administration being so pristine, when we look at their healthcare system, it is 50 percent worse than it was a year ago. Many of the veterans that I have in rural Arizona are struggling to find anybody that will even hear from them.

What a sad shame. What an absolute shame.

So I actually would ask my colleagues to vote for this amendment. It is pretty straightforward. I think America gets it.

I reserve the balance of my time.

Ms. MAXINE WATERS of California. I yield back the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 30 seconds to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I urge all Members to adopt this amendment.

I must admit, if people all over America are wondering why it is so difficult to get something done on a bipartisan basis, traditionally, the least controversial thing we do here is study something. What is even less controversial is coming together on behalf of our veterans, yet we have the ranking member of this committee opposing both. I hope the American people are watching closely.

Again, this is a very commonsense, modest amendment by the gentleman from Arizona. I encourage all Members to vote for it.

Mr. GOSAR. Mr. Chairman, once again, I ask all Members to vote for this.

I yield back the balance of my time.

The Acting CHAIR (Mr. BYRNE). The question is on the amendment offered by the gentleman from Arizona (Mr. GOSAR).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. SMITH OF MISSOURI

The Acting CHAIR. It is now in order to consider amendment No. 2 printed in House Report 114-310.

Mr. SMITH of Missouri. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 4, line 12, strike the first period and insert "...including consumers and small businesses in rural areas."

The Acting CHAIR. Pursuant to House Resolution 526, the gentleman from Missouri (Mr. SMITH) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. SMITH of Missouri. Mr. Chairman, I am pleased and honored to be with you today as we continue our work to put an end to the regulatory overreach of the Consumer Financial Protection Bureau and roll back the Dodd-Frank law. This amendment requires that the CFPB achieve a $24 billion regulatory burden reduction, which is a $10 billion increase over the Administration's regulatory relief proposal.

The total economic cost of Dodd-Frank-based regulations has eclipsed $35 billion and over 60 million hours of paperwork burdens. That is the equivalent of 30,000 employees a year dedicated solely to regulatory paperwork. A new army of regulators aren't the kind of jobs that Americans were promised.

The biggest and most costly regulation to come out of Dodd-Frank is the deceptively named Consumer Financial Protection Act, an unconstitutional, unaccountable agency whose total negative impact on our economy won't be known for decades.

The CFPB was supposed to protect consumers from the predatory practices of financial institutions. Instead, it has limited Americans' access to credit, the ability to be financially independent, and impeded the availability of homes and, in this case, cars. The CFPB was supposed to keep our economy growing.

The CFPB got started with a staff of 178 in 2011 but now has close to 2,000 employees. In that same period, its annual spending grew from $10 million to, now, $900 million. The safest place to find a job in this government economy is with a Federal financial regulator. In the last 5 years, those regulators have seen a 16 percent increase in job growth.

The CFPB still has more regulations and guidance in its pipeline just ready to roll out and crush rural America. That is why this amendment is so important.

In the endless search for a job in this economy, many Americans are forced to migrate to urban areas. In 2013, over half of all the rural counties in the United States actually shrank in population. In 2014, according to the Department of Labor, rural counties lost 330,000 jobs, while metropolitan counties gained over 3 million jobs. The last thing Washington should be doing is authoring regulations which further enable this trend.

With adoption of H.R. 1737 and this amendment, we are telling the CFPB that, when you issue regulations like this, in addition to analyzing the impact on women-owned, minority-owned, and small businesses, you must also take a look at those regulations' impact on rural businesses and rural consumers.

My amendment is a simple one, but it would go a long way to providing some clarity for the folks of Missouri's Eighth Congressional District and all of those Americans living in rural communities across the Nation. While 1600 Pennsylvania Avenue might be looking at ways to make their life harder, this body, this Chamber, will continue to work for our States where Government stays out of their way.

I thank my friend and colleague from New Hampshire for introducing this legislation. Burdensome regulation is a problem that hits rural America the hardest. I urge adoption of the amendment.

I reserve the balance of my time.

Ms. MAXINE WATERS of California. I yield myself such time as I may consume.

Mr. Chairman and Members, I am in opposition to this bill because it is simply another study, another cost to government, another unnecessary cost. While my friends on the opposite side of the aisle always tell us they are reducing the cost of government, these studies do very little.

As a matter of fact, instead of a study, some of these Members who represent rural areas ought to become real advocates for their constituencies. They charge many of us as being advocates for health care, education, housing, and transportation, all of which they lack in their communities, but you never see them fighting for it. If it weren't for some of us who are out there demanding better health care, better transportation systems, better education, and fighting for those who get ripped off by these fraudulent businesses every day, they wouldn't have any protection because they send too many Members to Congress who misunderstand them on other kinds of issues, but when it comes to their economics, you cannot find them anywhere.

So, instead of a study, another study, another cost to government, why don't they become real advocates for their constituency? Why is it that we don't have transportation systems in rural communities? Why is it they have to travel miles for health care? It is because they have Representatives whom they send to Congress who are really not representing their real interests. They may get their colleagues to vote for yet another study because they don't do anything that is real and substantive for their communities.

I yield back the balance of my time.

Mr. SMITH of Missouri. Mr. Chairman, I urge adoption of the amendment.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Missouri (Mr. SMITH).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MS. SEWELL OF ALABAMA

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in House Report 114-340.
Ms. SEWELL of Alabama. Mr. Chairman, I have an amendment at the desk listed as Sewell Amendment No. 3.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end of the bill the following:

SEC. 4. RULE OF CONSTRUCTION.

Nothing in this bill shall be construed to apply to guidance issued by the Bureau of Consumer Financial Protection that is not primarily related to indirect auto financing.

The Acting CHAIR. Pursuant to House Resolution 526, the gentlewoman from Alabama (Ms. SEWELL) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Alabama.

Ms. SEWELL of Alabama. Mr. Chairman, I rise today in support of my amendment to H.R. 1737.

My amendment is a commonsense and straightforward amendment. It simply states that nothing in this bill shall be construed to apply to guidance issued by the CFPB that is not primarily related to indirect auto financing.

This amendment is intended to help ensure that the underlying bill in no way prohibits, disrupts, or affects the enforcement of other fair lending laws or guidance that protects millions of Americans from unfair or discriminatory lending practices.

The underlying bill, H.R. 1737, provides the CFPB with criteria to consider when issuing further guidance on indirect auto lending. While I agree that the CFPB should reevaluate its recent guidance, we should also ensure that the scope of this legislation stays narrow and applies only to indirect auto financing.

Mr. Chairman, I applaud the CFPB’s efforts to protect consumers from discriminatory lending practices. We can all agree that no one supports or should be related to indirect auto financing.

Mr. Chairman, I applaud the CFPB’s efforts to protect consumers from discriminatory lending practices. I simply state that nothing in this bill should be construed to apply to guidance issued by the CFPB that is not primarily related to indirect auto financing.

As Mr. HENSARLING said, it may be redundant, but that is okay. It reinforces basically what we have been talking about in relationship to 1737.

I will just take a moment to say how proud I am of the Consumer Financial Protection Bureau, how proud I am of Mr. Cordray, how pleased I am that this is the Dodd-Frank reform, how pleased I am that now we have an agency that is looking out for consumers.

Prior to the Consumer Financial Protection Bureau, our regulatory agencies said their job was for safety and soundness. They forgot about the consumers; they were dropped off the agenda.

Now we have a Consumer Financial Protection Bureau that is challenging the practices of many who claim they are in the consumer’s business. They are challenging them. They are saying to them: No longer can you rip off our consumers. No longer can you target minorities. No longer can you have discriminatory practices.

Thank God for the Consumer Financial Protection Bureau.

Ms. SEWELL of Alabama. Mr. Chairman, I want to thank the ranking member, Congresswoman WATERS, for her diligence on this committee. She serves as a model for all of us in her vigorous making sure that we are not discriminating against average Americans. All of us agree that nothing we do should be about discriminating or adding to the effects of discrimination.

I ask for support of this amendment. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Alabama (Ms. SEWELL).

The amendment was agreed to.

The Acting CHAIR. There being no further amendments, under the rule the committee rises.