

NEWS RELEASES

Home (/public/index.cfm/home) / Newsroom (/public/index.cfm/newsroom)
/ News Releases (/public/index.cfm/news-releases)

Sen. Moran's Auto-Lending Regulation Rollback Passes Senate (/public/index.cfm/news-releases?ID=26B40751-B4B0-46D6-8859-7C10C83502FC)

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WASHINGTON – U.S. Senator Jerry Moran (R-Kan.) – member of the Senate Committee on Banking, Housing, and Urban Affairs – today applauded Senate passage of his resolution of disapproval (S.J. Res. 57) under the Congressional Review Act to (CRA) undo an overstep by the Consumer Financial Protection Bureau (CFPB) to regulate car loans issued at auto dealerships. At issue is a 2013 guidance document on “indirect auto loans” – financing offered to a consumer through an automobile dealer, instead of directly from a consumer’s bank or credit union – issued by the CFPB.

In the 2010 Dodd-Frank financial reform law creating the CFPB, Congress specifically prohibited the new agency from regulating auto dealers; however, in 2013 the CFPB found a way around the ban. Without going through the customary rulemaking and public input processes, the CFPB published a “bulletin,” which has threatened auto dealers’ ability to negotiate the terms of these loans with their customers and has been used to sanction auto-financing companies.

“Congress is the link between the American people and the federal government, and this CRA effort is about making certain the form and function of the federal government is accountable to the American people,” **said Sen. Moran on the Senate floor today.** “All members of Congress ought to be committed to conducting oversight over the rest of the federal government – failure on the part of Congress to hold federal agencies to account when they stray from their statutory and Congressionally-intended jurisdiction means that de-facto legislation will be originated in the executive branch. Kansans hold me to account for the actions I take in Washington, D.C. on their behalf; in return, they expect me to hold other components of their government to account.”

“The CFPB wrongly used its over-reaching indirect auto-lending guidance as an enforcement weapon, proceeding down the path of an aggressive enforcement action in search of ‘market-tipping settlements,’” **continued Sen. Moran.** “Congress must reassert its role in policy-making and provide some stability to the auto-lending marketplace to provide lower costs for all car purchasers. I will continue to use the position that Kansans have entrusted to me to make certain that I am representing their interests in Washington, D.C., and I look forward to the House quickly passing and the president signing this CRA.”

To ensure agencies adhere to congressional intent, the CRA requires any rule to be transmitted to Congress for review. The CFPB never satisfied this statutory requirement despite the significant ramifications of a back-door regulation aimed at auto dealers. The Government Accountability Office (GAO) last year reviewed the CFPB’s bulletin and concluded that it qualified as a rule under the CRA, thereby making it eligible for rollback by simple majority vote in Congress.

S.J. Res. 57 is supported by the National Automobile Dealers Association, the Alliance of Automobile Manufacturers, the National RV Dealers Association, the National Independent Automobile Dealers Association, the Recreation Vehicle Industry Association, the American International Automobile Dealers Association, the National Auto Action Association, the Motorcycle Industry Council, the U.S. Chamber of Commerce, the American Financial Services Association, the Independent Community Bankers of America, the American Bankers Association, the American Financial Services Association, the Credit Union National Association and the National Federation of Independent Business.

Item to Note:

- Sen. Moran yesterday spoke on the Senate floor (<https://www.youtube.com/watch?v=rzxlr7XNgsM>) in support of S.J. Res 57 and today spoke on the Senate floor (<https://youtu.be/kCRPmKUMdVw>) in favor of Congress reasserting its role in policy-making in relation to S.J. Res 57.

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