

## Press Releases

### Waters: S.J. Res. 57 Sets Back Efforts to Prevent Discriminatory Auto Lending and Harms Consumers

Washington, DC, May 8, 2018

Today, **Congresswoman Maxine Waters (D-CA)**, Ranking Member of the Committee on Financial Services, gave the following floor statement in opposition to S.J. Res. 57, an unprecedented Congressional Review Act resolution to repeal and permanently block guidance from the Consumer Financial Protection Bureau (Consumer Bureau) on indirect auto financing.

#### *As Prepared for Delivery*

Mr. Speaker, I rise today in opposition to S.J Res. 57, a Congressional Review Act resolution to repeal important guidance on indirect auto lending that was issued by the Consumer Financial Protection Bureau all the way back in 2013 in order to prevent discriminatory lending. Indirect auto lenders are lenders such as banks that work with car dealers to finance car loans for consumers.

Mr. Speaker, let me first say that this is an inappropriate and misguided use of the Congressional Review Act that sets a dangerous precedent.

While Congressional Republicans have so far been very active in using the Congressional Review Act to tear down important regulations that protect Americans, today they are expanding their harmful efforts even further to now go after regulatory guidance issued by the Consumer Bureau years ago. This is a clear overreach that goes way beyond how the Congressional Review Act was intended to be used. This resolution is one part of a widespread Republican effort to make it more difficult to hold financial institutions accountable.

The Consumer Bureau's 2013 guidance on indirect auto lending was issued to provide clarity to indirect auto lenders and protect auto loan borrowers from discrimination.

This is a market where discriminatory practices have been well documented. Since its establishment, the Consumer Bureau has levied more than \$140 million in fines and penalties against lenders for engaging in discriminatory auto lending practices. Just this January, an investigation by the National Fair Housing Alliance found that 62 percent of the time, high qualified minority borrowers seeking purchase and financing options for a car received more costly pricing options than less qualified white borrowers received for the same vehicle. According to the same report, less qualified white borrowers were presented with more financing options 75 percent of the time.

The guidance issued by the Consumer Bureau simply clarified that indirect auto lenders would be held accountable for violations of the Equal Credit Opportunity Act, or ECOA, if they took part in discriminatory practices in the pricing of auto loans. Under ECOA, it is

illegal for a creditor or lender to discriminate against a person because of race, color, religion, national origin, sex, marital status, age, or receipt of income from any public assistance program. So the issuance of this guidance, which also provided a number of steps to indirect auto lenders that they could use to ensure that they were in compliance with the law, was a commonsense action that has both protected borrowers from unfair practices, and helped lenders stay on the right side of the law.

Proponents of this resolution say that the Consumer Bureau has no authority to regulate auto dealers – but that is not what is at issue here today. Let’s be clear: the Consumer Bureau’s guidance applies to indirect auto lenders, not auto dealers. This resolution would set back efforts to prevent discriminatory auto lending, make it harder for responsible businesses to follow the law, and harm consumers. It would not only repeal the Consumer Bureau’s regulatory guidance on auto lending, but could also prevent the Consumer Bureau from ever again issuing “substantially similar” guidance on the matter.

Furthermore, by setting this terrible precedent of repealing regulatory guidance, the Majority is opening up a Pandora’s Box that could have deeply harmful consequences for the public and badly impede the important work of regulators not just of the financial services industry, but of all industries.

I strongly oppose the resolution and urge Members to vote no. I reserve the balance of my time.

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