

March 4, 2014

Working Plan – Auto Initiative Next Steps

Internal – Sensitive and Pre-decisional
Confidential Supervisory Information

Complete Supervisory MOUs (FL/SUP)

- Complete supervisory matters for [REDACTED] in such a way as to not impede, but encourage, systemic change to non-discretionary compensation for dealers
- [REDACTED]
 - MOU sent on [REDACTED]; referral sent on [REDACTED]
 - Includes pilot program
 - Anticipated date of agreement in principle: [REDACTED]
- [REDACTED]
 - MOU will be sent by [REDACTED] referral sent on [REDACTED]
 - Anticipated date of signing: [REDACTED]
- [REDACTED]
 - MOU and referral will be sent by [REDACTED]
 - Includes provision for gathering information on efficacy of dealer markdown policy
 - Anticipated date of signing: [REDACTED]
- **Goal:** agreements in principle for all by the end of March, assuming supervisory resolutions

Complete Supervisory Highlights (FL/SUP)

- Commit to publishing Supervisory Highlights regarding resolution of supervisory matters
- Next Steps: coordinate with SUP on whether stand alone issue is appropriate (make determination by mid-March)
- **Goal:** Complete by end of May 2014 – prior to Field Hearing

Continued Outreach (Mkts/EA)

- Continuing outreach function with specific institutions and consumer groups on alternative dealer compensation
- Next Steps:
 - Met with AFSA (1/30)
 - Lunch with NADA (2/21)
 - Met with NIADA (Nat'l Independent Auto Dealers) 2/24
 - Meet with [REDACTED]
 - Meet with [REDACTED]
 - Meet with [REDACTED]
 - Meet with American Honda Finance (tentative 4/7-8 in TX)
- **Goal:** Continue and maintain open dialogue with relevant stakeholders



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Evaluate Compensation Models (RMR)

- Continue evaluation of possible alternative dealer compensation models
- Next Steps:
 - Develop response to NADA Proposal
 - Deadline: Complete by mid-March
 - Evaluate [REDACTED] markdown model
 - Deadline: Complete by late March
 - Develop responses regarding non-discretionary compensation models
 - Deadline: Complete by early April
 - Evaluate the impact of adopting a stringent CMS
 - Potential data: Ally, [REDACTED]
 - Deadline: On-going, no deadline
 - Develop response to [REDACTED] nondiscretionary compensation system when proposed by April
 - Analysis of implemented Pilot programs when data becomes available
- **Goal:** Determine Bureau's public position on various dealer compensation models.



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White Paper on Proxy Method (OR)

- Complete white paper on Bureau's proxy methodology
 - Deadline: end of March

- **Goal:** Complete white paper by April 2014

Field Hearing (EA)

- Commit to Field Hearing on May 29, 2014 in lieu of RFI
- Next Steps:
 - Work with Communications on press release, Director's speech, fact sheet
 - Beginning April 24
 - Provide recommendations to EA for external panelists from industry, community groups and academia
 - Deadline: May 2
 - Produce a Q&A document for Communications
 - Deadline: May 8
 - Work with EA to draft 8-10 panel discussion questions, and brief talking points for framing discussion
 - Deadline: May 20
- **Goal:** conduct on May 29, 2014

LP Rule on Auto (Regs)

- Proceed with larger participant rule for auto finance market
- Next Steps:
 - Determine appropriate time and manner of publicizing Bureau's commitment to auto being the next LP Rule
 - Deadline: to be determined Monday; will provide in-person update on Tuesday

- **Goal:** Publish larger participant rule

Move Forward on Enforcement Matters (FL/ENF)

- Maintain forward momentum with respect to enforcement matters
- Next Steps:
 - [REDACTED] EAP memo and referral package to Director
 - Deadline: this week
 - Captives
 - Honda follow-up request
 - » Deadline: Complete
 - Toyota follow-up request
 - » Deadline: Complete
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - Target early Summer for discussions with institutions about identified disparities
 - Continue to monitor Ally in conjunction with RMR to determine effectiveness of CMS in reducing disparities; resolve how to distribute funds to borrowers



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