

Work Plan: Auto Finance Discrimination Working Group

Hypothesis	Key Tasks	Resources Needed by Group	Responsibilities	Estimated Deliverable Month
Banks and nonbanks are not effectively managing fair lending risk in auto finance.	Publish a Notice and Request for Information about auto finance industry practices which describe the ways the industry is managing fair lending risk and ask what regulatory changes to the method of compensation are warranted, if any, to prevent discrimination against protected classes under ECOA.	OFLEO	Draft and Finalize Notice & Request for Information	May 2012
		CEE	Assist with Notice & Request for Information.	May 2012
		RMR	Review & participate in edit process for Notice & Request for Information.	May 2012
		OGC, ENF	Review & participate in edit process for Notice & Request for Information.	May 2012
	Review responses to Request for Information.	OFLEO, RMR	Review responses from RFI and use to inform analysis	May – June 2012
Banks and nonbanks are not effectively managing fair lending risk in auto finance The current business model of the auto finance industry leaves consumers vulnerable to discrimination	Collect and review information regarding consumer complaint trends involving allegations of auto financing discrimination, from supervisory exams, Consumer Sentinel, and complaints received by CFPB.	ENF	Lead effort to gather, analyze and summarize consumer complaint information.	May 2012
		OSA	Solicit and compile complaints received from servicemembers.	May 2012
		SUP, OFLEO	Collect info from exam teams conducting FL indirect auto exams re consumer complaints.	May 2012

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		CEE	Review information compiled and make recommendations re consumer education tools.	May 2012
		CR	Facilitate responses to request for consumer complaints re auto finance received by CFPB.	May 2012
Banks and nonbanks are not effectively managing fair lending risk in auto finance	Gather supervisory information on indirect auto lenders through the large bank supervisory exam process	SUP	Prepare summary of information learned from supervisory exams. Participate in summary discussion.	June 2012
The current business model of the auto finance industry leaves consumers vulnerable to discrimination		OR	Provide data analysis and/or coordinate with third party consultant and participate in summary discussion. Assist with potential task order for contracted economists.	June 2012
		OFLEO	Review data analysis & participate in summary discussion. Assist with potential task order for economists.	June 2012

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Banks and nonbanks are not effectively managing fair lending risk in auto finance	Hold a series of meetings with industry segments regarding fair lending monitoring and any recommendations re proposed regulatory changes to methods of compensation that would help prevent discrimination	OFLEO	Lead in planning and hosting meetings.	June-July 2012
		OSA, RMR, ENF, SUP	Assist in planning and participating in meetings.	June-July 2012
<p>Banks and nonbanks are not effectively managing fair lending risk in auto finance</p> <p>The current business model of the auto finance industry leaves consumers vulnerable to discrimination</p>	Review of commercially available third party data on auto finance industry with focus on areas with greatest risk for discrimination. Propose purchases if indicated. Gather data from nonbank industry where available with respect to such issues as trends in dealer compensation, alternative compensation schemes and likely responses to possible regulatory activity that might blunt its intended effect. Explore whether there are economic efficiencies in the way the market is currently structured.	RMR, OFLEO	Review data & participate in summary discussion.	August 2012
Final Product	Preparation of options memorandum	All groups identified in charter	Sections of memorandum to be contributed by different offices TBD with OFLEO as lead.	Aug – Sept 2012