Oppose the Brownback amendment to exempt auto dealers from the CFPB.

Data from several nationwide cases against the major auto lenders settled by the National Consumer Law Center and co-counsel from 2003 to 2007 showed widespread racial disparities, unrelated to credit risk, in the markups added by auto dealers to auto loan rates.

As they do today, the auto dealers brokered and originated the loans ultimately assigned to auto finance companies. After the finance companies offered a rate based on credit risk, the dealers had discretion whether and how much to mark up the loan rates. Data from millions of loans showed that auto dealers were more likely to mark up the rates of African Americans, and the markups were higher, than for white borrowers. Statistically significant racial disparities were found in every state with fully available race-coded data and in every region of the country when data from the other states was analyzed. Disparities were also found for Hispanics on a national level, but Hispanic origin was not coded on enough loans to analyze state by state. As the court in one case concluded in finding that the finance companies’ practice of permitting auto dealers to impose subjective markups led to unacceptable racially disparate impacts: “What I have decided is that the plaintiffs have proved their case and that they will win in my decision.” The settlements limited the markup auto dealers could add to rates that the auto finance companies offered based on credit worthiness. These restrictions will expire by 2012.

The charts below show examples – in states where sufficient race-coded data were available – of the average state-by-state markups for comparable African-American and white car purchasers during select periods covered by the lawsuits from the late 1990s to early 2000s. The results were substantially similar for dealers who used the other finance companies and banks studied. These data may not reflect current practices because the settlements, which are expiring, limit discretionary markups.

<table>
<thead>
<tr>
<th>State</th>
<th>Lender</th>
<th>Black</th>
<th>White</th>
<th>Black over white increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Primus (Ford)</td>
<td>$965</td>
<td>$616</td>
<td>157%</td>
</tr>
<tr>
<td></td>
<td>GMAC</td>
<td>$836</td>
<td>$276</td>
<td>303%</td>
</tr>
<tr>
<td></td>
<td>Honda</td>
<td>$792</td>
<td>$553</td>
<td>143%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Primus (Ford)</td>
<td>$108</td>
<td>$114</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>Honda</td>
<td>$479</td>
<td>$395</td>
<td>121%</td>
</tr>
<tr>
<td>California</td>
<td>Primus (Ford)</td>
<td>$742</td>
<td>$553</td>
<td>134%</td>
</tr>
<tr>
<td></td>
<td>GMAC</td>
<td>$249</td>
<td>$192</td>
<td>130%</td>
</tr>
<tr>
<td></td>
<td>Honda</td>
<td>$892</td>
<td>$626</td>
<td>142%</td>
</tr>
<tr>
<td>Colorado</td>
<td>GMAC</td>
<td>$479</td>
<td>$232</td>
<td>206%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>GMAC</td>
<td>$480</td>
<td>$172</td>
<td>279%</td>
</tr>
<tr>
<td>Dist. Of</td>
<td>GMAC</td>
<td>$857</td>
<td>$255</td>
<td>336%</td>
</tr>
<tr>
<td>State</td>
<td>Loan Company</td>
<td>Payment 1</td>
<td>Payment 2</td>
<td>APR</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------</td>
<td>-----------</td>
<td>-----------</td>
<td>------</td>
</tr>
<tr>
<td>Columbia</td>
<td>GMAC</td>
<td>$376</td>
<td>$103</td>
<td>365%</td>
</tr>
<tr>
<td>Delaware</td>
<td>Primus (Ford)</td>
<td>$900</td>
<td>$524</td>
<td>172%</td>
</tr>
<tr>
<td>Florida</td>
<td>Primus (Ford)</td>
<td>$1,054</td>
<td>$232</td>
<td>454%</td>
</tr>
<tr>
<td>Georgia</td>
<td>GMAC</td>
<td>$626</td>
<td>$288</td>
<td>217%</td>
</tr>
<tr>
<td>Iowa</td>
<td>Primus (Ford)</td>
<td>$522</td>
<td>$127</td>
<td>411%</td>
</tr>
<tr>
<td>Illinois</td>
<td>GMAC</td>
<td>$405</td>
<td>$156</td>
<td>260%</td>
</tr>
<tr>
<td>Indiana</td>
<td>GMAC</td>
<td>$281</td>
<td>$152</td>
<td>185%</td>
</tr>
<tr>
<td>Kansas</td>
<td>GMAC</td>
<td>$315</td>
<td>$226</td>
<td>139%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>GMAC</td>
<td>$298</td>
<td>$158</td>
<td>189%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Primus (Ford)</td>
<td>$810</td>
<td>$378</td>
<td>214%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>GMAC</td>
<td>$610</td>
<td>$286</td>
<td>213%</td>
</tr>
<tr>
<td>Maryland</td>
<td>Primus (Ford)</td>
<td>$1,159</td>
<td>$452</td>
<td>256%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>GMAC</td>
<td>$212</td>
<td>$145</td>
<td>146%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Primus (Ford)</td>
<td>$858</td>
<td>$493</td>
<td>174%</td>
</tr>
<tr>
<td>Missouri</td>
<td>GMAC</td>
<td>$429</td>
<td>$233</td>
<td>184%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Primus (Ford)</td>
<td>$643</td>
<td>$273</td>
<td>236%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>GMAC</td>
<td>$496</td>
<td>$154</td>
<td>322%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>GMAC</td>
<td>$488</td>
<td>$203</td>
<td>240%</td>
</tr>
<tr>
<td>New York</td>
<td>GMAC</td>
<td>$510</td>
<td>$164</td>
<td>311%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Primus (Ford)</td>
<td>$1,005</td>
<td>$734</td>
<td>137%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>GMAC</td>
<td>$339</td>
<td>$173</td>
<td>196%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>Primus (Ford)</td>
<td>$812</td>
<td>$405</td>
<td>200%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Primus (Ford)</td>
<td>$1,046</td>
<td>$409</td>
<td>256%</td>
</tr>
<tr>
<td>Texas</td>
<td>Primus (Ford)</td>
<td>$901</td>
<td>$582</td>
<td>155%</td>
</tr>
<tr>
<td>Virginia</td>
<td>GMAC</td>
<td>$602</td>
<td>$197</td>
<td>306%</td>
</tr>
<tr>
<td>Washington</td>
<td>GMAC</td>
<td>$368</td>
<td>$184</td>
<td>200%</td>
</tr>
</tbody>
</table>
Full race-coded data were not available for 35 states and therefore could not be analyzed state by state (except for some states that had sufficient GMAC loans, reflected above). The data overall, however, revealed similar disparities for every region:

<table>
<thead>
<tr>
<th>State</th>
<th>Lender</th>
<th>Black</th>
<th>White</th>
<th>Black over white increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primus (Ford)</td>
<td>$1,041</td>
<td>$156</td>
<td>667%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>GMAC</td>
<td>$714</td>
<td>$144</td>
<td>496%</td>
</tr>
<tr>
<td></td>
<td>Honda</td>
<td>$1,045</td>
<td>$477</td>
<td>219%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>GMAC</td>
<td>$309</td>
<td>$116</td>
<td>266%</td>
</tr>
</tbody>
</table>

For more information, contact Lauren Saunders, (202) 452-6252 x 105, LSaunders@nclcdc.org.

1 For loans assigned to American Honda Finance Corp., the average national auto dealer markup for Hispanics was $858 and for whites it was $667. For loans assigned to Primus, the average national Hispanic markup was $715 and the average white markup was $464.
2 Borlay v. Primus Automotive Financial, M.D. Tenn., No. 02-CV-382 (Mar. 16, 2005) (at the time of trial, Primus Automotive Financial ("Primus") was, and still is, a division of Ford Motor Credit Corp.)
3 General Motor Acceptance Corp. ("GMAC"), American Honda Finance Corp ("Honda"), and Ford Motor Credit's Primus division (before and after acquisition by Ford).