

Congress of the United States
Washington, DC 20515

October 29, 2013

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C., 20552

Dear Director Cordray:

We write to request that the Consumer Financial Protection Bureau (CFPB) provide Congress with the full set of materials used to craft guidelines released March 21, 2013 to address alleged discriminatory auto-lending practices. This letter is a follow up on a request to your office made by Congresswoman Terri Sewell and twelve other Members of Congress in a letter dated May 28, 2013.


We do not take allegations of discrimination lightly, and we applaud the Bureau's efforts to identify, confirm and eliminate all such cases. Discriminatory auto lending is particularly harmful, as auto loans provide access to transportation, and are therefore a gateway to full participation in society. The importance of this issue necessitates proper Congressional oversight, yet without complete information, we cannot know if the CFPB is faithfully executing the Equal Credit Opportunity Act's protections against discriminatory lending, or if the Bureau's lending guidelines are unnecessary and counter-productive.

To date, the Bureau has not provided all of the materials requested by Congress and deemed necessary for proper oversight. In response to various inquiries, CFPB has so far provided a generalized methodology that the Bureau claims is in-line with standard practices used to assess discrimination. The methodology as described relies on the use of proxies to identify groups and uses statistically significant differences in basis points as the determinant of disparate impacts. While this could be a reasonable methodology, it is impossible to make a true assessment without the underlying data and specific methodology. With that in mind, we respectfully request that you provide the following:

- The raw data and methodology used to determine disparate impact, including (i) proxies used to determine applicant's background, (ii) statistical controls used to isolate background as a causal factor in pricing disparity, (iii) statistical tests used to assess differences between classes and (iv) outcomes of statistical tests. Recognizing that CFPB uses a case-by-case approach, a set of case studies would be acceptable.
- Any market analysis CFPB performed indicating whether and to what extent the proposed guidelines would affect the cost of credit for consumers, including the impact of industry adoption of flat fees as the mechanism to compensate dealers for arranging financing.
- Recourse available to lenders accused of discriminatory lending. E.g., would those accused of discriminatory lending have access to the data used in the case against them to identify possible methodological shortcomings?

We would like to emphasize that the requests detailed above are for specific, raw data and *not* for a general explanation of CFPB methodology as has been previously provided. We would appreciate your response to this letter by November 15, 2013. Fair and equitable access to credit is the right of every American and we look forward to working together to protect this right in an open and equitable manner.

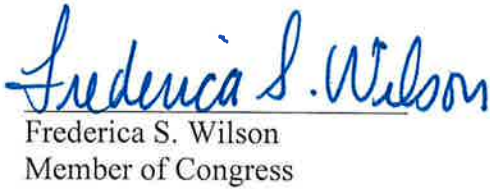
Sincerely,

A handwritten signature in blue ink, appearing to be 'Colleen W. Hanabusa', written over a horizontal line.

Colleen W. Hanabusa
Member of Congress

A handwritten signature in blue ink, appearing to be 'David N. Cicilline', written over a horizontal line.

David N. Cicilline
Member of Congress

A handwritten signature in blue ink, appearing to be 'Frederica S. Wilson', written over a horizontal line.

Frederica S. Wilson
Member of Congress