

2013

Summary of Accomplishments



With the continued influx of new regulations, a confirmed director at the Consumer Financial Protection Bureau (CFPB), and active state legislatures, AFSA had a busy and productive 2013, sharing the industry's views and offering new resources for its members. Some of the association's major accomplishments are highlighted here.

AFSA responded to the CFPB's fair lending guidance by continually seeking clarification and information on the CFPB's methodology for alleging disparities in indirect vehicle financing.

- AFSA staff met with CFPB Fair Lending Director Patrice Ficklin regarding the bureau's principles for evaluating alternative structures of compensating dealers for arranging vehicle financing.
- AFSA Executive Vice President Bill Himpler participated in the CFPB's Auto Finance Forum in a panel on "Perspectives on Indirect Auto Lending."
- With the goal of promoting evidence-based policymaking, AFSA is commissioning a study on fair lending in the indirect auto lending market.
- AFSA submitted an amicus brief to the U.S. Supreme Court regarding *Township of Mt. Holly v. Mt. Holly Gardens Citizens in Action, Inc.*, which centered on whether the Fair Housing Act recognizes the disparate impact theory. The case was settled before the Supreme Court could hear oral arguments.

AFSA conveyed industry views to policymakers, the media and the general public.

- AFSA highlighted the positive features of installment loans and the effectiveness of the Military Lending Act in written testimony for a Senate Commerce Committee hearing on "Soldiers as Consumers."
- 2012-2013 AFSA Chairman Tim Stanley met with U.S. Senator Jack Reed (D-RI) to discuss the National Defense Authorization Act and reforms to military lending rules.
- AFSA President and CEO Chris Stinebert detailed the benefits of traditional installment loans during a panel discussion on "Affordable Small-Dollar Loans for Lower-Income Households" during the Consumer Federation of America's Financial Services Conference.
- At the CFPB's field hearing on arbitration, a representative of AFSA's Law Committee discussed the benefits of arbitration and ways that the CFPB could improve its study of pre-dispute arbitration contract provisions.

- AFSA was cited in numerous news articles and on radio programs, including *American Banker*, *Bloomberg*, *The Wall Street Journal*, *Politico*, and *Automotive News*, highlighting its fair lending study, the launch of its compliance committee, views on disparate impact, and the industry's position on numerous other subjects.
- *AFSA Newsbriefs*, the association's electronic weekly newsletter, provides summaries on what is happening in the association and consumer credit industry, with links to more in-depth information. *AFSA Newsbriefs* has 2,700 subscribers and has generated several articles in trade publications.
- AFSA's social media presence continued to grow, with a special emphasis placed on the continued use of Twitter for communicating critical updates to members, reporters, and policymakers. AFSA posted key takeaways throughout the Annual Meeting to Twitter using the hashtag #AFSAmtgs.
- Numerous comment letters to the CFPB and other federal regulatory agencies addressed a wide variety of subjects, including credit extended to service members, lender placed insurance, mortgage servicing, credit risk retention, and mortgage disclosures.

AFSA's State Government Affairs Department served as a resource for members and, through direct advocacy, scored a number of legislative and regulatory victories.

- AFSA successfully worked with the Georgia governor's office, legislators and fellow trade groups to fix a tax disparity between leased and purchased vehicles.
- Based on AFSA's comments, the Texas Department of Insurance updated its proposed changes to the Consumer Bill of Rights for Credit Life, Credit Disability and Credit Involuntary Unemployment Insurance to address some of AFSA's key concerns.
- AFSA's efforts led to the removal of a provision that would subject the holder of a retail installment sales contract to all claims and defenses of the buyer, impeding securitization, from a proposed Montana bill.
- AFSA expressed concerns with Massachusetts and New York debt collection regulations and New Hampshire legislation that would impose a significant burden on creditors. The Mass. attorney general's office prepared final guidance addressing some of AFSA's top concerns, and concerning language was removed from the New Hampshire bill.



- AFSA communicated extensively with the N.Y. Governor's Office and Department of Motor Vehicles regarding regulations implementing the state's 2012 law allowing a lien release without the involvement of the lienholder.
- Monthly white papers addressed topics such as payment innovations, judicial and non-judicial foreclosure, and tribal lending.
- AFSA added numerous resources, including talking points on judicial foreclosure, an issue brief on lending zoning ordinances, and a chart of state prohibitions on credit card surcharging. AFSA updated its 50-state survey on guaranteed asset protection, state small loan lending law categories and "who holds the title" chart when there is a lien on a vehicle.

AFSA's Operations and Regulatory Compliance Committee coordinated information sharing between members and developed compliance educational materials and resources to help its members maintain a robust compliance management system.

- AFSA established a web-based compliance training program for its members, AFSA University, which offers more than 260 modules on key federal laws and regulations that affect the industry. The courses teach the facts of the law/regulation and provide real-world examples. The modules are tailored for both banks and nonbanks according to job functions and lines of business. AFSA University also allows member companies to include their own company policies and procedures in the modules.
- AFSA developed a consumer complaint resource for its members to help them navigate the CFPB's consumer complaint work and its expectations.
- AFSA sought clarification from the CFPB on compliance issues, including consumer complaints and furnisher obligations under the Fair Credit Reporting Act.
- AFSA developed a brochure on third-party vendor management.

AFSA's meetings and conferences continue to increase in size and quality.

- AFSA's 17th Vehicle Finance Conference and Exposition received widespread media coverage. Keynoters Ed Gillespie and Terry McAuliffe, former Republican and Democratic National Conference Chairmen, respectively, discussed the presidential election and provided their perspectives on politics. A panel of vehicle finance CEOs provided their views on the state of the industry, regulation and other hot topics. The conference featured a sold-out exposition of products and services by AFSA Business Partners.
- AFSA's 30th Independents Conference was the best attended in years. CFPB Director Richard Cordray spoke at the conference and answered questions from the audience. Mike Huckabee discussed the political landscape and Medal of Honor recipient Dakota Meyer gave an inspirational speech. The conference expo featured many new companies focusing on technology innovations.
- The 23rd Credit Summit for Fixed Income Investors expanded the base of presenters and attendees, and is becoming an important event for investors as the markets rebound. The conference was keynoted by Economist Joseph LaVorgna of Deutsche Bank Securities. The program featured more educational panels, including ones on the auto landscape outlook and the growing influence of diversity bonds in the markets.
- Attendance and sponsorships for the State Government Affairs & Legal Issues Forum increased from last year. Sessions addressed vehicle finance, small-dollar credit, and coordination between states and the CFPB. Each year, the forum is held in conjunction with the National Association of Consumer Credit Administrators' Annual Meeting.
- The 97th Annual Meeting featured a keynote address by Fox News Sunday Anchor Chris Wallace on politics, the White House and the future of America. U.S. Chamber of Commerce Chief Economist Dr. Martin Regalia delivered an upbeat report on the economy and Thomas Goldstein of SCOTUSblog previewed several important cases pending before the U.S. Supreme Court. AFSA members also had the opportunity to make their voices heard through Capitol Hill visits and a town-hall session featuring House Financial Services Committee Chairman Jeb Hensarling (R-TX).
- For the fourth consecutive year, CEOs and other top executives from virtually every major auto finance company and bank in the nation engaged in indirect auto financing came together with franchised auto dealers at the AFSA and the National Automobile Dealer Association Executive Forum.



AFSA membership expanded, with increased committee involvement.

- In 2013, 35 new organizations joined the association.
- The Independent Auto Finance Executives Group has almost doubled in size with 30 C-level executives from independent auto finance member companies. The group focuses on best practices, compliance, operational efficiencies and using new technology. The success and value of the group has attracted new companies to join AFSA.
- The National Title Solutions Forum (NTSF) remains instrumental in assisting states with their implementation of electronic lien and title systems.
- The NTSF worked closely with the American Association of Motor Vehicle Administrators and the National Highway Traffic Safety Administration to continue to develop an E-Title Proof of Concept initiative, which is intended to develop national guidelines for electronic alternatives to a paper-based odometer disclosure.
- AFSA launched two new committees related to vehicle finance. The Vehicle Commercial Credit Committee focuses on new developments in commercial lending for auto finance sources, while the Vehicle Finance Credit Risk Management Committee examines credit risk management governance, oversight issues and challenges unique to the vehicle finance sector.
- AFSA relaunched its Human Resources Committee, which sponsored several educational sessions at AFSA conferences, including the Independents Conference and the Annual Meeting.
- More than 350 employees from independent finance companies have completed the Branch Operations Basics training program specifically designed for the consumer finance industry.

The AFSA Education Foundation enhanced its money management resources for consumers on a wide variety of subjects.

- The MoneySKILL[®] personal finance course continues to expand its reach. In 2013, more than 3,000 teachers registered to use the course with more than 78,000 students. More than 1,300 teachers participated in interactive workshops held across the country.
- MoneySKILL's curriculum was updated by course author Dr. Lewis Mandell, Professor Emeritus and Former Business Dean, SUNY Buffalo. Updates were made to the modules on federal income tax; other deductions from pay; student loans; understanding insurance; life, wills and disability insurance; and health insurance. The course technology and servers also were upgraded.
- A study by the Illinois State University and University of Memphis found that students' exposure to MoneySKILL increased their knowledge of personal finance and produced higher scores on assessments.
- AFSAEF published several brochures in its Personal Loans 101 series, including *Understanding Payment Protection Insurance*, *Understanding Small Dollar Loans*, and *Understanding APR*. The goal of Personal Loans 101 is to improve consumers' understanding of installment loans and provide unbiased information to help borrowers make informed decisions about their loans.
- The AFSA Leadership Development Program at the University of North Carolina Chapel Hill and The EDGE held at Mercer University in Atlanta had record attendance. The UNC program had 32 participants from 11 AFSA member companies, while the EDGE had 84 participants from 22 member companies. AFSA's Professional Development Committee created an alumni association for the 2013 graduates of the Leadership Development Program, and hosted a webinar on corporate culture.
- The AFSA Education Foundation Endowment has raised more than \$5.3 million toward its target of \$7.5 million.

**THE CONSUMER CREDIT INDUSTRY IN 2014**

AFSA keeps close watch on industry developments and responds as appropriate, keeping members informed along the way. Many new programs are being developed for 2014 and beyond. AFSA will continue to be the industry's voice on protecting access to credit and consumer choice.

