

**Q: Why don't you incorporate into your analysis the controls suggested by the AFSA policy paper?**

A:

- Our whitepaper and the AFSA paper agree on one key point: that there are disparities in pricing resulting from indirect auto lenders' discretionary dealer markup compensation and pricing policies.
- We have considered, on a case-by-case basis, many of the controls and recommendations listed in the AFSA policy paper.
- Many of the controls and recommendations are already incorporated into our analysis, both to test the robustness of our results and to anticipate (and respond to) lender concerns. This process is an ongoing dialogue between specific lenders and the Bureau.
- But what we often find—and what AFSA is doing here—is that lenders are simply offering up controls based on assumptions about the market, asking us to take on faith that these factors are in fact legitimate and actually incorporated into decisions about discretionary markup.
- That is a determination that we need to make on a case-by-case basis and based on actual evidence, not blind faith.

**Q: Hasn't the Bureau overestimated the number of minorities in its analysis?**

A:

- No; because we know that minorities are underrepresented in the mortgage market, it makes sense that both the Bureau's whitepaper and the AFSA policy paper found that the proxy overestimates the number of minorities when compared to HMDA.
- In contrast, we do not know if the proxy overestimates minorities when it is applied to the auto market.
- Because minorities are much better represented in the auto market, we do not assume that the proxy would overestimate here.

**Q: Why haven't you responded to the AFSA policy paper?**

A:

- The Bureau has produced a number of whitepapers on a variety of topics, and many of those studies have prompted comments, criticism and in some instances competing studies.
- We welcome a robust dialogue on these topics.
- In fact, in the whitepaper we invited comment by stating that “the Bureau is committed to continuing our dialogue with other federal agencies, lenders, advocates, and research” regarding the proxy.
- Since the AFSA policy paper was released we have acknowledged it and described it as an effort to inform that dialogue.
- Because our analysis of disparities is conducted case-by-case with individual lenders, we have engaged in robust dialogue with a number of lenders about our whitepaper and the AFSA paper.

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