

February 28, 2018

Casey Adams
Deputy Director of City Legislative Affairs
New York City Department of Consumer Affairs
42 Broadway, 8th Floor
New York, NY 10004

Re: Proposed rules related to secondhand automobile dealers

Dear Mr. Adams:

On behalf of the American Financial Services Association (“AFSA”),¹ thank you for the opportunity to comment on the Department of Consumer Affairs’ (“the Department”) proposed rules to implement Local Laws 197 and 198 of 2017 relating to secondhand automobile dealers. While we understand the Department’s goal is to provide consumers with more information through additional disclosures at the time of purchase, we believe the proposed disclosures would confuse consumers and provide little additional consumer benefit.

As proposed, the finance disclosure would require disclosure of three separate annual percentage rates (APR): the contract APR, the lowest APR offered to the buyer by any finance company for a loan with the same term and down payment, and the APR offered to the buyer by the selected finance company. In some cases, these three rates may be the same, but in many cases, these numbers will be different, forcing a consumer to interpret and understand as many as three different rates for the same transaction and may leave a consumer with the impression that the contract APR is lower than it actually is. Such confusion would not benefit consumers and undermines the federal Truth in Lending Act, which sought to provide consumers with a clear understanding of the cost of credit.

The Federal Reserve Board previously considered and specifically decided against requiring a similar disclosure of fees for dealer participation due to the minimal consumer benefit, noting:

The portion of the finance charge which represents the dealer's participation is not an amount which the consumer could save by obtaining a direct loan from a lending institution. . . . The addition of another disclosure requirement to Regulation Z would result in more complex disclosure statements and could lead to confusion or misunderstanding by consumers.²

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

² See *42 Fed. Reg. 19124, 19125 (April 12, 1977)*.

We urge you to reconsider the proposed financing disclosure in favor of one that would better serve consumers' interests.

Thank you in advance for your consideration. We appreciate the opportunity to work with the Department throughout the rulemaking process. If you have any questions or would like to discuss this further, please do not hesitate to contact me at 952-922-6500 or dfagre@afsamail.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Danielle Fagre Arlowe". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Danielle Fagre Arlowe
Senior Vice President, State Government Affairs
American Financial Services Association
919 Eighteenth Street, NW, Suite 300
Washington, DC 20006-5517