

Report Documents Racial and Ethnic Disparities in Auto Sales and Finance; National Consumer Law Center Attorney to Testify at U.S. House Committee Hearing on May 1

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Download the report, including ten charts, at: <http://bit.ly/2PFsA9b>

National Consumer Law Center attorney John W. Van Alst testimony will be available at 10 a.m. ET on Wednesday, May 1: <http://bit.ly/2V2Tb6h>

Boston – For many in America, a car provides not only physical mobility but also economic mobility. Yet a new report by the National Consumer Law Center documents that the costs of buying, financing, and using a car can vary based on race or ethnicity. National Consumer Law Center attorney John W. Van Alst, who authored the report, will discuss these disparities when testifying at the U.S. House Financial Services Committee hearing on the subject on Wednesday, May 1 at 10 a.m. ET.

The disparities make cars more expensive for some races and ethnic groups and keep some families from getting a car at all, as documented in the report *Time to Stop Racing Cars: The Role of Race and Ethnicity in Buying and Using a Car*. For example, of those at or below the poverty line, 31% of African American households and 20% of Hispanic households lack access to a car compared with just 13% of White households.

“Many racial and ethnic disparities occur because the market for cars is troublingly opaque and inconsistent,” **said Van Alst**. “A more consistent and transparent marketplace would not only benefit consumers of color but all marketplace participants, including car dealers, finance entities, and insurers that want to compete fairly and openly on price and quality.”

Recommendations

To move toward creating a transparent and level playing field, the report recommends that federal and state policymakers should:

- **Ban dealer interest rate markups.** Any compensation paid to the dealer as part of the financing process should not be based on the interest rate or other financing terms, and should be consistently applied to all transactions.
- **Amend the Equal Credit Opportunity Act (ECOA) regulations (Regulation B)** to enable and require the collection and analysis of race and ethnicity data for auto financing transactions.
- **Prohibit discrimination in the pricing of goods and services.**
- **Increase enforcement of the ECOA and state fair lending laws.**
- **Increase enforcement against general abuses in the sale and financing of cars.** Given

the evidence of discrimination in the sale and finance of cars, it is likely that many other abuses, from yo-yo sales to failure to pay off existing liens, are more likely to affect people of color. Stepped-up enforcement against all abuses in the sale and finance of cars could help address disparities and level the playing field for everyone.

- **Take action on insurance rate setting to address disparities based upon race and ethnicity.**
- **End suspension of driver's licenses for reasons beyond dangerous driving.**