



## CFPB Issues Final Rules Regulating Automobile Financing, as Permitted by Dodd-Frank

07.07.2015

On Tuesday, June 30, the Consumer Financial Protection Bureau (the "Bureau") published its final rule in the *Federal Register* to expand the definition of "larger participants" in the financial product and service markets to include participants in automobile financing and leasing. The final rule was adopted largely as proposed in October of 2014.

"Covered persons" is defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") to include any person that engages in offering or providing a consumer financial product or service, and any affiliate of such person acting as a servicer to such person. Section 1024 of the Act gives the Bureau broad authority over all nonbank covered persons that engage in three types of products or services: (i) mortgage loans and certain related services, (ii) private education loans and (iii) payday loans. The Act also gives the Bureau the authority to supervise nonbank "larger participant(s)" of markets for other consumer products and services, as the Bureau may define by rule.

The final rule identifies a market for automobile financing and defines as "larger participants" in this market certain nonbank covered persons. This market would include grants of credit for automobile purchases and refinancings, and the purchasing of loan and lease obligations secured by automobiles. The rule also defines certain automobile leasing activities as "financial products or services."

It should be noted that the rule makes no changes to any substantive regulation governing these activities. The rule only expands the reach of the Bureau to supervise those engaged in these activities to include any nonbank person that is a "larger participant" in such market, meaning any person having at least 10,000 "originations" (purchase money loans, leases, refinancings, or the purchase of any of the foregoing obligations) annually, in the aggregate. Automobile dealers are specifically excluded.

### Related People

- Edmund D. "Ed" Harlee ? 703.760.5208 ? eharlee@williamsmullen.com

## Related Services

- Financial Services
- Banking & Financial Services
- Consumer Finance