



NATIONAL AUTOMOBILE DEALERS ASSOCIATION
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Legal & Regulatory Group

April 9, 2012

SUBMITTED ELECTRONICALLY

Federal Trade Commission
Office of the Secretary,
Room H-113 (Annex J), 600
Pennsylvania Avenue NW,
Washington, DC 20580.

Electronic address: <https://ftcpublic.commentworks.com/ftc/RegsBEMZpra>

Re: “Regs BEMZ, PRA Comments, P084812”

The National Automobile Dealers Association (“NADA”) represents more than 16,000 new car and truck dealers, both domestic and import, with more than 32,500 separate franchises and nearly one million employees nationwide. NADA is submitting these comments in response to the FTC’s request for comments on its proposal to extend through April 30, 2015, the current PRA clearances for information collection requirements contained in four consumer financial regulations – Regulations B, E, M, and Z -- enforced by the Commission (“Request for Comments”).

NADA is particularly focused on the regulatory burden imposed by the FTC and other federal agencies that promulgate or enforce regulatory requirements affecting our members. Because NADA’s automobile and truck dealer members routinely conduct lease or finance advertising and assist consumers in arranging financing for the purchase of new and used vehicles, NADA members face recordkeeping, disclosure, and other related compliance requirements under some or of all of the regulations at issue in this Request for Comments -- in particular Regulations B, M, and Z. We submit these comments because we are concerned that the current compliance burden estimates reflected in the Request for Comments vastly understate the true compliance time and cost burden faced by automobile dealers under these Regulations.

NADA has discussed the estimates with automobile dealership personnel and compliance experts, and all agree that the burden estimates understate the true compliance burden. One example can be found in the estimates under Regulation Z for Closed-end Credit Advertising. The estimated burden total of 480,480 transactions (*see* 77 Fed Reg. 6120) appears to assume an average of two transactions per respondent¹, with an average burden per transaction of one (1)

¹ *See id.* (240,240 respondents).

minute. Automobile dealers advertise hundreds, if not thousands of vehicles per year in print, on television, radio, and on sometimes numerous websites and other electronic media. Many of those advertisements are subject to Reg Z, and as a result, the average estimate of two transactions per year is vastly understated for motor vehicle dealers. In addition, each such relevant advertisement requires far more than one minute of review. Anecdotal reports received by NADA unsurprisingly suggest that there is a relatively wide range of time that it takes dealers to comply, but they uniformly report a much greater transaction-related burden than one minute to review these advertisements to ensure that they contain the appropriate Reg Z disclosures in the proper format. Indeed, while it is understood that estimating such burdens is “very difficult,”² and reflects the Commission staff’s “best assessment,”³ it is difficult to understand how a dealer could adequately review any advertisement for Reg Z compliance in sixty seconds.⁴

This is just one example of a number of such understated estimates in the Request for Comments. Rather than providing solely anecdotal reports in support of this belief, however, NADA intends to submit more extensive data from dealers. NADA is currently in the process of gathering such data from our members and others related to the actual time and cost burdens associated with compliance with Regulations B, M, and Z. The data gathering was not able to be completed prior to the submission of these comments, but we expect it to be completed shortly. Therefore, we are filing these preliminary comments at this time, but would like to inform the Commission that we are continuing to gather data, and expect to submit comments detailing our findings shortly, as soon as the data is gathered and analyzed.⁵ NADA would urge the Commission to consider such data when submitted. Thank you for your consideration, and please feel free to contact us if you have any questions.

Sincerely,

/s/

Bradley T. Miller

Associate Director, Legal and Regulatory Affairs

² 77 Fed. Reg. 6115.

³ *See id.*

⁴ These same preliminary reports from dealers also suggest that the estimate for Reg M advertising compliance of what appears to be 15 *seconds* per lease advertisement (77 Fed. Reg. 13127), is also vastly understated.

⁵ NADA sought an extension of the comment period to allow for time to gather this data, but were informed that the Commission was constrained from formally granting such an extension.