

Key lawmakers are trying to clarify that banks and captive finance companies that make indirect loans to consumers would be overseen by a new consumer agency being proposed -- even though auto dealerships that arrange these loans would be exempt. In the wake of last year's financial meltdown, the House Financial Services Committee cleared a bill last month to create the Consumer Financial Protection Agency to oversee financial products such as subprime mortgages and credit and debit cards.

The bill exempts auto dealerships from the new agency's oversight because the committee approved an amendment by Rep. John Campbell, R-Calif. But questions arose among lawmakers, including committee Chairman Barney Frank, D-Mass., about whether the lenders also would be exempt.

"Barney asked me about the lenders, and I said, 'Yes, I think they're covered,' " said Campbell, a former dealer himself. "But he said he'd rather have them covered twice than not at all." Frank and Campbell are now working on a clarification to specify that banks and captive finance companies would be covered by the legislation.

"We want to exempt dealers, but the moment the loan moves from the dealer to the captive financing company, then it will become regulated," committee spokesman Steve Adamske said. "It may be tricky, but that's the goal." Campbell, who held 11 franchises in nine Southern California locations, said he and Frank are in agreement. "The whole point of my amendment was that dealers don't loan money; they're essentially just conduits," he said. Campbell said he and Frank probably will try to include the clarification in a so-called manager's amendment that is attached to the legislation before it is considered on the House floor.

The House probably will pass the bill, said Campbell, who voted against the legislation even after his amendment was inserted.

But, he added: "It's going to have some trouble in the Senate."

Meredith Libbey, a spokeswoman for Ford Motor Credit Co., said: "We're watching and monitoring the changes, but it's a little early to be remarking on it."