

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

) Do Not Mark In This Box
) FILED
) AUG 28 4 35 PM '96
) OFFICE OF WEST VIRGINIA
) SECRETARY OF STATE

Form #3

NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE
AND
FILING WITH THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

AGENCY: West Virginia Division of Banking TITLE NUMBER: 106

CITE AUTHORITY W. Va. Code § 31A-2-4(c)(12)

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 4

TITLE OF RULE BEING AMENDED: Rules Pertaining to the West Virginia
Consumer Credit Protection Act. [New title to be—Rules Pertaining to West
Virginia Regulated Consumer Lenders]

IF NO, SERIES OF NEW RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: _____

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A
PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY
APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE
SECRETARY OF STATE AND THE LEGISLATIVE RULE MAKING REVIEW
COMMITTEE FOR THEIR REVIEW.


Authorized Signature

40



DIVISION OF BANKING

Building #3, Room 311 • State Capitol Complex • 1900 Kanawha Blvd., East • Charleston, WV 25305-0240 • FAX: (304) 558-0442

(304) 558-2294

CONSENT TO FILE RULE

August 27, 1996

TO WHOM IT MAY CONCERN:

Title of Rule: Rules Pertaining to Regulated Consumer Lenders
[Previously titled—Rules Pertaining to the West Virginia Consumer Credit
and Protection Act]

Title Number: 106

Series Number: 4

Pursuant to West Virginia Code §§ 5F-2-2(a) and 64-7-4(c), the undersigned hereby
consents to the filing of the foregoing rule.

Signed this 28th day of August, 1996.

James H. Paige III
James H. Paige III
Secretary of Tax & Revenue *by R.A. Hoffman*

DATE: August 28, 1996

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: WV Division of Banking

LEGISLATIVE RULE TITLE: Rules Pertaining to the West Virginia Consumer Credit and Protection Act [to be renamed—Rules Pertaining to West Virginia Regulated Consumer Lenders] 106 CSR 4

1. Authorizing statute(s) citation W. Va. Code § 31A-2-4(c)(12)

2. a. Date filed in the State Register with Notice of ~~Hearing~~/ Comment Period.

July 19, 1996

b. What other notice, including advertising, did you give of the hearing?

Sent to each person/business on the WV Division of Banking's "Official Notification" list.

c. Date of ~~Hearing(s)~~/ Comment Period July 22, 1996 to Aug. 19, 1996.

d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.

Attached x No comments received _____

e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)

August 28, 1996

f. Name and phone number(s) of agency person(s) to contact for additional information:

Timothy Winslow 558-2294

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

_____ N/A _____

_____ N/A _____

b. Date of hearing: _____ N/A _____

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefore?

_____ N/A _____

d. Attach findings and determinations and reasons:

Attached _____ N/A _____



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(304) 558-2294

COMMISSIONER OF BANKING RULES PERTAINING TO WEST VIRGINIA REGULATED CONSUMER LENDERS 106 CSR 4

Summary of Proposed Rule Amendments

The proposed amendments to this legislative rule are offered due to amendments to the West Virginia Code which eliminate separate licensing requirements for supervised and industrial loan companies by combining them into one new Regulated Consumer Lender (RCL) license. The act repealed Chapter 31, Article 7 of the West Virginia Code relating to Industrial Loan Companies. [See W. Va. § 46A-4-101 et seq.]

Primarily, the proposed changes replace the word "supervised" with "regulated consumer" to clarify the change in licensing requirements. The other minor changes are needed to clarify the rule to avoid misleading interpretations and to make it consistent with the statute. A new subsection was also added following inquiries by the industry to resolve issues that had arisen in interpretation of recent amendments to the statute with regard to the treatment of financing loan processing fees and the retention of points in refinancings, particularly where the loan initially was secured by real estate, but the refinanced loan is not.



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COMMISSIONER OF BANKING RULES PERTAINING TO WEST VIRGINIA REGULATED CONSUMER LENDERS 106 CSR 4

Statement of Circumstances

The proposed amendments to this legislative rule are required by amendments to the West Virginia Code which eliminate separate licensing requirements for supervised and industrial loan companies by combining them into one new Regulated Consumer Lender (RCL) license. The act repealed Chapter 31, Article 7 of the West Virginia Code relating to Industrial Loan Companies. [See W. Va. § 46A-4-101 et seq.]. These changes are needed to make the rule consistent with the statute and to clarify some new aspects of the amended statute.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Rules Pertaining to West Virginia Regulated Consumer Lenders
[106 CSR 4]

Type of Rule: Legislative Interpretive Procedural

Agency: West Virginia Division of Banking

Address: State Capitol Complex

Building 3, Room 311

Charleston, West Virginia 25305-0240

1. Effect of Proposed Rule:

	ANNUAL		FISCAL YEAR		
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PERSONAL SERVICES	0	0	0	0	0
CURRENT EXPENSES	0	0	0	0	0
REPAIRS & ALTERATIONS	0	0	0	0	0
EQUIPMENT	0	0	0	0	0
OTHER	0	0	0	0	0

2. Explanation of above estimates:

The amendments merely clarify and conform the rule to the statute as amended.

3. Objectives of these rules:

To conform the rule to meet the statutory amendments and delete obsolete provisions.

Rule Title: Rules Pertaining to West Virginia Regulated Consumer Lenders

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government:

None.

B. Economic Impact on Political Subdivisions; Specific Industries;
Specific Groups of Citizens:

None.

C. Economic Impact on Citizens / Public at Large:

None.

Date: 8/28/96

Signature of Agency Head or Authorized Representative:

Shawn S. Breen

TITLE 106
LEGISLATIVE RULE
WEST VIRGINIA DIVISION OF BANKING

FILED

AUG 28 4 35 PM '96

SERIES 4
RULES PERTAINING TO THE WEST VIRGINIA
~~CONSUMER CREDIT AND PROTECTION ACT~~
REGULATED CONSUMER LENDERS

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

§106-4-1. General.

1.1. Scope. -- This rule establishes general provisions implementing and supplementing the West Virginia Consumer Credit and Protection Act as it relates to regulated consumer lenders.

1.2. Authority. -- W. Va. Code §31A-2-4(c) ~~(11)~~ (12)

1.3. Filing Date. -- ~~April 4, 1996~~

1.4. Effective Date. -- ~~May 1, 1996~~

§106-4-2. ~~Regulations of Supervised Lenders~~ Regulated Consumer Lender Restrictions.

2.1. Balloon payments - Supervised Regulated consumer loans shall not contain balloon payments, except where provided by an applicable federal preemption of state law.

2.2. Financial statements.

The supervised regulated consumer lender shall keep financial statements on file at its main office or the authorized place of examination on the last day of the month for the previous month's business.

2.3. Advertising.

~~(a) All supervised lenders shall prominently display the loan ceiling of two thousand dollars (\$2,000) at or near the entrance to the office, except those operating under dual authority. The supervised loan ceiling of two thousand dollars (\$2,000) shall be shown or stated in all advertising, regardless of the media used. This requirement applies to newspaper advertising published in this State, radio and television advertising broadcast or rebroadcast by stations operating in this State and all printed material used to solicit business for supervised lenders licensed in this State. Mailings to customers of the supervised lender having existing loans are exempt from this requirement. Personal calling cards of the employees of the supervised lender are~~

~~also exempt from this requirement if they are not used for advertising purposes.~~

2.3.a.(b) No supervised regulated consumer lender shall advertise, in any manner, that a loan of a perspective prospective borrower with another licensee will be paid or increased if the loan is transferred to the advertising supervised regulated consumer lender.

2.3.b.(c) A supervised regulated consumer lender shall not refer to supervision or control by the state, the Attorney General, the Commissioner of Banking, the Division of Banking, or any other state agency, in any advertising. If desired, a supervised regulated consumer lender may advertise that it is licensed under the provisions of W. Va. Code § 46A-4-1 et seq.

2.3.c.(d) No supervised regulated consumer lender shall advertise in any manner that may tend to confuse the identity of the supervised regulated consumer lender with any other unrelated licensee or financial organization.

2.3.d.(e) Each supervised regulated consumer lender shall retain a copy of all advertising for a period of two (2) years from the date of its use. However, when two (2) or more offices are under the same ownership or control, the copy may be kept at one (1) central office within the State.

2.4. Refinancing and consolidation.

~~(a) A supervised loan, whether a new loan or a loan resulting from refinancing and/or consolidation, shall not exceed two thousand dollars (\$2,000) for its principal.~~

~~(b) Supervised Regulated consumer lenders shall refrain from refinancing and consolidating loans and installment sales contracts where no reasonable benefit accrues to the consumer. Any refinancing or consolidation of a nonrevolving loan or credit sale which does not provide the consumer a substantial benefit and results in the consumer paying an increased finance charge rate which new and higher rate exceeds that permitted to merchants by W. Va. Code § 46A-3-101, must contain the disclosures set forth or established under W. Va. Code § 46A-4-111. Receipt of the disclosures must be acknowledged by the borrower's signature or initials.~~

~~(c) Payments on a supervised loan resulting from the consolidation of sales contracts shall be applied first to the sales portion of the loan and thereafter to the loan portion.~~

~~(d) A supervised lender may compute the finance charge for the loan portion of a consolidation on the maximum rates allowable for a supervised loan.~~

2.5. Revolving loan accounts.

With respect to a supervised regulated consumer loan made pursuant to a revolving loan account, supervised regulated consumer lenders may contract for and receive, as a minimum charge, the charge provided for in W. Va. Code §46A-4-107(6)(c).

2.6. Certain other charges prohibited.

2.6.a.(a) No supervised regulated consumer lender shall contract for or make any charge not specifically provided for in chapter forty-six-a of the West Virginia Code, unless the charge results from a legal action awarded by a court.

2.6.b.(b) Examples of additional charges prohibited in subsection (a) of this section include, but are not limited to, collection charges and legal fees. Further, a supervised regulated consumer lender may not make a separate charge for credit reports, loan investigation fees or appraisal fees except as those fees are part of prepaid loan finance charges or except as such credit report charges or appraisal fees are part of permitted reasonable closing costs in a loan secured by real property.

2.7. Records.

2.7.a.(a) A supervised regulated consumer lender shall maintain adequate records for each licensed office which will enable the Commissioner to reconcile outstanding balances to the corporation's financial statement.

2.7.b.(b) In the event ledger cards or similar records for loan accounts and installments sales contracts purchased are commingled in a supervised regulated consumer lender's files, the supervised regulated consumer lender shall have a system by which those cards records may be readily identified, one from the other, such as being of different colors or having corners of different colors. All ledger cards The records shall bear the date of the contract and shall readily identify the type of transaction reflected thereon.

2.7.c.(c) The ledger card records shall indicate when an account has been placed for collection or legal action taken. It shall also indicate whether judgment was obtained, together with the date and amount of judgment.

2.7.d.(a) On accounts prepaid in full, the ledger card records shall clearly indicate the amount of unearned interest rebated and the amount of unearned insurance premium rebated, if any.

2.8. Reporting periods.

Effective December 31, 1981 1997, all Supervised Regulated Consumer Lenders shall submit semiannual reports as of June 30 and December 31 in the form and content prescribed by the Commissioner. The reports are due thirty (30) days after the close of the period.

2.9. Supervised Regulated consumer loans not precomputed.

2.9.a.(a) With respect to a supervised regulated consumer loan (other than a revolving loan account) which is not precomputed, a supervised regulated consumer lender shall compute finance charges on unpaid principal balances outstanding from time to time, for the actual time outstanding. Each payment shall be applied first to the accumulated finance charge and the remainder of the payment applied to the unpaid principal balance: Provided, however, That if the amount of the payment is insufficient to pay the accumulated finance charge, the unpaid accumulated charge continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

2.9.b.(b) Loan finance charges shall not be payable in advance or compounded; however, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid loan finance charge which has accrued to the extent that the accrued charge does not exceed the unpaid principal balance of the prior loan. The resulting loan contract is considered a new and separate loan transaction for all purposes.

2.10. Out-of-state obligations.

With respect to consumer credit sales or consumer loans consummated in another state, a supervised regulated consumer lender shall not collect or attempt to collect a sales finance charge or loan finance charge in excess of that permitted by the W. Va. Code. ~~Where a non-resident enters into a consumer credit agreement~~ In certain situations where a consumer credit sale or non-revolving loan is made in another state W. Va. Code §46A-3-104(8)(6) and §46A-4-107(8) permits a resident lender as assignee to collect the finance charge provided in the agreement under the laws of the state where the agreement was executed.

2.11. Failure to do business.

Any supervised regulated consumer lender who fails to have ~~his or her~~ its office open for business at least three (3) hours per day, at least four (4) days per week (legal holidays may be counted as a business day), for a consecutive period of four (4) weeks, is considered to have forfeited its license. A supervised regulated consumer lender may obtain written extensions from the Commissioner for periods not exceeding one (1) month upon presentation of evidence satisfactory to the Commissioner that the extensions are warranted.

2.12. Installment sales contracts.

2.12.a.(a) A supervised regulated consumer lender may purchase installment sales contracts without regard to the amount of the contracts and without regard to whether or not a buyer on a contract may also be obligated on a supervised regulated consumer loan.

2.12.b.(b) A supervised regulated consumer lender may purchase installment sales contracts at any discount rate agreed upon with the seller.

2.12.c.(c) A supervised regulated consumer lender shall obtain from the seller a copy of the disclosure statement for each installment sales contract purchased and correct any bona fide errors in the computation of charges, so long as the corrections are not detrimental to the consumer.

2.13. Retention and financing of fees.

2.13.a. The non-refundable loan processing fee permitted by W. Va. Code § 46A-4-107(7) shall be included in the calculation of the loan finance charge as a prepaid finance charge and may be paid separately or withheld from the proceeds of the loan and financed, and such financing shall not constitute interest on interest. Notwithstanding the withholding of the fee from the loan proceeds, the amount financed shall constitute the loan amount for purposes of this subsection of the code.

2.13.b. The total of any origination fees, points, or investigation fees which may be retained upon prepayment of a loan in a refinancing by the same lender within any twenty-four month period may not exceed five percent of the amount financed.



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COMMISSIONER OF BANKING
RULES PERTAINING TO WEST VIRGINIA
REGULATED CONSUMER LENDERS
106 CSR 4

Comments Received

Four comments were received regarding the above-referenced rule. Two of the comments were primarily directed to clarifying the issue created by the amendment of W. Va. Code § 46A-4-111 and subsection 2.4 of this rule, as to whether the disclosures required thereunder needed to be given when the refinancing was not going to result in a change to the APR/finance charge rate.

It was also noted that subsection 2.1 of the rule should for consistency be amended to reflect the change in the statute acknowledging the possible federal preemption of state law restricting balloon notes in certain instances. Lastly, a spelling error was noted by one commentator.

Response to Comments

The proposed rule was amended to reflect the each of those comments suggestions.



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(304) 558-2294

COMMISSIONER OF BANKING RULES PERTAINING TO WEST VIRGINIA REGULATED CONSUMER LENDERS 106 CSR 4

Amendments Made in Response to Comments

The language of subsection 2.4 of the rule was rewritten as follows: "Any refinancing or consolidation of a **nonrevolving** loan or credit sale which does not provide the consumer a substantial benefit and results in the consumer paying an increased finance charge rate **which new and higher rate exceeds that permitted to merchants** by W. Va. Code § 46A-3-101, must contain the disclosures set forth or established under W. Va. Code § 46A-4-111. Receipt of the disclosures must be acknowledged by the borrower's signature or initials." (emphasis added to highlight changes). This language was substantially based on the proposed amended language submitted in comments by Great Western Consumer Finance Group.

Additional language was also added to subsection 2.1 of the rule to state: "except where provided by an applicable federal preemption of state law" in regard with the prohibition of balloon notes by regulated consumer lenders. Lastly, in subsection 2.3 of the rule the word "perspective" was changed to "prospective," the former being an inadvertent misspelling.

Further, two inquiries were received from affected lenders, not as part of any comments on the proposed rule changes, but rather for clarification of recent amendments to the statute. In particular, questions arose as to the treatment of 'loan processing fees' made under the alternative rate provided in W. Va. Code § 46A-4-107(7); and the charging and rebate of 'points' where the loan initially was secured by real estate, but the refinanced loan is not. Thus the following new subsection was added to the proposed rule:

2.13. Retention and financing of fees.

2.13.a. The non-refundable loan processing fee permitted by W. Va. Code § 46A-4-107(7) shall be included in the calculation of the loan finance charge as a prepaid finance charge and may be paid separately or withheld from the proceeds of the loan. Notwithstanding the withholding of the fee from the loan proceeds, the amount financed shall constitute the loan amount for purposes of this subsection of the code.

2.13.b. The total of any origination fees, points, or investigation fees which may be retained upon prepayment of a loan in a refinancing by the same lender within any twenty-four month period may not exceed five percent of the amount financed.

Reasons for the Amendments

The statutory changes to W. Va. Code § 46A-4-111 made clear that certain disclosures had to be given by regulated consumer lenders if they were refinancing a previous loan at a higher rate, which rate was greater than that generally permitted by merchants. Given the language, however, one could contend that the disclosures also had to be given when the refinanced rate was the same as the previous loan rate, so long as that rate exceeded the general merchant rate. Such an interpretation, though, was not intended and would create a nonsensical disclosure notifying the consumer that they had the option of maintaining the previous loan amount at, for example, 21% instead of at 21%. Obviously that was not the intent of the provision, thus the rule needs to be amended to carry out the true purpose of the provision and avoid such a burdensome, absurd and confusing disclosure and result when the rate on the refinanced loan remains the same.

The change to subsection 2.1 merely conforms the rule to the statutory change reflected in W. Va. Code § 46A-4-110a(2) which notes that the state's prohibition for lenders making balloon loans would not apply if there existed an applicable federal law preemption. While the spelling change in subsection 2.3 simply corrects an error in the existing rule.

The addition of a new subsection 2.13 is for clarification of recent amendments to the statute. Loan processing fees made under the alternative rate provided in W. Va. Code § 46A-4-107(7) are to be treated as a component of the finance charge, just as points are under § 46A-4-107(4), and may be borrowed from the lender by withholding the amount from the loan proceeds as a prepaid finance charge. Therefore the loan amount referred to in subsection (7) is the same as the amount financed, even though payment of the loan processing fee is made by a withholding from the loan proceeds.

This new subsection also clarifies the interaction between W. Va. Code §§ 46A-4-107(4) and 47-6-5d. While it is possible given the language of § 46A-4-107(4) to have a situation where a loan initially secured by real estate wherein 5 points have been charged and retained upon a refinancing within a 24 month period could include a 2 point charge, if the loan at its refinancing is no longer secured by real estate. Any prepayment of the refinanced loan within 24 months of the previous retention of the points, would result in lender having to make a rebate of those 2 points pursuant to § 47-6-5d. The rule also brings to the regulated consumer lender's attention the affect of § 47-6-5d on multiple refinancings of non-real estate secured loans wherein 2 points were charged on each refinancing within a 24 month period.

GREAT WESTERN

Great Western Consumer Finance Group

Hidden River Corporate Park
8900 Grand Oak Circle
Tampa, FL 33637-1050

Direct Line
(813) 632-4508

✓
August 16, 1996



Via Federal Express
Sharon G. Bias
Commissioner of Banking
WV Division of Banking
1900 Kanawha Blvd.
Bldg. 3 Room 311
Charleston, WV 25305-0240

Re: Comment on Proposed Legislative Rule
Title of Rule: Rules Pertaining to Regulated Consumer
Lenders
Title Number: 106
Series Number: 4

Dear Ms. Bias:

On behalf of Public Finance Corporation, I offer the following comment pertaining to the referenced Legislative Rule. As presently written Section 106-4-2.4 leaves in question whether the required disclosures are required when a regulated consumer lender refinances an agreement at a rate equal to the rate presently being paid by the consumer. For example, if a consumer has a loan with a finance charge rate of 22%, and the regulated consumer lender agrees to refinance the balance at 22%, under the statute and rule as presently proposed, the regulated consumer lender would be required to provide the consumer with the following disclosure:

....If you do agree to consolidate your existing obligation, you will be paying an annual percentage rate of 22% on the existing balance of \$2,450.00, instead of the rate of 22% which you are now paying...

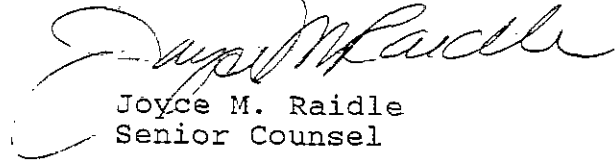
This disclosure is meaningless and of no benefit to the consumer. Therefore, I suggest the proposed rule be revised to read as follows:

Regulated consumer lenders shall refrain from refinancing

and consolidating loans and sales contracts where no reasonable benefit accrues to the consumer. Any refinancing or consolidation which does not provide the consumer a substantial benefit and results in the consumer paying an increased finance charge rate from that presently being paid by the consumer which increased finance charge rate exceeds that permitted to merchants by W. Va. Code § 46A-3-101, must contain the disclosures set forth or established under W. Va. Code § 46A-4-111. Receipt of the disclosures must be acknowledged by the borrower's signature or initials.

I believe the revision above is consistent with the Division's original intent in proposing, and the Legislature original intent in enacting, Senate Bill 366 related to regulated consumer lenders. If you have any questions, please feel free to contact me at the number provided above.

Sincerely,



Joyce M. Raidle
Senior Counsel

c: WV Consumer Finance Association



Fax Transmittal Sheet

To: Tim Wraslow Esq
Co. Name: WVA Division of Banking
From: J V K O'Leary
Subject: Proposed Regulatory Rules

Comments: See our phone conversation

Page 1 of 2

If any pages are missing, please call:
(Telephone No.) 414-484-3020

PLEASE NOTE:

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED AND CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any dissemination of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone (at the number shown above). Thank you.

AUG-18-88 FRI 12:27

P. 01

Copy To: M. McConnell, G. Parkinson

To: Joe DiPietro
From: Mary Najewski
Date: August 16, 1988

Subject: Proposed Changes to West Virginia Legislative Rules

The following are the modifications I would suggest to clarify Section 106-4-2 of the Proposed Rules.

Section 106-4-2 - Regulated Consumer Lender Restrictions.

2.1. Balloon payments - Regulated consumer loans may contain a balloon payment only to the extent permitted by Federal law preemption. (Carn St.-Germain Alternative Mortgage Transactions Parity Act, Section 3801 through 3806, Title 12, United States Code).

[Joe, this language is consistent with the new legislation at 46A-4-110a]

2.4 Refinancing and consolidation - Regulated consumer lenders shall refrain from refinancing and consolidating installment sales contracts into consumer loans where no reasonable benefit accrues to the consumer. ANY refinancing or consolidation which does not provide the consumer a substantial benefit when the new loan contains or results in an increased finance charge rate which exceeds the 15% rate, or any other rate permitted to merchants by W.Va. Code Section 46A-3-101, must contain the disclosures set forth or established under W.Va. Code Section 46A-4-111. Receipt of the disclosures must be acknowledged by the borrower's signature or initials.

Please let me know if you need anything more.

Best Regards!

MJM



Richard C. Fridell
Senior Counsel

July 30, 1996

Legal Department 8619

Commissioner of Banking
West Virginia Division of Banking
Building #3, Room 311
State Capitol Complex
1900 Kanawha Boulevard, East
Charleston, WV 25305-0240

Re: Comment on Proposed Legislative Rules

Dear Commissioner:

I represent Security Pacific's licensed finance companies in West Virginia. I received copies of the proposed legislative rules. My only comment is that proposed rule 2.1 in section 106-4-2 should include an exception to allow balloon loans when permissible under federal law. Such an exception was added to section 46A-4-110a(2) of the statute, and thus it should also be added to rule 2.1.

Thank you for your consideration.

Very truly yours,

Richard C. Fridell
Senior Counsel

RCF:s

cc: Doug Hoover
Stacey King
Fran Stevens

LAW OFFICES OF DAWN WHITE
P.O. BOX 1012 120 NORTH MAPLE AVENUE
MARTINSBURG WV 25401
PHONE: (304) 263-4300
FAX: (304) 263-4488

ATTENTION: Timothy Winslow, Esquire
General Counsel

DATE: 07/23/96

COMPANY: Division of Banking

FAX NO.: 304-558-0442

REFER QUESTIONS TO: Dawn White

No. of Pages: 1

Re: Request for Public Comment on Legislative Rules

Dear Tim:

I have addressed this fax to you if only because it is a long time since we have had any communication.

I have just received copies of the proposed Legislative Rules issued on July 22, 1996. This is not a comment, but a rather a notation for your attention. Please look at the Rules pertaining to West Virginia Regulated Consumer Lenders, Section 106-4-2.3. Subparagraph (a) contains a spelling error. The word at the end of the second line should be "prospective" and not "perspective". Is this a good opportunity to effect a correction to the typographical error?

I always appreciate an opportunity to comment.

Kind regards.

Yours sincerely,


Dawn White