

MEMORANDUM

TO: Small Loan Licensees and Interested Parties

FROM: Theresa L. Brady, Deputy Commissioner

DATE: May 25, 2006

RE: Adoption of Proposed Small Loan Regulations – Amendment Regarding the Sale and Financing of Auto Club Memberships

Pursuant to the Mississippi Administrative Procedures Law, Section 25-43-1.101 et seq., Miss. Code Ann., on May 25, 2006, the Department of Banking and Consumer Finance adopted the Proposed Regulations, governing the small loan business relating to the sale and financing of auto club memberships, which were filed on April 27, 2006, with the Office of the Secretary of State. The existing Small Loan Regulations that were effective on March 30, 2006, are hereby amended pursuant to the adoption of the Proposed Regulations. Notice was given that any comments regarding the Proposed Regulations were due to be received on or before May 24, 2006. As a result of the comments received, the following changes were made:

1) Section 12 (b) Disclosure Statement

The first sentence of the fourth paragraph has been changed to: **“Do you already have an active auto club membership with this same auto club company, sold to you by this consumer finance company?”** (This change will clarify the intent of this question which is to ensure that the customer is aware that he/she will be extending their existing auto club membership that was sold to them by the same licensee.)

2) Section 12 (c) Prohibited Acts

The last sentence of this section has been changed to: “In no event shall **the terms of the multiple** auto club memberships sold by the Licensee run concurrently.” (This change will further clarify the intent of this sentence which is to ensure that the same licensee does not sell multiple auto club memberships that run concurrently.)

Please be advised that several other minor editorial changes were made which also did not affect the substance of the Proposed Regulations. Enclosed is a complete copy of the new Small Loan Regulations which incorporates the amendment regarding the sale and financing of auto club memberships. **The enclosed Regulations will be effective on July 1, 2006. At that time, you may discard your copy of the Small Loan Regulations dated March 30, 2006, as well as the copy of the Proposed Regulations that were previously mailed to you.** Additional copies of these Regulations may be obtained by mail from the Department of Banking and Consumer Finance, P.O. Box 23729, Jackson, MS 39225-3729 or from our website, www.dbcf.state.ms.us.

