



# STATE OF WYOMING

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## DEPARTMENT OF AUDIT

### DIVISION OF BANKING

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**Dave Freudenthal**  
Governor

**Michael Geesey**  
Director

**Jeffrey C. Vogel**  
Commissioner

**TO:** Chief Executive Officer

**FROM:** Jeffrey C. Vogel, Commissioner

**DATE:** July 5, 2005

**SUBJECT:** Debt Cancellation Contracts and Debt Suspension Agreements

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The Division of Banking issued guidance on September 26, 2003 regarding the ability of state chartered financial institutions to enter into Debt Cancellation Contracts (DCCs) and Debt Suspension Agreements (DSAs). In addition, the guidance addresses certain prohibited practices, refunds in the event of prepayment or termination of the loan, and required disclosures.

The guidance states "Institutions may offer a customer the option of paying the fee for a DCC or DSA product in a single payment (except for residential mortgages) provided that the institution also offers the customer a bona fide option to pay the fee in monthly or other periodic installments." This guidance is generally consistent with rules promulgated by the Office of the Comptroller of the Currency (OCC) effective June 16, 2003. However, the OCC delayed the compliance date for DCCs and DSAs in the context of closed-end consumer loan transactions where the DCCs and DSAs are offered through unaffiliated, non-exclusive agents, most notably auto loans made available through automobile dealers. In short, the OCC does not require the financial institution to provide a bona fide option to pay the fee in monthly periodic installments for consumer purchase transactions made through unaffiliated, non-exclusive agents.

In order to maintain a competitive balance for state banks at this time with regard to these transactions, this office will not require compliance with the guidance dated September 26, 2003 for DCCs and DSAs offered through unaffiliated, non-exclusive agents.

If you have any questions regarding this information or any other issue, do not hesitate to contact our office at (307) 777-7797.