

February, 2018

FIPCO FORM NOTICE

Please note: This notice is not a comprehensive review of all the elements of this form. Refer to the instructions and supplemental instructions prepared for this form for details and further review of the form.

The following form is available immediately from FIPCO:

WBA 431S Consumer Motor Vehicle Consumer Simple Interest Installment Sale and Security Agreement (1/8/2018)

In addition to minor technical changes, this form was modified in response to a Military Lending Act (MLA) Interpretive Rule issued by the Department of Defense on December 14, 2017. Under the Interpretive Rule, credit extended for the purpose of purchasing a motor vehicle, which also secures the credit, loses its exemption under the MLA where the creditor, as part of the transaction, also finances a credit-related product or service, such as credit insurance or GAP, or provides cash-out financing as part of the transaction.

If a transaction is subject to the MLA, creditors are required to comply with existing MLA requirements and limitations contained at 32 C.F.R. part 232. Though this form complies with the MLA, a “savings clause” has been added to the form, providing additional protection to the creditor and assignee in the unlikely case that a court interprets any provision of the Agreement (or any other document connected to the transaction) to be inconsistent with the MLA. This clause is intended to sever the provision(s) rendered inconsistent with the MLA from the applicable document(s) while the rest of the provisions in the applicable document(s) remain in effect. These savings clauses are permitted by the MLA.

This form can continue to be used for transactions that are not governed by the MLA.

Lenders may begin using this form at their earliest convenience.

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