

COMMISSIONER OF BANKING

STATE OF WEST VIRGINIA

In the Matter of:

**REQUEST FOR AUTHORIZATION TO
ENGAGE IN SUBSIDIARY BUSINESS BY
A REGULATED CONSUMER LENDER
filed on behalf of
KENTUCKY FINANCE COMPANY, INC.
(Re: Auto Dealer Floor Plan Financing)**

DECISION ON AUTHORIZATION REQUEST

On September 23, 1997 Kentucky Finance Company, Inc., by letter of its parent company, Associates Corporation of North America, requested of the West Virginia Commissioner of Banking a DECISION ON AUTHORIZATION pursuant to W. Va. Code § 46A-4-110 in regards to making floor plan financing agreements with auto dealers in the same office, room, or place of business in which the above-named regulated consumer lender licensee conducts the business of making regulated consumer loans.

Upon review of this request, the Commissioner of Banking has determined that the nature and character of conducting such business will not per se facilitate evasions or contradictions of Article 4, Chapter 46A of the West Virginia Code or the rules issued thereunder; that the character of the proposed business is sufficiently related to that generally provided by a financial institution; and that the making of floor plan financing agreements with auto dealers will not be detrimental to the consumers of this state, but rather will assist consumers in having a broader selection of vehicles available at auto dealerships from which to choose.

46A-4-110

Auto dealers have traditionally had need of a method to finance the acquisition of vehicles from auto manufacturers and other sources. This financing has long been provided by banks and other financial institutions. The business of providing floor plan financing to auto dealerships creates a commercial loan relationship which in no way adversely impacts or facilitates evasion of protections provided for consumer loans under W. Va. Code § 46A-4-101 et seq. To the contrary, additional auto floor plan financing sources, as noted above, are likely to benefit the consumer.

Based upon these determinations and findings the Commissioner of Banking IS OF THE OPINION that the applicant regulated consumer lender licensee may engage in the business of offering and providing floor plan financing for auto dealers in the same office, room or place of business in which it conducts its regulated consumer lending. Although these loans are business loans and not consumer loans, such floor plan financing must be conducted in the name of, and placed upon the books of, the licensee. Subject to the terms and conditions set forth herein: AUTHORIZATION IS HEREBY GRANTED.

Sharon G. Bias
Commissioner of Banking

Date_____