



ADMINISTRATIVE RULES OF MONTANA



2.59.2040 DEFINITIONS

- (1) "Actuarial method" means the method of allocating payments made on a debt between the amount financed and the finance charge. Under this method, a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed.
- (2) "Contract" means a debt cancellation contract or a debt suspension agreement.
- (3) "Customer" means an individual who obtains from a mutual association an extension of credit that is primarily for personal, family, or household purposes. For purposes of this subchapter, the term means the same thing as "borrower."
- (4) "Debt cancellation contract" means a loan term or contractual arrangement modifying loan terms under which a mutual association agrees, for a fee, to suspend all or part of a customer's obligation to repay an extension of credit from that mutual association upon the occurrence of a specified event. The agreement must specify the extension of credit to which it pertains. The extension of credit to which it pertains may be a direct loan made by the mutual association or an indirect loan in the form of a retail installment sales contract purchased by or assigned to the mutual association. In the case of an indirect loan in the form of a retail installment sales contract, the debt cancellation contract may be offered by the mutual association through a nonexclusive, unaffiliated agent contingent upon the mutual association purchasing or taking assignment of the indirect loan. The agreement may be separate from or a part of other loan documents. A debt cancellation contract may be offered and purchased either contemporaneously with the other terms of the loan agreement or subsequently.
- (5) "Debt suspension agreement" means a loan term or contractual arrangement modifying loan terms under which a mutual association agrees, for a fee, to suspend all or part of a customer's obligation to repay an extension of credit from that mutual association upon the occurrence of a specified event. The agreement must specify the extension of credit to which it pertains. The extension of credit may be a direct loan made by the mutual association or an indirect loan in the form of a retail installment sales contract purchased by or assigned to the mutual association. In the case of an indirect loan in the form of a retail installment sales contract, the debt suspension agreement may be offered by the mutual association through a nonexclusive, unaffiliated agent contingent upon the mutual association purchasing or taking assignment of the indirect loan. The agreement may be separate from or a part of other loan documents. The term "debt suspension agreement" does not include loan payment deferral arrangements in which the triggering event is the borrower's unilateral election to defer repayment or the mutual association's unilateral decision to allow a deferral of repayment.

- (6) "Guaranteed asset protection (GAP) waiver or agreement" means a term of an extension of credit or contractual arrangement modifying terms of an extension of credit for the purchase of titled personal property under which a mutual association agrees to cancel the customer's obligation to repay the portion of the extension of credit that exceeds the amount paid by the primary insurer of the titled personal property upon the insurer's declaration that the titled personal property is a total loss or determination that the titled personal property is stolen and not recoverable.
- (7) "Loan or extension of credit" means a direct or indirect advance of funds to a customer made on the basis of any obligation of that customer to repay the funds or that is repayable from specific property pledged by or on the customer's behalf. The term also includes any liability of a mutual association to advance funds to or on behalf of a customer pursuant to a contractual commitment.
- (8) "Residential mortgage loan" means a loan for personal, family, or household purposes secured by a one- to four-family residential property.

Authorizing statute(s): 32-2-704, MCA

Implementing statute(s): 32-2-909, MCA

History: NEW, 2022 MAR p. 230, Eff. 2/12/22.