2.59.119 PROHIBITED ACTS OR PRACTICES

(1) A bank is prohibited from engaging in any of the following acts or practices:

(a) extending credit or altering the terms or conditions of an extension of credit conditioned upon the customer entering into a debt cancellation agreement or debt suspension agreement with the bank. The prohibition is commonly referred in the regulatory context as the anti-tying provision;

(b) engaging in any practice or using any advertisement that could mislead or otherwise cause a reasonable person to reach an erroneous belief with respect to information that must be disclosed under ARM 2.59.118, including what is being offered, the cost, and/or the terms of the contract;

(c) offering debt cancellation contracts or debt suspension agreements that contain terms:

(i) giving the bank the right unilaterally to modify the contract unless:

(A) the modification is favorable to the customer and is made without additional charge to the customer; or

(B) the customer is notified of any proposed change and is provided a reasonable opportunity to cancel the contract without penalty before the change goes into effect; or

(ii) requiring an up-front, lump-sum single payment for the contract if the extension of credit to which the contract pertains is a residential mortgage loan.

Authorizing statute(s): 32-1-218, MCA

Implementing statute(s): 32-1-429, MCA

History: NEW, 2011 MAR p. 2801, Eff. 12/23/11.