



DOD grants joint NADA/AFSA petition to withdraw Q&A 2 from 2017 MLA Interpretive Rule; Partner Michael Benoit quoted

February 27th, 2020

Today, the Department of Defense (DOD) granted a joint petition filed by the National Automobile Dealers Association (NADA) and the American Financial Services Association (AFSA) to withdraw Question and Answer (Q&A) 2 from a December 2017 Interpretive Rule that sought to define the scope of the motor vehicle financing exclusion to the Military Lending Act (MLA).

According to a *SubPrime Auto Finance News* article, NADA and AFSA recapped that they also explained that attempting to comply with the MLA as it relates to credit-related products was not economically feasible because one of the restrictions that applies to non-depository institutions like dealers was their inability to take a security interest in the vehicle collateral. In explaining its decision to withdraw Q&A 2, the DOD stated that it “finds merit in (the security interest) concern and agrees additional analysis is warranted.”

Hudson Cook chairman [Michael Benoit](#) said, “Because the effect of the DOD withdrawal is a recognition that auto financing contracts that include credit-related products like GAP waiver are within the scope of the motor vehicle financing exclusion, I expect that auto-finance companies will again feel comfortable purchasing contracts from dealers that include GAP waiver.”

Michael advises banks, sales finance companies, auto dealers, leasing companies, mortgage lenders, and other creditors and technology providers on a wide range of consumer financial services law, and provides federal legislative and regulatory advice and support to financial services trade associations. His practice includes consumer credit, electronic commerce, privacy, telemarketing, personal property financing and leasing, as well as creditor-based collection practices. He assists CFPB-regulated clients in preparing for supervisory exams, and represents clients in investigation and enforcement matters involving the FTC and the CFPB.

Please [visit the AFSA website](#) to read the press release, or [click here](#) to read the *SubPrime Auto Finance News* article.

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