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## **Another federal regulation coming**

*by Gil Van Over*

George Carlin used to have a great skit where he talked about oxymorons. One was “jumbo shrimp.” Another favorite was “military intelligence.” The car industry is now faced with a pending federal regulation, one that appoints the Secretary of Defense with the rule-making authority. Let’s hope he applies realistic intelligence to this rule.

President Bush signed the John Warner National Defense Authorization Act for Fiscal 2007 last week, effective October 1, 2007. One of the provisions of this Act is to cap the APR on certain credit transactions to military personnel to 36 percent APR.

The Act will apply to active duty military, active Guard, active Reserve duty and their dependents.

Big deal, you say? My state max is well below that level.

The Act does not limit the 36 percent to our traditional APR definition. This Act also includes all fees and charges, including fees for credit insurance and other ancillary products sold in connection with the credit transaction.

The Act is unclear what those charges are; it leaves that determination up to the Secretary of Defense. He could rule that credit life, disability, gap, service contracts, maintenance, dent, etch, environmental products, tire and wheel and doc fees must be included in the APR calculation.

The Secretary of Defense must also rule on disclosure requirements, the dealer’s responsibility to figure out if someone is covered by the Act and whether or not to impose a maximum dollar amount on ancillary fees on credit transactions.

We can only hope for the best.

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