

WILLIAM F. WELD
GOVERNOR
THOMAS J. CURRY
COMMISSIONER

The Commonwealth of Massachusetts

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March 1, 1996

Shariff Ladha
Tax Supervisor
American Honda Finance Corporation
P.O. Box 2295
Torrance, California 90509-2295

Dear Mr. Ladha:

This letter is in response to your correspondence dated February 21, 1996 to Commissioner of Banks Thomas J. Curry in which you request a determination as to whether American Honda Finance Corporation ("Honda"), is required to maintain its small loan license under Massachusetts General Laws chapter 140 §96. This matter has been referred to the Legal Unit for a reply.

As set forth in your letter, Honda is no longer in the business of making small loans of six thousand dollars or less. However, Honda continues to hold 3 loans with outstanding balances totaling \$757.00 as stated in your letter and it is the intention of Honda to hold these loans until maturity. Your letter also states that Honda will not acquire or in any way deal with any loans that meet the definition of a small loan under chapter 140 §96.

Chapter 140 §96 requires licensing for entities engaged directly or indirectly in the business of making, purchasing or originating loans of six thousand dollars or less where the interest rate on the sum loaned exceeds 12% per annum. Since Honda would no longer be engaged in the business of making small loans as herein defined nor will it acquire any such loans, it is the Division's position that Honda would no longer be engaged in the business of a small loan agency and, therefore, would not be required to maintain its small loan agency license issued under chapter 140 §96. Moreover, your letter states that Honda has not made any such small loans since December of 1994. Accordingly, based on your letter, no annual report will be required for calendar year 1995. The Division will file this letter in Honda's records in lieu of that report.

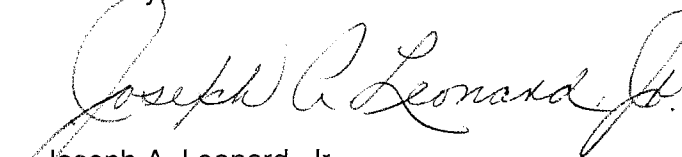
Please be advised, however, that the Division reserves its rights to enforce the requirements of chapter 140 applicable to the making of small loans and its implementing regulations at 209 CMR 12.00 et. seq. during the time that any of the remaining loans has an outstanding balance. Such enforcement would include examination procedures as necessary to resolve an individual consumer complaint. Accordingly, the Division must be notified in writing

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of any change in address of Honda or any change in the corporate structure of Honda other than the formation of any subsidiary. The Division requests that it be informed at that point in time when all outstanding balances of the remaining loans have been paid.

The conclusions reached in this letter are based solely on the facts presented. Fact patterns which vary from those presented may result in a different position statement by the Division.

Sincerely,

A handwritten signature in cursive script, reading "Joseph A. Leonard, Jr.", written in dark ink.

Joseph A. Leonard, Jr.
Deputy Commissioner of Banks
and General Counsel

JAL/NTT/trs
96-032