

ERNIE FLETCHER  
GOVERNOR



TERESA J. HILL  
SECRETARY

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

DEPARTMENT OF PUBLIC PROTECTION  
OFFICE OF FINANCIAL INSTITUTIONS  
CORDELL G. LAWRENCE, EXECUTIVE DIRECTOR  
1025 CAPITAL CENTER DRIVE, SUITE 200  
FRANKFORT, KENTUCKY 40601  
TELEPHONE: (502) 573-3390  
FAX: (502) 573-8787  
WEB SITE: [WWW.KENTUCKY.GOV](http://WWW.KENTUCKY.GOV)

TIMOTHY J. LEDONNE  
COMMISSIONER

July 6, 2007

Linda S. Davis  
General Counsel, Regulatory  
CitiFinancial  
300 St. Paul Place  
Baltimore, Maryland 21202

Dear Ms. Davis:

The Office of Financial Institutions has reviewed the offering of credit cards and we have reconsidered our position. After much deliberation and discussion, we are proposing the following. CitiFinancial can continue to originate credit card loans under certain conditions. These loans must be retained on the licensees' books; however, you may outsource the servicing to your affiliated bank. These changes must be made by December 31, 2007. The changes will result in the income and expenses of the product being reflected on the licensees' income statement. These loans must be on terms that are equal to or more favorable than the existing consumer loan product. This includes rates and fees charged. Our licensees can either originate the credit cards directly or the affiliated bank can generate the credit cards and immediately sell back to our licensee.

To reiterate, the offering of the bank's credit card products will be permitted by the "other business" provision of KRS 286.4-470(1) provided that the activities are limited to the restrictions above. Provided those conditions are met, these offerings will not be considered violations of Kentucky Revised Statutes. Please advise if you need additional information and please share this with your Compliance Division.

Sincerely,

A handwritten signature in black ink that reads "C. G. Lawrence".

Cordell G. Lawrence  
Executive Director

cc: File, Thompson, Jennings