NATIONAL HOUSEHOLD SETTLEMENT

THE RESTITUTION PROCESS

- ❑ Household identifies consumers by categories (including when loan was signed) and provides information to settlement administrator.
- ❑ Attorney General's Office and Department of Corporations determine how money is allocated among categories.
- ❑ Settlement administrator sends letters to consumers notifying them they are eligible to receive a specific amount of restitution if they agree not to sue Household.
- ❑ Consumers do not have to file claims for restitution.

THE SETTLEMENT PROVISIONS

- ❑ Household provides $484 million in restitution to consumers nationwide; $91 million to California.
- ❑ Household cannot charge consumers prepayment penalties unless the balance is paid two years or less from the date the loan is signed.
- ❑ Household cannot charge consumers fees of more than 5 percent of the loan principal to originate a real estate-secured loan.
- ❑ Household cannot make oral or written statements about rates other than the contract rate and true annual percentage rate.
- ❑ Household cannot make representations about accelerated payment plans without accurate, clear disclosure about how the plan works.
- ❑ Household's comparisons of current and proposed interest rates, monthly payments and total loan costs must be based on accurate, non-deceptive and clear comparisons.
- ❑ Household must inform customers in writing about the minimum balloon payment that will result from making minimum monthly payments, and the amount of monthly payments necessary to avoid a balloon payment.
- ❑ Household must inform customers that credit insurance is optional, and separately identify in monthly statements how much the borrower is paying for credit insurance.
- ❑ Household must provide Spanish-language loan documents in offices that conduct Spanish-language transactions.