

## **HOUSEHOLD FINANCE AND BENEFICIAL CALIFORNIA REFUND FAQs**

### **1. AM I ELIGIBLE TO RECEIVE RESTITUTION?**

California is offering restitution to consumers who obtained loans directly from Household or Beneficial between January 1, 1999 and September 30, 2002 which include the terms described in number 2, below, and that were secured by a deed of trust against the consumer's home (meaning that the loan was a "mortgage loan" or a "home equity line of credit"). Eligibility does not depend on whether the loan is still open or has been paid off. All real estate secured loans that fit these criteria are eligible.

### **2. HOW MUCH RESTITUTION WILL I RECEIVE?**

The amount restitution that consumers will receive will be based on a percentage of the amount of:

- (1) the loan origination fees (or "points") charged by Household or Beneficial on any mortgage loans taken out between January, 1999 and September 2002;
- (2) any prepayment penalty actually paid on those loans; and
- (3) any credit insurance premium that was included in the loans and which Household or Beneficial did not subsequently refund to the consumer. In cases where a claim was paid on a consumer's credit disability or credit life insurance, the amount of that claim will be deducted from the amount of any restitution that would otherwise have been paid to that consumer based on losses incurred as a result of the financing of the insurance.

The exact percentage of these costs that will be reimbursed to California consumers will depend on how many California consumers choose to participate in this Settlement. If all eligible California consumers choose to participate, each consumer will receive approximately 16.64% of the amount of each of those costs that they paid.

Here's an example:

A consumer took out a real estate secured loan from Household in January 2000. The loan included a charge of \$10,000 in points and a \$10,000 premium for credit life and disability insurance, none of which was refunded. The consumer also was charged a \$10,000 penalty for paying off the loan early. If all eligible California consumers participate in the settlement, this consumer would receive \$1,664 for each of these \$10,000 charges, for a total of \$4,992 in restitution.

However, this is an example only. Someone who paid less for any of these items would receive a lower total refund. Also, consumers will only receive restitution for charges that they actually incurred. For example, a person whose loan did not include credit insurance or a prepayment penalty will only be eligible for restitution based on the amount of points they paid.

### **3. WHAT DO I NEED TO DO TO PARTICIPATE IN THE SETTLEMENT?**

Consumers eligible to participate will receive a letter and form titled "Release and Agreement to Participate in Household/Beneficial Settlement" from the California Department of Justice and Department of Corporations. It is each consumer's choice whether to participate in the settlement, and consumers may wish to consult a private attorney before making that decision. To participate, consumers need only fill out, sign and return the Release form in the postage pre-paid envelope **by**

**October 14, 2003.** NO CONSUMER WILL RECEIVE ANY PAYMENT UNDER THIS SETTLEMENT UNLESS HE OR SHE SIGNS AND RETURNS THIS FORM. Consumers should retain the "borrower copy" of the Release Form for their own records.

**4. WHAT IS THE DEADLINE FOR RETURNING MY RELEASE FORM?**

The Release Form must be mailed back to the Settlement Administrator **by October 14, 2003**. Forms mailed after this date may not be accepted.

**5. WHY DO THE RELEASE FORMS MENTION A "MINIMUM" PAYMENT?**

Our estimate of the amount of restitution consumers may receive under the Settlement is based on the assumption that all eligible consumers will decide to participate. However, some consumers may choose not to participate in this Settlement. Consumers who choose not to accept the Settlement will not receive any money, and the funds that had been allocated to them will instead be divided among consumers who do decide to participate. Also, the funds that will be distributed to consumers are currently being held in trust, and interest that accrues on those funds may also be available to be distributed to consumers. Therefore, it is possible consumers might receive slightly more than the "minimum amount" listed on the Release Form sent to them by the Settlement Administrator. However, this is not guaranteed, nor is the State able to estimate the amount of additional funds, if any, that might be available. When deciding whether to participate in the Settlement, consumers should assume they will be receiving only the minimum amount specified on the Release Form.

**6. I LIVE IN CALIFORNIA. WHY DO I HAVE TO MAIL THE RELEASE TO PORTLAND, OREGON?**

The company that has been hired to administer the Settlement on behalf of California and the rest of the country is based in Oregon.

**7. CAN THE RELEASE FORM BE SENT OR FAXED TO THE ATTORNEY GENERAL'S OFFICE OR THE DEPARTMENT OF CORPORATIONS INSTEAD OF TO THE SETTLEMENT ADMINISTRATOR?**

No, the signed Release Form must be returned directly to the Settlement Administrator at the address listed below and printed on the postage-paid return envelope provided with the cover letter and Release Form. The Settlement Administrator must receive the original signature on the Release Form, so it must be mailed, and cannot be faxed.

**8. WHEN WILL I RECEIVE MY PAYMENT?**

Because this Settlement involves hundreds of thousands of consumers across the country, it will take some time to process all Release Forms. If everything goes as planned, payments will be mailed by the end of December 2003.

**9. CAN YOU GIVE ME ADVICE ON WHETHER I SHOULD SIGN THE RELEASE OR PARTICIPATE IN THE SETTLEMENT?**

The Attorney General's office is not able to give you legal or other advice on this matter. If you would like advice, you should consult a private attorney.

#### **10. WILL I HAVE TO PAY TAXES ON ANY SETTLEMENT PAYMENT I RECEIVE?**

Some consumers may receive an IRS Form 1099 with their Settlement payment. However, whether any restitution you receive is taxable will depend on several factors. If you have tax questions, you should contact a local tax preparer or advisor.

#### **11. WHY DOES THE RELEASE FORM ASK FOR PHONE NUMBER AND E-MAIL ADDRESS?**

The Settlement Administrator may need additional information from certain consumers before being able to process their Release Forms. The Release Form asks consumers to provide their phone number and e-mail addresses so they can be contacted more promptly if additional information is needed.

#### **12. CAN I STILL SUE HOUSEHOLD OR BENEFICIAL IF I PARTICIPATE IN THE SETTLEMENT?**

By choosing to sign the Release Form and participate in the Settlement, a consumer will be giving up the right to sue Household or Beneficial regarding his or her real estate secured loans. However, this release does not become effective until a consumer actually receives Settlement funds. Also, if consumers who participate in the Settlement are currently in, or are later threatened with, foreclosure, they can sue Household or Beneficial for the limited purpose of trying to prevent that foreclosure. Consumers who have questions about this should consult with a private attorney before deciding whether to participate in the Settlement.

#### **13. WHAT IF MY HOME IS IN FORECLOSURE?**

Participating in the Settlement and receiving a payment will NOT stop or undo a foreclosure. If you choose to participate in the Settlement, you must sign and return the Release Form. In doing so, you give up various legal rights (listed on the Release Form), but you do not give up your right to raise any rights and defenses in a foreclosure action. You should contact a private attorney about your situation before deciding whether to participate in the Settlement.

#### **14. IF I PARTICIPATE IN THE SETTLEMENT, DO I HAVE TO CONTINUE MAKING PAYMENTS ON MY LOAN?**

Yes. The Settlement does not affect the status of your loan or release you from any payment obligation for any open loan with Household or Beneficial. You must continue to make your loan payments under the terms of the loan agreement.

#### **15. WHAT IF I DON'T WANT TO PARTICIPATE IN THE SETTLEMENT?**

Do not complete the Release Form. Nothing else is required. By completing a Release Form, you agree to participate in the Settlement. If you do not return a signed Release Form, you will automatically be excluded from the Settlement and will not receive a Settlement payment.

#### **16. HOW CAN I CHECK ON THE STATUS OF PROCESSING MY RELEASE?**

You can contact the Settlement Administrator at the phone number or e-mail address listed below. Please wait one week from the time you return your Release Form before contacting the Settlement Administrator to see if it has been received.

Also, the Settlement Administrator will contact you if there are any questions or problems with your Release Form.

#### **17. IF I HAD A CO-BORROWER ON MY LOAN, DO WE BOTH NEED TO SIGN THE RELEASE FORM?**

Yes. Each person who signed the original loan documents must sign the Release Form in order to receive payment. If there is more than one borrower on the loan, the Release Form will not be valid with only one signature. If there is more than one borrower, payment cannot be made to one or another of the co-borrowers, but must be made to all, assuming they all available to sign the form. Please read numbers 18, 19 and 20, below, for additional information regarding loans with co-borrowers.

#### **18. WHAT IF I CANNOT GET MY CO-BORROWER'S SIGNATURE, DUE TO CIRCUMSTANCES SUCH AS DIVORCE, SEPARATION OR ESTRANGEMENT?**

If you've made every effort to obtain the co-borrower's signature, but cannot get it due to extenuating circumstances, you must sign and send in the Release form yourself, and provide a letter explaining why the co-borrower signature's cannot be obtained. Your letter will be reviewed, and you will be notified if it is accepted or rejected, or if further information is necessary. If your explanation in your letter is accepted, payment will be made to you alone (without the other borrower's name appearing on the check).

#### **19. I AM THE GUARDIAN OR THE EXECUTOR OF THE ESTATE OF A PERSON THAT HAS BEEN SENT A RELEASE FORM FOR THIS SETTLEMENT. HOW SHOULD THE FORM BE COMPLETED?**

Sign and date a letter explaining the circumstances and attach the letter to the Release Form, along with photocopies (please do not send in original legal documents) of any other legal documentation showing you as the guardian or executor of the estate of the person who received the Release Form. Send the letter, copies of documents and Release Form to the Settlement Administrator, along with the address where payment should be sent, before October 14, 2003. Your letter will be reviewed, and you will be notified if it is accepted or rejected, or if further information is necessary. If your submission is accepted, payment will be made payable to "The Estate of (claimant name)."

#### **20. WHY DID I RECEIVE MORE THAN ONE RELEASE FORM?**

Consumers who have more than one real estate secured loan with Household or Beneficial, but obtained one loan individually and the other(s) with a co-borrower, or had different co-borrowers on the loans (for example, a spouse was the co-borrower on one loan and a brother or sister was the co-borrower on a second loan), will receive separate Release Packets for each loan. These consumers must sign and return each Release form included in each separate Release Packet in order to receive a payment on all covered loans. If there is a problem with getting a co-borrower's signature, please follow the procedure described above. Make sure you keep the borrower's copy of each Release Form.

## **21. I LOST MY RELEASE FORM. CAN I GET A REPLACEMENT?**

Yes. If you were part of the original mailing, the Settlement Administrator can arrange to have another letter and Release Form sent to you.

You can contact the Settlement Administrator toll-free at 1-888-780-2156, on the internet at <http://www.household-beneficial-settlement.com>, or by e-mail at [info@household-beneficial-settlement.com](mailto:info@household-beneficial-settlement.com) or you can write: **Household-Beneficial Settlement Administrator, PO Box 3775, Portland, Oregon 97208-3775.**

After confirming your eligibility to participate, the Settlement Administrator will send you another Release Form as soon as possible.

## **22. I HAVE NOT RECEIVED MY RELEASE PACKET, BUT THINK I AM ELIGIBLE TO PARTICIPATE IN THE SETTLEMENT. WHAT SHOULD I DO?**

The Release Forms and letters are due to be mailed on August 15, 2003. If you think you are eligible but have not received a packet by August 30, 2003, contact the Settlement Administrator at the phone number, address, or e-mail address below. Be sure to include your full name, the names of any co-borrowers, your address, your phone number and, if available, your loan or account number(s). The Settlement Administrator will notify you whether you are eligible to participate in the Settlement.

## **23. WHAT IF MY LOAN IS NOT A REAL ESTATE SECURED LOAN (FOR EXAMPLE, A CREDIT CARD LOAN), OR IF I OBTAINED MY REAL ESTATE LOAN EITHER BEFORE JANUARY 1, 1999 OR AFTER SEPTEMBER 30, 2002? CAN I STILL BE INCLUDED IN THIS SETTLEMENT?**

The Settlement only covers real estate secured loans (i.e. mortgage loans or home equity loans) that were obtained from a Household or Beneficial retail-lending branch and entered into between January 1, 1999 and September 30, 2002. For example, if a consumer obtained one mortgage loan from Household in August of 1997 and another in August of 2000, only the August 2000 loan would be eligible for restitution under the Settlement.

Additionally, mortgage loans not obtained directly through Household or Beneficial, but that were sold or transferred to Household or Beneficial after the consumer obtained the loan from a different lender are not covered under the Settlement and are not eligible for restitution.

Also, personal loans (meaning loans that are not secured by the consumer's home), car loans, or credit card accounts with Household or Beneficial are not covered under the Settlement and are not eligible for restitution.

## **24. WILL I RECEIVE ANY BENEFITS IF I CHOOSE NOT TO PARTICIPATE IN THE SETTLEMENT?**

Yes. Even if you choose not to participate in the Settlement, if you have a mortgage loan that you obtained from Household or Beneficial between January 1, 1999 and September 30, 2003 that includes a prepayment penalty, the term of that prepayment penalty is automatically shortened to two years, despite what the contract says – provided your loan was still outstanding as of December 12, 2002. Household was required to notify consumers of this change by no later than the end of February, 2003.

If you will benefit from this waiver, and wish to refinance, be careful. Be sure you don't save yourself

thousands of dollars on your waived prepayment penalty only to spend it on up-front costs on a new loan. Be sure that any refinancing will benefit you economically in the long run.

Additionally, some consumers found themselves not making progress on reducing loan principal because of the way Household calculated interest. The "interest short" is now being calculated differently, in a way that will save you money. This applies to all consumers, even those who choose not to receive restitution under the Settlement.

## **25. WILL MY INFORMATION BE KEPT CONFIDENTIAL?**

Yes. The Settlement Administrator will protect the privacy of all information provided by you or Household or Beneficial. This information will be used only to administer this Settlement.

## **26. HOW CAN I PROTECT MY CONFIDENTIAL INFORMATION?**

To be sure that you only provide information to the proper Settlement Administrator, send your information by mail to the address below, and only contact the Settlement Administrator at the phone number, e-mail address and web site listed below. The Settlement Administrator will never use a different phone number, address, or web site address, and also will never ask you to send any money to any address in order to participate in or receive any information about the Settlement. ***Do not provide confidential information to anyone who calls you and claims to be the Settlement Administrator, or to anyone who requests that you send confidential information or money to any other address, phone number or web site.*** If anyone does call you and claim to be the Settlement Administrator, or asks you to send confidential information or any money to any other address or web site or e-mail address, do not do so. Instead, immediately report this to the Attorney General's Office at <http://www.ag.ca.gov/consumers/mailform.htm>.

## **27. I STILL HAVE SOME QUESTIONS. WHO CAN I CONTACT?**

If you have additional questions regarding this Settlement, contact the Settlement Administrator by phone, toll-free at 1-888-780-2156, on the internet at <http://www.household-beneficial-settlement.com>, or by e-mail at [info@household-beneficial-settlement.com](mailto:info@household-beneficial-settlement.com). You also can write to the Settlement Administrator at:

**Household-Beneficial Settlement Administrator  
PO Box 3775  
Portland, Oregon 97208-3775**

If you write or send e-mail to the Settlement Administrator, be sure to include your full name, street address, city, state and zip code. If you have received a letter from the Settlement Administrator, also include the identification number, which is printed on the Release Form below the bar code and above your name. If you received more than one letter because you had loans from Household with different co-borrowers, include the identification number for the loan(s) about which you have questions.

***Please contact the Settlement Administrator directly, rather than the Attorney General's Office or the Department of Corporations.***