

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Robert Pitofsky, Chairman
Mary L. Azcuenaga
Janet D. Steiger
Roscoe B. Starek, III
Christine A. Varney

In the Matter of)	
)	DOCKET NO. C-3735
THE MONEY TREE, INC.,)	
a corporation, and)	
)	
VANCE R. MARTIN,)	DECISION AND ORDER
individually and as an officer)	
of said corporation.)	
)	

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of the complaint that the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondents with violation of the Federal Trade Commission Act, the Truth in Lending Act and its implementing Regulation Z, and the Fair Credit Reporting Act; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts and Regulations, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty

(60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent The Money Tree, Inc., which also does business as Money To Lend, Inc. and Money To Lend, is a Georgia corporation, with its office and principal place of business located at 114 South Broad Street, Bainbridge, Georgia 31717, and operates offices throughout Georgia and Alabama.

2. Respondent Vance R. Martin is the sole owner and president of The Money Tree, Inc. He formulates, directs, and controls the policies, acts and practices of said corporation, and his principal office and place of business is the same as that of The Money Tree, Inc.

3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act.

4. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

I.

IT IS ORDERED that respondent The Money Tree, Inc., its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporate or other device, in connection with any closed-end credit transaction originated by respondent, shall:

- A. Make all disclosures, determined in accordance with Sections 106 and 107 of the Truth in Lending Act, 15 U.S.C. §§ 1605 and 1606, and Sections 226.4 and 226.22 of Regulation Z, 12 C.F.R. §§ 226.4 and 226.22, in the manner, form and amount required by Sections 226.17, 226.18, 226.19 and 226.20 of Regulation Z, 12 C.F.R. §§ 226.17, 226.18, 226.19 and 226.20.
- B. Include in the finance charge and the annual percentage rate disclosed to the consumer, as required by Sections 106, 107 and 128 of the Truth in Lending Act, 15 U.S.C. §§ 1605, 1606 and 1638, and Sections 226.4(d), 226.22 and 226.18(d) and (e) of Regulation Z, 12 C.F.R. §§ 226.4(d), 226.22, and 226.18(d) and (e), the premiums for credit-life, credit accident and health, credit accident and sickness, or accidental death and dismemberment insurance (hereinafter referred to collectively as "credit-related insurance") or auto club memberships that consumers are required to purchase in connection with an extension of credit.

- C. Exclude from the amount financed disclosed to the consumer, as required by Section 128 of the Truth in Lending Act, 15 U.S.C. § 1638, and Section 226.18(b) of Regulation Z, 12 C.F.R. § 226.18(b), credit-related insurance premiums or auto club membership fees that consumers are required to purchase in connection with an extension of credit.

II.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., a corporation, its successors and assigns, and its officers, and respondent Vance R. Martin, individually and as an officer of the corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any closed-end credit transaction originated by respondents:

- A. Shall not require consumers to sign or initial a statement that credit-related insurance, auto club membership, or any other ancillary product or service has been voluntarily chosen if the consumer's purchase of such insurance, auto club membership, or ancillary product was required;
- B. Shall not misrepresent, orally or otherwise, directly or indirectly, that consumers who obtain a loan from respondents will receive credit-related insurance or an auto club membership at no additional cost to the consumer; and
- C. Shall not misrepresent, orally or otherwise, directly or indirectly, that the consumer's failure to elect credit-related insurance or auto club membership will result in delay in processing the loan or distributing the proceeds.

III.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., a corporation, its successors and assigns, and its officers, and respondent Vance R. Martin, individually and as an officer of the corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any closed-end credit transaction originated by respondents:

- A. Shall not, when credit-related insurance premiums and/or auto club membership fees are not included in the finance charge, refer in any way to the availability of such coverage, either orally or in writing, without at the same time disclosing orally:

(1) that the consumer has already been approved for the loan and the amount of the loan;

- (2) that credit-related insurance and/or auto club memberships are optional;
- (3) that the consumer's decision about insurance or auto club membership does not affect the amount of the consumer's loan or whether the consumer receives a loan;
- (4) the amount of the premium or fee for each credit-related insurance or auto club membership; and
- (5) that respondents will add the premiums and fees for the credit-related insurance and auto club membership to the consumer's loan amount.

B. Shall, when credit-related insurance premiums and/or auto club membership fees are not included in the finance charge:

- (1) present to the consumer as the first document at the time of closing, a separate, voluntary insurance election form ("Voluntary Insurance Election Form") that sets forth clearly and prominently the following information:
 - (a) a statement that the consumer has already been approved for the loan;
 - (b) a statement that the consumer does not have to purchase credit-related insurance or auto club membership to obtain the loan;
 - (c) a statement that the consumer's decision about credit-related insurance or auto club membership will not affect the amount of the consumer's loan or whether the consumer receives a loan;
 - (d) each option (i.e., type of credit-related insurance or auto club membership) available to the consumer;
 - (e) the amount of the premium or fee for each credit-related insurance or auto club membership;
 - (f) a statement that, if the consumer decides to buy credit-related insurance or an auto club membership, the consumer will have to pay the amounts listed in (e) above;
 - (g) a statement that, if the consumer decides to buy credit-related insurance or an auto club membership, respondents will add the insurance premiums and membership fees to the consumer's loan amount;

(h) a signature and date line for each option set forth in (d) above for the consumer to indicate his/her election; and

(I) a statement that, if the consumer does not want to buy one of the products listed on the document described in this section, they should not place their signature on the line next to the product.

(2) make the disclosures required by Paragraph III(B)(1) on a separate document entitled "Voluntary Insurance Election Form" that contains no other printed or written material. The disclosures required by Subparagraphs III(B)(1)(a) through (c) shall not be smaller than 12-point type. A form substantially in conformance with Appendix A herein will be considered to be in compliance with the provisions of this Paragraph and Paragraph III(B)(1). Respondents shall maintain the original form for two years following its execution and provide the consumer with an executed copy thereof.

(3) provide, without marking or otherwise instructing a consumer where to sign or date the form, the separate Voluntary Insurance Election Form required by Paragraph III(B)(1) in advance of the consumer's free and independent choice for such insurance.

IV.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., a corporation, its successors and assigns, and respondent Vance R. Martin shall, on an annual basis, submit a written report, stating, for each branch office of The Money Tree, Inc., the penetration rate for direct loans of each product or service sold to loan applicants and purchased in connection with any credit transaction, including: credit-life insurance, credit accident and health insurance, credit accident and sickness insurance, accidental death and dismemberment insurance, and auto club memberships.

Such reports shall be submitted each year to the Commission's Division of Enforcement, Bureau of Consumer Protection, on the anniversary of the date this order is entered, for a period of five (5) years following the effective date of this order and thereafter upon request. The reports shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 6th and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

For purposes of this Section, the term "penetration rate" means the percentage of all loans or contracts eligible for credit-related insurance or auto club membership on which charges for such insurance or auto club membership are made. In reporting penetration rates the respondents must state separately the total number and dollar amount of loan contracts entered into which

were eligible for credit-related insurance or auto club membership, stated separately for credit-life, credit accident and health, credit accident and sickness, and accidental death and dismemberment insurance, and auto club membership.

V.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., a corporation, its successors and assigns, and respondent Vance R. Martin shall, for five (5) years from the date of issuance of this order, maintain and upon request immediately make available to the Federal Trade Commission for inspection and copying, all documents demonstrating compliance with this order.

VI.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., a corporation, its successors and assigns, and its officers, and respondent Vance R. Martin, individually and as an officer of the corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, shall comply with all provisions of the Consumer Redress Program as described in Appendices B, C, D, E, F, G and H.

VII.

IT IS FURTHER ORDERED that during the sixty (60) day period described in Appendix B during which consumers are given the opportunity to cancel credit-related insurance, respondent The Money Tree, Inc., a corporation, respondent Vance R. Martin, or their employees or agents, and staff of the Federal Trade Commission shall not otherwise communicate directly with the consumers on the List, orally or in writing, concerning the redress program, except to refer such consumers to a taped 800-number message provided by the independent agent, which shall not deviate in substance from the document attached hereto as Appendix G, entitled "Script to Be Read Into 800-Number Voice Message."

VIII.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., a corporation, its successors and assigns, and its officers, and respondent Vance R. Martin, individually and as an officer of the corporation, and respondents' agents, representatives, and employees, in connection with any closed-end credit transaction originated by respondents, shall, when respondents deny credit to a consumer or the charge for such credit is increased either in whole or in part because of information contained in a consumer report from a consumer reporting agency:

- A. Advise the consumer, at the time when the consumer is informed of the adverse action, that such action is based in whole or in part on information contained in a consumer report; and

- B. Supply the consumer with the name and address of the consumer reporting agency that furnished the consumer report.

IX.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., its successors and assigns, and respondent Vance R. Martin shall, for a period of five (5) years following the date of service of this order, deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future agents, representatives, and employees having responsibility with respect to the subject matter of this order and shall secure from each such person a signed statement acknowledging receipt of the order. Respondents shall maintain and make available upon reasonable request by representatives of the Federal Trade Commission copies of said signed statements. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

X.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., its successors and assigns, and respondent Vance R. Martin shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondents learn less than thirty (30) days prior to the date such action is to take place, respondents shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 6th and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

XI.

IT IS FURTHER ORDERED that respondent Vance R. Martin, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment relating to the extension of consumer credit. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 6th & Pennsylvania Avenue, Washington, D.C. 20580.

XII.

IT IS FURTHER ORDERED that respondent The Money Tree, Inc., a corporation, its successors and assigns, and its officers, and respondent Vance R. Martin shall, within one hundred and eighty (180) days of the date of service of this order, and at such other times as the Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

XIII.

This order will terminate on April 28, 2017, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; **provided, however**, that the filing of such a complaint will not affect the duration of:

- A. Any paragraph in this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided further, that if such complaint is dismissed or a federal court rules that respondents did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint has never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

Donald S. Clark
Secretary

SEAL

ISSUED: April 28, 1997

APPENDIX A

VOLUNTARY INSURANCE ELECTION FORM

YOU HAVE ALREADY BEEN APPROVED FOR THIS LOAN.

YOU DO NOT HAVE TO PURCHASE CREDIT-LIFE, CREDIT-DISABILITY ("Accident and Health," "Accident and Sickness," or "Unemployment"), ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE, OR AN AUTO CLUB MEMBERSHIP TO OBTAIN THIS LOAN.

YOUR DECISION ABOUT INSURANCE OR AUTO CLUB MEMBERSHIP DOES NOT AFFECT THE AMOUNT OF YOUR LOAN OR WHETHER YOU WILL RECEIVE A LOAN.

Your choices are shown below. If you decide to buy insurance or an auto club membership, you will pay the amounts listed below. The Money Tree, Inc. will add the premiums and membership fee to your loan amount.

IF YOU DO NOT WANT TO BUY ONE OF THESE PRODUCTS, DO NOT PLACE YOUR SIGNATURE NEXT TO THAT PRODUCT ON THE LINES BELOW.

I/We have chosen the following option(s)

DATE: _____

Type	Cost to You	Signature
Credit-Life Insurance	\$_____	I want credit-life insurance _____ Signature _____ Co-borrower
Credit-Disability Insurance	\$_____	I want credit-disability insurance _____ Signature _____ Co-borrower
Accidental Death and Dismemberment ("AD&D") Insurance	\$_____	I want AD&D insurance _____ Signature _____ Co-borrower
Auto Club Membership	\$_____	I want auto club membership _____ Signature _____ Co-Borrower

APPENDIX B

Consumer Redress Program

1. Within 5 days after the date the order is issued, Money Tree shall deliver to the independent agent on magnetic tape or some other electronic medium the following loan data concerning all consumers who are obligated to make monthly payments to Money Tree as of the date the order is issued and whose loans were consummated during the two-year period ending on the date the order is issued ("open loan customers"):

a. Data pertaining to the first consumer named on the loan contract ("primary borrower"):

Date of Loan Closing
Account Number
Contract Number
Branch Number
Branch State
First Name and Middle Initial
Last Name
Address
City
State
Zip
Amount Financed
Credit-Life Insurance Premium Amount
Credit-Disability Insurance Premium Amount
Accidental Death & Disability Insurance Premium Amount
Date Loan Is Expected to Terminate
Monthly Payment Amount
Number of Monthly Payments

b. Data pertaining to all subsequent consumers named on the loan contract ("co-borrowers"):

Account Number
Contract Number
Branch Number
Branch State
First Name and Middle Initial
Last Name
Address
City
State
Zip

c. Data pertaining to co-signers:

Account Number
Contract Number
Branch Number
Branch State
First Name and Middle Initial
Last Name
Address
City
State
Zip

d. Data pertaining to consumers who have canceled or received a benefit from one or more insurance products:

Account Number
Contract Number
Branch Number
Branch State
Insurance Type (L/A/D) (representing "Life," "Accident & Health," and "Accidental Death & Dismemberment" insurance)
Benefit/Canceled (B/C)

Money Tree will also provide as soon as possible any additional information that the independent agent reasonably needs to carry out the redress program described in this Appendix. Money Tree shall deliver all data and information described in this paragraph to the independent agent in a clean format compatible with the independent agent's computers.

2. During the period when the order is published in the Federal Register for notice and comment, Money Tree shall cooperate fully with the independent agent to conduct a test run that permits the independent agent to mail the letters described later in this Appendix as soon as possible.
3. After receiving from Money Tree all the data and other information described in Paragraph 1, the independent agent shall create a list ("the List") of eligible consumers who meet the following criteria:

- a. Purchased one or more of the three types of credit-related insurance (as "credit-related insurance" is defined in the order) through Money Tree, the charge for which was not included in the finance charge computed for that loan; and
 - b. Have not voluntarily canceled the coverage ("canceled") or had an insurance claim paid to them or paid on their behalf ("received a benefit") from each policy written through Money Tree. For purposes of this subsection, consumers who obtained more than one credit-related insurance policy from Money Tree shall not be excluded from the List unless they canceled or received a benefit from each of those policies.
4. For each consumer excluded from the List because they either canceled or received a benefit from one or more of their credit-related insurance policies, Money Tree shall provide to the Associate Director for Credit Practices, within sixty (60) days of the date the order is issued, the consumer's name, the consumer's address, the Money Tree account number, the Money Tree contract number, and the claim number assigned by the independent agent. At the same time, Money Tree shall provide a copy of the front of the check from the insurance company made payable to the consumer (in the case of the accidental death & dismemberment insurance) or made payable to the consumer and Money Tree (in the case of credit life insurance and credit disability insurance), to be accompanied by an affidavit from Money Tree authenticating such copies.
5. For each consumer on the List, the independent agent shall apply the formula in the document attached to the order as Appendix C to determine the amount of the premiums and related finance charges that were charged to the consumer's account for each credit-related insurance purchased through Money Tree ("amounts paid by the consumer").
6. For each consumer on the List, the independent agent shall create the Money Tree Insurance Cancellation Form ("Cancellation Form"), a copy of which is attached as Appendix D. The Cancellation Form shall include (a) the consumer's name and address, (b) the consumer's Money Tree account number, (c) the consumer's Money Tree contract number, (d) the claim number assigned to the consumer by the independent agent, (e) the date the letter was mailed, (f) the "return deadline" date, and (g) the amounts paid by the consumer for any of the three insurance products.
7. If the independent agent has no difficulty translating the data described in Paragraph 1 that it receives from Money Tree, the independent agent shall mail, as soon as possible and no later than thirty (30) calendar days after receiving all the data described in Paragraph 1 above, to all or nearly all consumers on the List by first class mail through the U.S. Postal Service, a Cancellation Form and the letter explaining the Cancellation Form attached to

this order as Appendix E ("Redress Letter"), unless this deadline cannot be met due to unforeseen occurrences (e.g., fire in the independent agent's plant) ("the First Mailing"). The independent agent shall include with the Cancellation Form and the Redress Letter a return envelope addressed to the independent agent. If the independent agent is unable to mail Cancellation Forms and Redress Letters to a small percentage of consumers on the List by the 30-day deadline, the independent agent shall send the Cancellation Form and the Redress Letter to those consumers within five (5) additional days, i.e., thirty-five (35) days after the independent agent receives all data described in Paragraph 1 ("the Second Mailing").

8. The Cancellation Form must be signed by all borrowers before the credit-related insurance shall be canceled. On any transaction with two or more borrowers where the borrowers reside at different addresses, the independent agent shall mail the Cancellation Form and the Redress Letter to each borrower's address by first-class mail through the U.S. Postal Service.
9. For any transactions for which a co-signer was involved, the independent agent shall mail a copy of the corresponding Cancellation Form and the Redress Letter to the co-signer(s) with the word "COPY" stamped in red on the Cancellation Form and the Redress Letter.
10. If any Cancellation Form, other than a copy to a co-signer, is returned as undeliverable, the independent agent shall request that Money Tree provide the independent agent with any current information in Money Tree's possession that may be needed to send a follow-up Redress Letter to the consumer. The independent agent will send one additional Cancellation Form and Redress Letter to the consumer's place of business, relatives, or any other location at which the consumer may be contacted ("the Re-Mailing"). If Money Tree is unable to provide an additional address, the independent agent, or a sub-contractor of the independent agent, shall perform an address search to attempt to locate the consumer. The one additional Cancellation Form and Redress Letter that the independent agent sends in the Re-Mailing shall include the date of the Re-Mailing and the new return deadline date, which shall be thirty (30) days after the date of the Re-Mailing, or the original return deadline date, whichever is later.
11. All consumers who meet the following criteria shall be entitled to a credit toward their outstanding loan balance:
 - a. return the Cancellation Form in an envelope with a postmark date before the return deadline date stated on their Cancellation Form, or if the postmark is illegible, the Cancellation Form is received by the independent agent no later than five (5) days after the return deadline date; and

- b. indicate by a signature or signatures that they did not wish to purchase one or more credit-related insurance coverage and would like their insurance canceled and their account credited.
12. If a co-borrower fails to sign the Cancellation Form before it is returned to the independent agent, the deadline date for that co-borrower shall be extended by thirty (30) days. The independent agent shall re-mail the Cancellation Form and the Redress Letter to the co-borrower as soon as possible ("Co-Borrower Re-Mailing") with a copy of the letter attached to this order as Appendix F ("Notice to Co-Borrowers"). If the co-borrowers do not reside at the same address, the independent agent shall send the Co-Borrower Re-Mailing to the address of each co-borrower.
13. The independent agent shall determine the amount of the credit that Money Tree shall pay to each consumer ("credit amount") by adding together the amounts for those items listed on the Cancellation Form that the consumer has indicated he or she did not wish to purchase.
14. The independent agent shall transmit to Money Tree a list ("Credit List") containing the names of all consumers eligible to receive a credit under this Consumer Redress Program and all data necessary for Money Tree to apply the credit amount to the consumers' outstanding loan balances. For each consumer, the data shall include the consumer's full name, address, Money Tree branch number, Money Tree account number and contract number, claim number assigned by the independent agent, insurance product(s) to be canceled, and total amount to be credited to the consumer's account. The independent agent shall deliver the Credit List to Money Tree in five (5) installments, each delivery separated by fourteen (14) days. The independent agent shall deliver the first installment so that it is received by Money Tree fourteen (14) days after the independent agent sends the First Mailing. The second installment shall be received by Money Tree twenty-eight (28) days after the independent agent sends the First Mailing. The third installment shall be received forty-two (42) days after the First Mailing; the fourth installment shall be received fifty-six (56) days after the First Mailing; and the fifth installment shall be received seventy (70) days after the First Mailing. The first installment shall include the names of all eligible consumers whose Cancellation Forms were received by the independent agent between the date of the First Mailing and the date the first installment is due. Each successive installment shall include the names of all eligible consumers whose Cancellation Forms were received by the independent agent since the previous installment.
15. For any consumer who has neither paid off nor refinanced his or her loan between the date the order is issued and the date Money Tree receives the Credit List installment on which the consumer's name is listed, Money Tree shall reduce the consumer's last monthly

- payment by the credit amount or, if the credit amount exceeds the last monthly payment, all payments necessary to accommodate the credit. If the credit amount exceeds the outstanding loan balance, Money Tree shall, within fifteen (15) days of the date Money Tree receives the Credit List installment on which the consumer's name is listed, refund the excess in one lump sum payment by delivering a check to the consumer either in person or by first-class mail through the U.S. Postal Service. No payment checks shall have a void date earlier than ninety (90) days after the date the check was issued.
16. For any consumer who makes his or her last loan payment between the date the order is issued and the date Money Tree receives the Credit List installment on which the consumer's name is listed, Money Tree shall, within fifteen (15) days after receiving that Credit List installment, refund the credit amount, less any refund already made by virtue of the prepayment of the loan that was current on the date the order was issued, in one lump sum payment by delivering a check for the credit amount either in person or by first-class mail through the U.S. Postal Service. No payment checks shall have a void date earlier than ninety (90) days after the date the check was issued. Money Tree shall document any deductions from the credit amount for refunds already made.
 17. For any consumer who refinances his or her loan between the date the order is issued and the date Money Tree receives the Credit List installment on which the consumer's name is listed, Money Tree shall reduce the consumer's last monthly payment on the new, refinanced loan by the credit amount, less any refund already made by virtue of the prepayment of the loan that was current on the date the order was issued, or, if the credit amount exceeds the last monthly payment, all payments necessary to accommodate the credit. If the credit amount exceeds the outstanding loan balance on the refinanced loan as of the date Money Tree receives the Credit List from the independent agent, Money Tree shall, within fifteen (15) days after receiving the Credit List, refund the excess in one lump sum payment by delivering a check to the consumer either in person or by first-class mail through the U.S. Postal Service. No payment checks shall have a void date earlier than ninety (90) days after the date the check was issued. Money Tree shall document any deductions from the credit amount for refunds already made by providing a copy of the loan contract for the refinanced loan.
 18. Within fifteen (15) calendar days after receiving each Credit List installment from the independent agent, Money Tree shall send a notice with language identical to that in the document entitled "Notice to Customers" (attached to the order as Appendix H) to all consumers listed on the Credit List installment who refinanced between the date the order was issued and the date Money Tree received the Credit List installment that includes their name. All blank lines on the Notice to Consumers shall be filled in by Money Tree.

Money Tree shall deliver the Notice to Consumers either in person or by first-class mail through the U.S. Postal Service.

19. For any consumer who refinances his or her loan once between the date the order is issued and the date Money Tree receives the Credit List installment on which the consumer's name is listed, and then a second time after Money Tree receives that Credit List installment, Money Tree shall give the consumer a check for the credit amount during the loan closing of the second refinancing.
20. For any consumer who refinances his or her loan twice between the date the order is issued and the date Money Tree receives the Credit List installment on which the consumer's name is listed, Money Tree shall, within fifteen (15) days after receiving that Credit List installment, refund the credit amount in one lump sum payment by delivering a check for the credit amount either in person or by first-class mail through the U.S. Postal Service. No payment checks shall have a void date earlier than ninety (90) days after the date the check was issued.
21. Within thirty (30) days after receiving each Credit List installment, Money Tree shall deliver to the independent agent a list of consumers on that Credit List installment to whom Money Tree delivered a check pursuant to Paragraphs 15, 16, 17, 19 and 20 of this Appendix. The list of consumers shall include the consumer's name, the consumer's address, the Money Tree account number and contract number, the claim number assigned by the independent agent, the number of the check Money Tree issued, and the amount of the check.
22. Money Tree shall not cancel the insurance of any consumer until Money Tree has received the Credit List installment stating which insurance products the consumer wishes to cancel. If a consumer refinances the loan that is open at the time the order is issued, Money Tree shall cancel only the insurance paid for with the loan that is open at the time the order is issued. If the consumer pays for insurance in connection with the refinanced loan, that insurance shall remain in force.
23. Between 10 and 13 months after the date the order is issued, Money Tree shall provide the independent agent with a report that includes the following (all computerized lists described in this section shall include Money Tree account numbers, Money Tree contract numbers, and the claim numbers assigned by the independent agent):
 - a. a computerized list of all consumers who received credit toward their outstanding loan balance; the amount of credit each of these consumers received; the amount

- that each of these consumers received, if any, in the form of a check; and the check number of that check;
 - b. a computerized list of all consumers who received a check and the check number and amount that each of these consumers received, including check number, name and address;
 - c. check registers that include name, address, check numbers, Money Tree account numbers, Money Tree contract numbers, and the amount of the check for each consumer to whom Money Tree delivered a check, either in person or by mail;
 - d. checking account statements documenting all checks cashed by consumers; and
 - e. a computerized list of consumers who, despite returning their Cancellation Form to the independent agent and indicating that they did not wish to purchase one or more of the three types of insurance, received neither a credit nor a check from Money Tree. For each of these consumers, Money Tree shall state on the list why the consumer did not receive a credit or a check.
24. Money Tree shall bear all costs for the administration of the redress program described in this Appendix.

APPENDIX C

Formula for Calculating Redress

Terms Used

ToP = "Total of payments" stated on loan note or Truth in Lending disclosure statement (collectively referred to as "TILA disclosure")

AF = "Amount financed" stated on TILA disclosure

CL = Premium for credit-life insurance stated on TILA disclosure

CD = Premium for credit-disability insurance (referred to on TILA disclosure forms as "credit A&S" for Georgia loans and "credit A&H" for Alabama loans) stated on TILA disclosure

AD = Premium for accidental death & dismemberment ("AD&D") insurance (designated by the name "Thomas Jefferson" or the name of some other insurance company) stated on TILA disclosure

Performing the Calculations

The amount that the independent agent shall include in the Money Tree Insurance Cancellation Form for each of the three insurance products (credit-life, credit-disability, and accidental death & dismemberment insurance) shall be determined as follows:

1. Using the TILA disclosure, identify premiums and fees charged to the consumer for CL, CD, and AD ("insurance products");
2. Determine the "repayment factor" by dividing ToP by AF;
3. For each of the insurance products listed on the consumer's TILA disclosure, multiply the charge for the insurance product by the repayment factor to obtain the amount to include for that insurance product.

Thus, if a consumer's TILA disclosure indicates a charge for credit-life insurance, the amount that the independent agent should include in the Money Tree Insurance Cancellation Form for that product equals the following:

$$CL \times (ToP / AF)$$

EXAMPLE:

TILA disclosure included the following data:

ToP = \$850.00

AF = \$703.63

CL = \$ 10.37

AD = \$156.00

$$\text{Repayment factor} = 850.00 \div 703.63 = 1.208$$

Appendix C
Formula for Calculating Redress
Page 2

$$\begin{aligned} \text{Amount to include for credit-life} &= 10.37 \times 1.208 = \$12.53 \\ \text{Amount to include for AD\&D} &= 156.00 \times 1.208 = \$188.45 \end{aligned}$$

Because the TILA disclosure included no charges for credit-disability insurance, the Money Tree Insurance Cancellation Form would not mention that product.

APPENDIX D

[Name and Address of
Independent Agent]

[Borrower's Name]

Claim Number: _____

[Address]

[City, State and Zip Code]

Mailing Date: _____

Account Number: _____

Contract Number: _____

Return Deadline: _____

Money Tree Insurance Cancellation Form

If you want to cancel any of the following insurance products because you did not want them when you got the loan from The Money Tree, sign this form above your printed name and make sure that your co-borrower, if any, also signs the form. This form must be returned with a postmark no later than _____ [the Return Deadline]. **[Form will include only those insurance products for which the consumer was charged.]**

Credit-Life Insurance

You paid \$_____ for credit-life insurance.

I did not want credit-life insurance. Please cancel my credit-life insurance and credit my account for the amount listed above.

Joseph Smith

Date

Mary Smith

Date

Credit-Disability Insurance

You paid \$_____ for credit-disability insurance (called "Credit A&H" or "Credit A&S" on your loan contract).

I did not want credit-disability insurance. Please cancel my credit-disability insurance and credit my account for the amount listed above.

Joseph Smith

Date

Mary Smith

Date

APPENDIX E

[Money Tree Letterhead]

Dear Money Tree Customer:

When you got your loan from us, you bought one or more of the following insurance products:

1. Credit-life insurance
2. Credit-disability insurance (called "Credit A&H" or "Credit A&S" on your loan contract)
3. Accidental death and dismemberment insurance

The amount(s) you paid for the product(s) are shown on the enclosed Money Tree Insurance Cancellation Form ("Cancellation Form").

In settlement of an action brought by the Federal Trade Commission, The Money Tree, Inc. is offering you an opportunity to cancel one or all of the types of insurance if you did not want them when you got the loan from us.

If you cancel any of the insurance, your last monthly payment will be reduced by the amount listed shown on the attached Cancellation Form for any insurance you choose to cancel. If the amount you would receive as a credit is larger than your last monthly payment, you will not have to make the last monthly payment, and your second-to-last payment will be reduced. If you have already made your last payment on this loan but did not want one or more of the insurance products listed above that you paid for, and if you do not have a new loan with us at the time, we will send you a refund check for that amount. If you have refinanced your loan and still owe Money Tree on the new, refinanced loan, the credit described above will be applied at the end of your refinanced loan.

What is credit-life insurance, and what happens if I cancel it?

It depends on whether you got your loan from one of our offices in Alabama or from one of our offices in Georgia or Louisiana. In Alabama, if you have credit-life insurance with your loan and you die before your loan is paid off, the insurance company will pay Money Tree the part of the loan amount that you have not yet paid. In Georgia and Louisiana, if you have credit-life insurance with your loan and you die before your loan is paid off, the insurance company will pay Money Tree the amount that you have not yet paid and give the remainder of the payoff amount, if there is any, to the person you named as your beneficiary when you got the loan. If you cancel your insurance now and die before your Money Tree loan is paid off, the insurance company will not finish paying off the loan.

What is credit-disability insurance, and what happens if I cancel it?

If you have credit-disability insurance with your loan and become disabled and unable to work before your loan is paid off, the insurance company will make your monthly loan payments to Money Tree, based on the number of days you are disabled. If you cancel your credit-disability insurance now, you will have to make the monthly payments.

What is accidental death and dismemberment insurance, and what happens if I cancel it?

If you paid for accidental death and dismemberment insurance when you got your loan with us, the insurance company will pay the person you named as a beneficiary on the insurance forms if you die accidentally. If, instead of dying, you lose a body part (such as an eye, arm or leg), the insurance company will pay you the amount of money stated in the insurance policy. If you cancel the insurance now, you will not be covered if you die accidentally or are dismembered accidentally.

If you want to keep all the insurance products that you bought, you do not have to do anything. Your insurance coverage will continue as before.

If you did not want one or more of the insurance products when we made the loan to you and you want to cancel one or more of the insurance products, please sign and date the enclosed Money Tree Insurance Cancellation Form next to any product you want to cancel. Then return it to [__Independent Agent__] in the return envelope provided. If you want to cancel one insurance product but keep another one, you should sign your name next to only the one(s) that you want to cancel. The Cancellation Form must be put in the mail and postmarked by the Return Deadline shown on the Cancellation Form. **THIS IS THE ONLY CHANCE YOU WILL HAVE TO RESPOND TO THIS OFFER.**

If there is more than one borrower on your loan, make sure that each borrower signs the Cancellation Form. (This does not include people who co-signed -- or guaranteed -- the loan.) Unless all borrowers sign the form, the insurance will not be canceled and the cost of the insurance will not be credited toward your account.

If you have any questions concerning this letter, please contact [__Independent Agent__] at this toll-free number: 1- 800-xxx-xxxx. Please do not contact us.

You must keep paying your monthly installments on your loan from us, even if you cancel the insurance and request a credit toward your account. We value you as a customer and

hope to serve your financial needs in the future.

Sincerely,

Vance R. Martin, President
The Money Tree, Inc.

APPENDIX F

[Money Tree Letterhead]

[Borrower's Name]

[Address]

[City, State and Zip Code]

Account Number: _____

Contract Number: _____

Claim Number: _____

Mailing Date: _____

Return Deadline: _____

Notice to Co-Borrower

Dear [Co-Borrower's Name]:

Our records show that you and [__Name of Other Co-Borrower__] are co-borrowers on a loan with The Money Tree. Your co-borrower requested that we cancel the credit-life [and/or credit-disability, accidental death and dismemberment] insurance listed on the enclosed Money Tree Insurance Cancellation Form and give you a credit toward your loan balance because you and the co-borrower did not want the insurance when you took out a loan with us.

Before we can cancel the insurance and credit your loan balance for the amount you paid, we need your signature on the Cancellation Form also. If you did not want the insurance products listed on the Cancellation Form and you wish to cancel the insurance and receive a credit toward your loan balance, please sign the Cancellation Form and return it to [__Independent Agent__] in the return envelope provided. The return envelope must be postmarked by [__Return Deadline date__] or the insurance will not be canceled and you will not receive a credit.

If you have any questions concerning this letter, please contact [__Independent Agent__] at this toll-free number: xxx-xxx-xxxx. Please do not contact us.

You must keep paying your monthly installments on your loan from us, even if you cancel the insurance and request a credit toward your account. We value you as a customer and hope to serve your financial needs in the future.

Sincerely,

Vance R. Martin, President
The Money Tree, Inc.

APPENDIX G

Script to Be Read Into 800-Number Voice Message

You have reached the toll-free, question-and-answer line for Money Tree and Money To Lend customers. If you have questions about the letter you recently received from Money Tree, please remain on the line and listen to the following taped series of questions and answers. Listening to the entire series will take approximately five minutes. You are free to hang up at any time, of course, if your question, or questions, are answered before the end of the tape. There will not be an opportunity to speak to a live operator at the end of the tape.

1. Q. Why did I get this letter?
A. It was sent to all recent customers of Money Tree who were charged for the insurance mentioned in the letter. Money Tree agreed to send the letter to settle an action brought by the Federal Trade Commission, a federal agency in Washington, D.C. Money Tree denies any wrongdoing.
2. Q. What was the action about?
A. The FTC alleged that Money Tree violated the Truth in Lending Act by requiring its customers to purchase certain types of insurance but failing to include the cost of the insurance in the finance charge and the annual percentage rate as required by the Act. Money Tree's position is that all such charges were voluntary.
3. Q. What is credit-life insurance?
A. If you got your loan in Alabama and you die before your loan is paid off, the insurance company will pay Money Tree the part of the loan amount that you have not yet paid. If you got your loan in Georgia or Louisiana and you die before your loan is paid off, the insurance company will pay Money Tree the amount you still owe and pay your beneficiary the difference between the coverage amount and the payoff amount of your loan.
4. Q. I don't understand.
A. For example, if you died when the balance due on your loan was \$500, the insurance company would pay Money Tree \$500. Your estate would not owe Money Tree any more money.
5. Q. What if I already have a life insurance policy?
A. Your life insurance benefits may be large enough to cover your loan with Money Tree. The credit-life insurance purchased through Money Tree is in addition to any other life insurance you may have.

6. Q. What is credit-disability insurance?
- A. It is insurance that provides financial protection in case you become sick or injured. If you become totally disabled and cannot work for some period (more than three days in a row in Georgia or more than two weeks in a row in Alabama and Louisiana), the insurance company will make your monthly payments to Money Tree for you, based on the number of days you are out of work due to illness. Of course, once you are able to return to work, the insurance company no longer makes these payments.
7. Q. What is accidental death and dismemberment insurance?
- A. If you have this insurance and you die accidentally, the insurance company will pay the face amount of the policy to the beneficiary. If you are injured and lose the use of some part of your body (such as an eye, arm, or leg), the insurance will pay you an amount specified in the policy.
8. Q. What does this letter mean? Why am I being given the chance to cancel my insurance?
- A. Money Tree states that it does not require borrowers to buy insurance. This opportunity to cancel is being offered to you in case you did not wish to buy insurance when you got the loan.
9. Q. What should I do if I want to cancel the insurance?
- A. Sign the Cancellation Form on the lines next to whichever type(s) of insurance you wish to cancel. Then place the Cancellation Form in the return envelope provided, place a stamp on the envelope, and put it in the mail by the Return Deadline printed on the Cancellation Form. If there was more than one borrower on the loan, each of you must sign the Form.
10. Q. What should I do if I want to keep the insurance?
- A. You do not have to do anything. Your insurance coverage will remain in force.
11. Q. What happens to my loan if I cancel the insurance?
- A. If you cancel, your last monthly payment will be reduced by the amount shown on the Cancellation Form for any insurance you choose to cancel. If you have already

made your last payment and you do not have a loan with Money Tree right now, Money Tree will send you a refund check for the amount on the Cancellation Form. If you have refinanced your loan, you will receive a credit on your new, refinanced loan.

12. Q. If I cancel the credit-life insurance and then die before the loan is paid in full, what will happen?
- A. If you are the principal borrower, you will not have credit-life insurance through Money Tree to pay off your loan.
13. Q. If I cancel the credit-disability insurance and then get sick or become disabled before the loan is paid in full, what will happen?
- A. If you are the principal borrower and you cannot work because of sickness or disability for some specified period of time (more than three days in a row in Georgia or more than two weeks in a row in Alabama), you will not have insurance through Money Tree to make your monthly payments and you would still have to make the monthly payments.
14. Q. If I cancel the accidental death and dismemberment policy, what will happen?
- A. The insurance company will not pay the person named in the policy as your beneficiary if you die accidentally. Also, if you are injured and lose the use of a body part, you will not receive the payment specified in the policy.
15. Q. If I cancel the insurance, will Money Tree be willing to lend to me in the future?
- A. Canceling the insurance will not affect your ability to get credit from Money Tree in the future.

You have reached the end of the question-and-answer line for Money Tree and Money Tree customers. We hope you found it helpful. Thank you for calling.

APPENDIX H

[Money Tree Letterhead]

[Consumer's Name]

[Address]

[City, State and Zip Code]

Claim Number: _____

Account Number: _____

Contract Number: _____

Notice to Customers

Dear Money Tree Customer:

In response to a letter from us, you recently sent a Money Tree Insurance Cancellation Form to [__Independent Agent__]. On that Cancellation Form you indicated that you did not want one or more of the following insurance products when you got your former loan from us, which has now been refinanced:

1. Credit-life insurance
2. Credit-disability insurance (called "Credit A&H" or "Credit A&S" on your loan contract)
3. Accidental death and dismemberment insurance

On the Cancellation Form, you requested that we cancel one or more of the insurance products and give you a credit toward your outstanding loan balance. Since that loan was paid off when you refinanced, we have applied the credit to your new, refinanced loan.

The amount for which we have credited your loan balance is the following:

\$ _____

Because of this credit, your final loan payment will be smaller. You will pay this amount:

\$ _____

If the credit amount is larger than the amount of your final loan payment, you will not have to make your final loan payment at all, and your next-to-last payment will also be smaller. You will pay this amount for your next-to-last payment:

\$ _____

If your credit amount is larger than your last two monthly payments combined, this is the number of monthly payments you may skip:

You do not have to pay the final ____ monthly payments.

Even though you have canceled one or more of your insurance coverages, you must keep making your monthly installments on your loan until the loan is fully paid. If this notice states that you owe nothing for one or more of your final payments, you do not have to make those payments, but you do have to make all earlier payments.

We hope this explanation has been helpful. We value you as a customer and hope to serve your financial needs in the future.

Sincerely,

Vance R. Martin, President
The Money Tree, Inc.