

APPENDIX I
FULL DISCLOSURE AND STANDARDS OF FAIRNESS
PART I - STANDARDS OF FAIRNESS

1. No finance charge contracted for, made, or received under any contract shall be in excess of the charge which could be made for such contract under the law of the place in which the contract is signed by the serviceman. In the event a contract is signed with a U. S. company in a foreign country the lowest interest rate of the state or states in which the company is chartered or does business shall apply.

2. No contract or loan agreement shall provide for an attorney's fee in the event of default unless suit is filed in which event the fee provided in the contract shall not exceed 10% of the obligation found due. No attorney fees shall be authorized if he is a salaried employee of the holder.

3. In loan transactions, defenses which the debtor may have against the original lender or its agent shall be good against any subsequent holder of the obligation. In credit transactions, defenses against the seller or its agent shall be good against any subsequent holder of the obligation provided that the holder had actual knowledge of the defense or under conditions where reasonable inquiry would have apprised him of this fact.

4. The debtor shall have the right to remove any security for the obligation beyond state or national boundaries if he or his family moves beyond such boundaries under military orders and notifies the creditor in advance of the removal, of the new address where the security will be located. Removal of the security shall not accelerate payment of the obligation.

5. No late charge shall be made in excess of 5% of the late payment, or \$5., whichever is the lesser amount. Only one late charge may be made for any tardy installment.

6. The obligation may be paid in full at any time or through accelerated payments of any amount. There shall be no penalty for prepayment and in the event of prepayment that portion of the finance charges which have inured to the benefit of the seller or creditor shall be prorated on the basis of the charges which would have been ratably payable had finance charges been calculated and payable as equal periodic payments over the terms of the contract and only the prorated amount to the date of prepayment shall be due. As an alternative the "Rule of 78" may be applied, in which case its operation shall be explained in the contract.

7. No charge shall be made for an insurance premium or for finance charges for such premium unless satisfactory evidence of a policy, or insurance certificate where state insurance laws or regulations permit such certificates to be issued in lieu of a policy, reflecting such coverage has been delivered to the debtor within 30 days after the specified date of delivery of the item purchase or the signing of a cash loan agreement.

8. If the loan or contract agreement provides for payments in installments, each payment, other than the down payment, shall be in equal or substantially equal amounts, and installments shall be successive and of equal or substantially equal duration.

9. If the security for the debt is repossessed and sold in order to satisfy or reduce the debt, the repossession and resale will meet the following conditions: (a) the defaulting purchaser will be given advance written notice of the intention to repossess; (b) following repossession, the defaulting purchaser will be served a complete statement of his obligations and adequate advance notice of the sale; (c) he will be permitted to redeem the item by payment of the amount due before the sale, or in lieu thereof submit a bid at the sale; (d) there will be a solicitation for a minimum of three sealed bids unless sold at auction; (e) the party holding the security, and all agents thereof, are ineligible to bid; (f) the defaulting purchaser will be charged only those charges which are reasonably necessary for storage, reconditioning and resale and (g) he shall be provided a written detailed statement of his obligations, if any, following the resale and promptly refunded any credit balance due him, if any.

10. The contract may be terminated at any time before delivery of the goods or services without charge to the purchaser. However, if goods made to the special order of the purchaser result in pre-production costs, or require preparation for delivery, such additional costs will be listed in the order form or contract. No termination charge will be made in excess of this amount. Contracts for delivery at future intervals may be terminated as to the undelivered portion, and the purchaser shall be chargeable only for that proportion of the total cost which the goods or services delivered bear to the total goods and services called for by the contract.

PART II - FULL DISCLOSURE

A copy of this form or its equivalent should be provided to the serviceman in advance of executing the contract, and must be submitted with requests for debt processing assistance.

A. IDENTIFICATION

Date: _____

1. Purpose of loan or purchase _____	2. Security for loan _____
3. Borrower's name and address _____ _____	4. Creditor's name and address _____ _____
5. Name and address of creditor (if known) to whom the obligation is or will be payable, if other than above. _____ _____	6. Has creditor any financial ties with, or right of recourse against seller in event of default? Yes <input type="checkbox"/> No <input type="checkbox"/>

B. CONTRACT TERMS

1. Quoted cash price of goods or services, or total amount of cash advanced.	\$ _____
2. Ancillary charges from which seller or lender receives no benefit, and which would be paid if this were a cash purchase: taxes; auto license fees; filing or recording fees paid or payable to a public official, etc. a. _____ b. _____ c. _____ Total ancillary charges	_____ _____ _____ _____ \$ _____
3. Total cash delivered price, or total amount of credit extended (1 + 2)	\$ _____
4. Less down payment or trade-in allowance.	(\$ _____)
5. Unpaid cash balance to be financed (3 - 4)	_____
6. Finance charges which benefit the seller or creditor, or entities in which either has an interest. These are charges which would not be made if this were a cash purchase: a. Official fees for filing or recording credit instrument _____ b. Charges for investigating credit worthiness of borrower _____ c. Insurance premiums (life, disability, accident, health, other) _____ d. All other charges for extending credit _____ Total finance charges	_____ _____ _____ _____ \$ _____
7. Total amount to be repaid, in accordance with terms of agreement (5 + 6)	\$ _____
8. To be repaid in _____ monthly installments, of \$ _____ each, with the first payment to be made on _____ (date).	_____
9. The finance charges expressed in approximate annual percentage rate (see reverse side and Appendix II) All lenders and all sellers who regularly engage in credit sales must complete this item.	_____ %

^o Explain on reverse side if amount is to be repaid in other than level monthly payments.

PART II - FULL DISCLOSURE (cont'd.)

C. CALCULATION OF APPROXIMATE ANNUAL PERCENTAGE RATE *

- 1. Total finance charges (B. 6) \$ _____
- 2. Total amount to be financed (B. 5) \$ _____
- 3. Finance charges per \$100 financed \$ _____
(Divide 1 above by 2 above and multiply the result by \$100).
- 4. Number of monthly payments (B. 8) _____

- 5. Determine annual percentage rate by using either:
 - a. DoD Annual Rate Table (Appendix II). This table will give an approximate annual percentage rate based on the actuarial method. These approximate rates will differ from precise calculations by no more than 1/4% at the left end of the table and not more than 1-1/2% at the right end of the table. Read down the left column of the table to the number of monthly payments (4 above). Read across to find between which pair of columns the finance charge per hundred (3 above) falls. Read up and find the approximate annual percentage rate at the head of the pair of columns, .. _____ %
 - or -
 - b. A More Precise Actuarial Calculation based on standard annuity tables. _____ %

* For purposes of this calculation, it is necessary to determine the number of equal monthly payments which would be required during the period of the contract, regardless of the actual repayment terms specified.

REPAYMENT TERMS IF OTHER THAN LEVEL MONTHLY PAYMENTS

PART III - Certificate of Compliance

(If Part II is executed before the obligation is incurred)

I certify that (1) the Standards of Fairness (Part I) have been applied to the loan or credit obligation to which this form refers, (2) a full disclosure of the terms of the obligation has been made by execution of Part II or its equivalent, and (3) that a copy of this disclosure was furnished to the borrower (or debtor), whose signature is also indicated below, before the obligation was incurred.

Signature of borrower

Signature of creditor

(Date)

(If Part II is not executed before the obligation was incurred)

I certify that (1) the Standards of Fairness (Part I) have been applied to the loan or credit obligation to which this form refers and that the unpaid balance owing has been adjusted in accordance therewith as reflected in an executed copy of Part II, or (2) that the Standards of Fairness were applied at the time the loan was made and no adjustment is required in the transaction as indicated by the executed copy of Part II.

Name of borrower

Signature of creditor

(Date)