

provided to the State indicate that AutoSmart is in compliance with Iowa law when it has added the cost of repairs to vehicle to the original closed-end credit transaction.

AutoSmart agrees to forgive the outstanding balance, including the cost of repairs, on all transactions where the costs of repairs were added to the original closed-end credit transaction and the vehicle was illegally repossessed due to the failure of the consumer to pay the cost of repairs. AutoSmart also agrees to immediately come into compliance with the Federal Truth in Lending Act, and cease rolling additional costs, such as repair costs, into original closed-end credit transactions. AutoSmart also agrees to provide separate consumer credit agreements whenever it provides financing for repair work.

The State alleges that the Motor Vehicle Retail Installment Sales Contract and Contract Supplement that AutoSmart provides its consumers is not in compliance with the ICCC.

Specifically, the following provisions are not in compliance with the requirements of the ICCC:

1. Motor Vehicle Retail Installment Sales Contract

- a. INTEREST AFTER MATURITY: States that an interest rate of 18% will be charged on any amount not paid when final payment is due, which is not in compliance with Iowa Code §537.2502. AutoSmart agrees to re-draft or remove the language to comply with Iowa Code § 537.2502 and cease assessing non-compliant interest after maturity.
- b. HOW YOU WILL APPLY MY PAYMENTS: States the method by which credits may be applied to an account, which is not in compliance with Iowa Code § 537.2502. AutoSmart agrees to re-draft or remove the language to comply with Iowa Code § 537.2502 and cease non-compliant applications of payments.

- c. APPLICATION OF CREDITS: States the method by which credits may be applied to an account, which is not in compliance with Iowa Code § 537.2502. AutoSmart agrees to re-draft or remove the language to comply with Iowa Code § 537.2502 and cease non-compliant applications of credits.
- d. YOUR RIGHT TO DEMAND PAYMENT IN FULL: States the procedure for AutoSmart to demand payment in full, which is not in compliance with Iowa Code § 537.5110(4). AutoSmart agrees to re-draft or remove the language to comply with Iowa Code § 537.5110(4) and cease non-compliant demands for payments in full.

2. Contract Supplement

- a. PAYMENTS: States there is no grace period for late payments, which is not in compliance with Iowa Code §§ 537.2502 and 537.5109. AutoSmart agrees to re-draft or remove the language to comply with Iowa Code §§ 537.2502 and 537.5109 and provide consumers with the statutorily required 10-day grace period before payments become delinquent.
- b. CHECKS USED FOR PAYMENT: States that a service charge will be assessed for all returned checks, which is not in compliance with Iowa Code § 537.2501(g). AutoSmart agrees to re-draft or remove the language to comply with Iowa Code § 537.2501(g) and to cease assessing a fee for returned checks.
- c. DEFAULT: States that Autosmart may repossess a vehicle immediately upon default, which is not in compliance with Iowa Code § 537.5111. AutoSmart agrees to re-draft or remove the language to comply with Iowa Code §

537.5111 and provide consumers with an accurate description of the process and timing necessary under Iowa law for the lender to repossess the vehicle.

AutoSmart agrees to revise all its credit documentation to bring the contract language into compliance with the ICCC. AutoSmart also agrees to provide the State with a copy of all revised credit documentation for State approval within 30 days of the signing of this Assurance.

AutoSmart agrees to provide to the State within thirty days of signing this Assurance a list of all consumers who should receive a refund based upon this Assurance. This list shall include the consumer's name, contact information, and VIN of the vehicle associated with the refund, the reason for the refund (e.g. "Illegal Returned Check Fee", "Illegal Repossession", etc), amount of the refund, the date of the refund, and how the refund was made. Photocopies of all refund checks or proof of credit provided to the consumer should also be attached to this list. AutoSmart will also provide the motor vehicle purchase agreement and retail installment sales contracts for all transactions where a refund was owed if those documents were not previously provided to the State.

For any provision above wherein AutoSmart owes a consumer a refund, if AutoSmart is unable to make contact with or provide remittance to any consumer within three months of signing this Assurance, AutoSmart will notify the State and provide the funds to the State. The State will then attempt to contact the consumer and forward the refund. If the State cannot locate a consumer after six months, the money shall be deposited into the Consumer Education and Litigation Fund established by Iowa Code Section 714.16(c).

Finally, 90 days after the signing of this Assurance, AutoSmart will send the State a copy of all the documents involved in its ten most recent consumer credit transactions that were financed by AutoSmart.

THOMAS J. MILLER
ATTORNEY GENERAL OF IOWA

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Subscribed and sworn to before me by the above-named individual on the 11th day
of January, 201~~8~~6

Cheryl A. Ritter
NOTARY PUBLIC



FOR Kemna-Asa Auto Plaza, Inc. dba AutoSmart
of Spirt Lake

By: _____

Owner, Kemna-Asa Auto Plaza, Inc. dba
AutoSmart of Spirt Lake

Subscribed and sworn to before me by the above-named individual on the 7th day
of January, 2016.

La R. R.
NOTARY PUBLIC

