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IN RE: C.R. Cars, L.C.

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) ASSURANCE OF DISCONTINUANCE  
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**ASSURANCE OF DISCONTINUANCE**

This Assurance is given by C.R. Cars, L.C., and accepted by the State of Iowa, pursuant to Section 537.6109 of the Iowa Consumer Credit Code (hereinafter "ICCC"). This Assurance shall be binding on C.R. Cars, L.C. and the officers, employees, agents, and assignees of C.R. Cars.

The State alleges that C.R. Cars, L.C. has failed to comply with numerous provisions of the ICCC. Specifically, the State alleges that C.R. Cars, L.C. has violated the following sections of the ICCC: §§ 537.2201; 537.2502; 537.2507; 537.3201; 537.3203; 537.3211; 537.3306; 537.3402; 537.5108; 537.5110; 537.5111; 537.6202; 537.6203; 537.7103(4)(e).

C.R. Cars, L.C. agrees to enter into this Assurance in order to resolve this matter and all matters detailed below.

The State alleges that C.R. Cars, L.C. failed to adhere to the disclosures required by the Federal Truth in Lending Act, which is made part of Iowa law pursuant to Iowa Code §§ 537.1302 and 537.3201. The State also alleges that C.R. Cars, L.C. failed to adhere to the disclosures as required by Iowa Code § 537.3203 and Iowa Code § 537.3211. The State alleges that C.R. Cars, L.C. failed to disclose the amount financed, the finance charge, or the actual annual percentage rate of finance charges, amongst several other violations. The State alleges that these violations occurred in almost all of the documents reviewed by the Office of the Attorney General. The failure to properly disclose an accurate finance charge resulted in consumers paying a larger finance charge than disclosed on the Retail Installment Contract and the Motor Vehicle Purchase Agreement. Moreover, by failing to properly disclose all finance charges, C.R. Cars, L.C. repeatedly charged consumers a finance charge in excess of the legal usury limit mandated by the

ICCC and Iowa Code § 322.19. C.R. Cars, L.C. denies all of the above charges, but admits that a former manager employed flawed loan documentation and that some customers were charged more than the law allows. C.R. Cars, L.C. has taken steps to correct any incorrect charges found to have occurred, has attempted to locate and reconcile the accounts of each customer whose account the company has erroneously or improperly computed interest, finance charges, or loan balances, to the extent they can be found, and continues to refund moneys owed.

C.R. Cars, L.C. agrees to immediately comply with the Federal Truth in Lending disclosure requirements for all future transactions. Further, C.R. Cars, L.C. agrees to immediately comply with all other disclosure requirements of the ICCC, including, but not limited to §§ 537.1302, 537.3201, 537.3203, and 537.3211 for all future consumer credit transactions, or where otherwise required. C.R. Cars, L.C. also agrees to refund within 90 days of signing this Assurance, the difference between the amount of the finance charge disclosed, in most cases C.R. Cars, L.C. disclosed a charge of 18%, and the actual amount of the finance charge to customers; if a customer cannot be located within 90 days, that refund will go to the State of Iowa. Remittance may take the form of an offset against money the consumer owes to C.R. Cars, L.C. C.R. Cars, L.C. will notify the State when the remittance to all consumers is complete. C.R. Cars, L.C. will then provide documentation to the State to show to whom, in what form, and when the remittance was made. The documentation shall include the name, address, and telephone number of the consumer to whom the remittance was made and the date on which the remittance was made. If the remittance was made in the form of a check, C.R. Cars, L.C. will provide a copy of the check to the State. If the remittance is made in the form of an offset against monies owed to the consumer, then the documentation must include a payment history showing the new balance owed to C.R. Cars, L.C. If C.R. Cars, L.C. is unable to make contact with any consumer or provide remittance to a consumer within 90 days of signing this Assurance, C.R. Cars, L.C. will notify the State and provide the funds to the State, except those who have failed to pay C.R. Cars, L.C. the fair and correct amounts still owed to C.R. Cars, L.C. The State will then attempt to contact the consumers for who it holds funds and make the refund. If the

State cannot locate the consumer after six months the money shall be deposited into the Consumer Education and Litigation Fund established by Iowa Code § 714.16C.

The State alleges that C.R. Cars, L.C. intentionally misrepresented the character, extent, or amount of the debt as prohibited by 537.7103(4)(e). The State also alleges that C.R. Cars, L.C. charged and received late fees for delinquent payments in excess of delinquency fees allowable under Iowa Code § 537.2502. Furthermore, the State alleges that C.R. Cars, L.C. contracted for and received default charges in excess of reasonable expenses incurred in realizing on a security interest or those charges specifically authorized by law, in violation of Iowa Code § 537.3402, and required consumers to enter into financing agreements that provide for the payment of C.R. Cars, L.C.' attorney's fees in cases of default in violation of 537.2507. Further, the State alleges that C.R. Cars, L.C. required consumers to sign an agreement authorizing C.R. Cars, L.C. to take the vehicle "without necessity of court order or any judicial process" in violation of Iowa Code section 537.3306 and failed to provide notices of right to cure prior to repossession, which is prohibited by Iowa Code §§ 537.5110 and 537.5111. C.R. C.R. Cars, L.C. denies all of the allegations in this paragraph. To the extent mistakes or previous erroneous procedures have been identified, measures are being taken to correct them, to resolve overcharges, if any, and to provide fair treatment and settlement with those customers affected, if applicable. In addition to whatever measures are presently being taken to correct overcharges, C.R. Cars, L.C. will comply with all demands for compliance delineated above and below in this Assurance.

C.R. Cars, L.C. has modified its motor vehicle purchase contracts and retail installment contracts so that they are in conformity with the ICCC and no longer finances consumer motor vehicle purchases or engages in consumer credit transactions. Furthermore, C.R. Cars, L.C. agrees to follow the procedures required by Iowa Code §§ 537.5110 and 537.5111. This would include, but is not limited to giving consumers the opportunity to cure a default, and giving consumers notice of their opportunity to cure a default, giving consumers the 20 days following the Notice of Right to Cure to cure default, and giving notice of their right to cure prior to repossession.

C.R. Cars, L.C. also agrees to refund within 90 days of signing this Assurance all delinquency fees that were charged in excess of the lawful amount. As stated above, remittance may take the form of an offset against any debt the consumer owes to C.R. Cars, L.C. C.R. Cars, L.C. will notify the State when the remittance to all consumers is complete and follow the procedures outlined in the paragraphs above for proper proof of remittance. If any consumers are not located within 90 days of signing this Assurance, those consumers' refunds shall be given to the State.

C.R. Cars, L.C. further agrees to refund within 90 days of signing this Assurance all repossession fees in cases where proper repossession procedures were not followed. C.R. Cars, L.C. may offset the refunds against any debt the consumer owes to C.R. Cars, L.C. C.R. Cars, L.C. will notify the State when the remittance to all consumers is complete and follow the procedures outlined in the paragraphs above for proper proof of remittance. If any consumers are not located within 90 days of signing this Assurance, those consumers' refunds shall be given to the State.

The State further alleges that C.R. Cars, L.C. failed to notify this office and pay fees, pursuant to Iowa Code §§ 537.6201 through 537.6203, and that C.R. Cars, L.C. was a creditor engaged in the business of consumer credit transactions.

C.R. Cars, L.C. recently submitted the proper forms notifying this office that it is a creditor engaged in the business of consumer credit transactions and brought its fee payment up to date. C.R. Cars, L.C. agrees that for every year in the future that C.R. Cars, L.C. is a creditor engaged in the business of consumer credit transactions or is still in possession of outstanding Iowa consumer credit code transactions, C.R. Cars will timely notify this office and pay fees pursuant to Iowa Code §§ 537.6201 through 537.6203.

Finally, 90 days after the signing of this Assurance, C.R. Cars, L.C. will send the State a copy of all the documents involved in its ten most recent consumer credit transactions, if any. If C.R. Cars, L.C. resumes engaging in consumer credit transactions within two years of the execution of this Assurance then C.R. Cars, L.C. will provide the State with all documents involved in its first ten

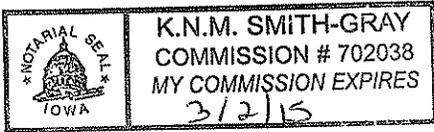
consumer credit transactions.

THOMAS J. MILLER  
ATTORNEY GENERAL OF IOWA

By: Jessica Whitney  
Jessica Whitney  
Assistant Attorney General  
Deputy Administrator-Consumer Credit Code  
1305 E. Walnut Street  
Des Moines, IA 50319  
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Subscribed and sworn to before me by the above-named individual on the 2nd day of  
November, 2012.

K.N.M. Smith - Gray  
NOTARY PUBLIC



FOR C.R. Cars, L.C.

By: Sharon Sano  
Manager, C.R. Cars, L.C.

Subscribed and sworn to before me by the above-named individual on the 26th day of  
October, 2012.

Dennis J. Houghton  
NOTARY PUBLIC #190169  
Exp. 6/31/15