

It is further ordered, That petitioner's request that confidential treatment be accorded those tables and charts which it has designated "Confidential" be, and it hereby is, granted.

IN THE MATTER OF
UNION MORTGAGE CO.,
DOING BUSINESS AS

UNION HOME LOANS, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-2177. Complaint, March 24, 1972—Decision, March 24, 1972.

Consent order requiring three California companies located in Los Angeles and Sacramento engaged in arranging loans secured by real property to cease violating the Truth in Lending Act by failing to disclose in its extension of consumer credit the terms annual percentage rate, finance charge, amount financed, the number of installments, any charge for life or property insurance, and other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Union Mortgage Co., a corporation doing business as Union Home Loans, and Stockton Home Mortgage Co., a corporation doing business as Union Home Loans, and Hacienda Home Loans, a corporation, and Irving Tushner, individually, and Joseph Seedman, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Union Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

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Respondent Stockton Home Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 1745 Arden Way, Sacramento, California.

Respondent Hacienda Home Loans is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Hacienda Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Joseph Seedman is the principal corporate officer of Union Mortgage Co., Stockton Home Mortgage Co., and Hacienda Home Loans. Irving Tushner is the principal stockholder of each of said corporate respondents. The individually named respondents formulate, direct and control the acts and practices of all the corporate respondents, including the acts and practices hereinafter set forth. Their addresses are the same as the respective corporate respondents.

PAR. 2. Respondents are now and for some time last past have been engaged in the business of arranging loans secured by real property for a fee under the California Mortgage Loan Broker Act.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents have caused advertisements to be published, broadcast, or delivered, which advertisements aid, promote or assist directly or indirectly the extension of other than open end credit. These advertisements state the amount of installment payments and the period of repayment to be made if the credit is extended, without also stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 of Regulation Z:

1. The amount of the loan;
2. The number of payments scheduled to repay the indebtedness if the credit is extended;
3. The rate of the finance charge expressed as an annual percentage rate; and
4. The sum of the payments.

PAR. 5. Respondents, in certain of the advertisements referred to in Paragraph Four have advertised installment amounts and periods of repayment which they do not usually or customarily arrange, in violation of Section 226.10(a) of Regulation Z.

PAR. 6. Respondents, in certain of the advertisements referred to in Paragraph Four have incorrectly stated the amount of the loan in violation of Sections 226.10(d)(2)(i) and 226.8(d)(1) of Regulation Z by representing as the amount of credit available to the borrower an amount which includes respondent's commission.

PAR. 7. Respondents, in certain of the advertisements referred to in Paragraph Four, fail to disclose clearly and conspicuously the "annual percentage rate," the "total of payments," the "amount financed," and the number of payments scheduled to repay the indebtedness if the credit is extended, as required by Section 226.6(a) of Regulation Z.

PAR. 8. Subsequent to July 1, 1969, respondents, in connection with their arrangement for the extension of consumer credit, have provided customers with credit cost disclosure statements which:

1. Fail to make the disclosures required by Section 226.8 of Regulation Z clearly, conspicuously and in a meaningful sequence, as required by Section 226.6(a) of Regulation Z;

2. Fail to print the terms "annual percentage rate" and "finance charge" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z;

3. Fail to make all the required disclosures in any one of the following three ways, as required by Sections 226.8(a) and 226.801 of Regulation Z;

- (1) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

- (2) On one side of a separate statement which identifies the transaction; or

- (3) on both sides of a single document containing on each side thereof the statement *NOTICE*: "See other side for important information," with the place for the customer's signature following the full content of the document.

4. Provide additional information which misleads or confuses the customer or obscures or detracts attention from the information required to be disclosed by Regulation Z, in violation of Section 226.6(c) of Regulation Z;

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5. Fail to identify the creditor other than the respondents, when the credit is extended by a creditor other than respondents, as required by Section 226.6(d) of Regulation Z;
6. Fail to disclose the date on which the finance charge begins to accrue, when different from the date of the transaction, as required by Section 226.8(b) (1) of Regulation Z;
7. Fail to disclose the due date of the first payment scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z;
8. Fail, when a specific dated and separately signed affirmative written indication of the customer's desire for credit life and disability insurance is not obtained, to include the amount of the charge for such insurance in the finance charge as required by Section 226.4(a) (5) of Regulation Z, and thereby fail to state the finance charge accurately as required by Section 226.8(d) (3) of Regulation Z;
9. Fail, when a clear, conspicuous and specific statement in writing is not made that the customer may choose the person through whom property insurance is obtained, to include the charges for such insurance in the finance charge as required by Section 226.4(a) (6) of Regulation Z, and thereby fail to state the finance charge accurately as required by Section 226.8(d) (3) of Regulation Z;
10. Fail, where the customer is obligated to pay a fee to respondents' collection agent for servicing the loan and collecting the installment payments, to disclose the amount of that fee or to include that amount in the finance charge as required by Section 226.4(a) of Regulation Z, and thereby fail to disclose the finance charge accurately as required by Section 226.8(d) (3) of Regulation Z;
11. Fail to disclose the annual percentage rate computed in accordance with the requirements of Section 226.5 of Regulation Z accurately to the nearest quarter of one percent, as required by Section 226.8(b) (2) of Regulation Z;
12. In the instances where a balloon payment is scheduled, within the meaning of Section 226.8(b) (3) of Regulation Z, fail to state the conditions under which that payment may be refinanced if not paid when due, as required by that Section;
13. In instances where existing extensions of credit are refinanced, within the meaning of Section 226.8(j) of Regulation Z, fail to make the disclosures required by Section 226.8 thereof as if the refinancing were a new transaction, in violation of Section 226.8(j) of Regulation Z.

PAR. 9. In the ordinary course and conduct of their business as aforesaid, respondents arrange for the extension of credit in transactions in which a security interest is acquired in real property which is used as the principal residence of the customer. The customer thereby has the right to rescind the transaction, as provided by Section 226.9 of Regulation Z. In these transactions, respondents:

1. Fail, in some instances, to provide each customer who has the right to rescind with two copies of the prescribed notice of right to rescind, as required by Section 226.9(b) of Regulation Z;

2. In some instances provide customers who have the right to rescind with copies of the prescribed notice of right to rescind, which notice is not in type no less than 12 point bold-face, as required by Section 226.9(b) of Regulation Z;

3. In some instances provide customers who have the right to rescind with copies of the prescribed notice of right to rescind, which notice fails to identify the transaction to which that right applies, in violation of Section 226.9(b) of Regulation Z;

4. Fail, in some instances, to provide each customer who has the right to rescind with a copy of the disclosures required under Section 226.8 of Regulation Z, in violation of Section 226.6(e) of Regulation Z:

5. In instances where existing extensions of credit are refinanced within the meaning of Section 226.8(j) of Regulation Z and respondents are required thereby to treat the refinancing as a new transaction, fail to provide each customer who has the right to rescind with two copies of the notice of right to rescind, as required by Section 226.9(b) of Regulation Z.

PAR. 10. By and through the acts and practices set forth above, respondents failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents have violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder,

and respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, and comments thereon having been received, considered, and adopted in part by the Commission, and the agreement having been placed on the public record for an additional period of thirty (30) days during which time no comments were received, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Union Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Stockton Home Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 1745 Arden Way, Sacramento, California.

Respondent Hacienda Home Loans is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Hacienda Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Joseph Seedman is the principal corporate officer of Union Mortgage Co., Stockton Home Mortgage Co., and Hacienda Home Loans. Irving Tushner is the principal stockholder of each of said corporate respondents. The individually named respondents for-

multate direct and control the acts and practices of all the corporate respondents, including the acts and practices hereinafter set forth. Their addresses are the same as the respective corporate respondents.

2. 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

It is ordered, That respondent Union Mortgage Co., a corporation, doing business as Union Home Loans or any other name, respondent Stockton Home Mortgage Co., a corporation, doing business as Union Home Loans or any other name, respondent Hacienda Home Loans, a corporation doing business as Hacienda Home Loans or any other name, their officers, and respondent Irving Tushner, individually, and respondent Joseph Seedman, individually and as an officer of respondent corporations, and respondents; agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, extension of "consumer credit" or arranging for "consumer credit" as defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, which advertisement states:

a. the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless it states all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z;

- (1) the amount of the loan;
- (2) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (3) the amount of the finance charge expressed as an annual percentage rate; and
- (4) the sum of the payments.

b. that a specific amount of credit, installment amount, or period of repayment can be arranged unless respondents usually and customarily arrange or will arrange credit amounts or installments for the stated amount and for the

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stated period, as required by Section 226.10 (a) of Regulation Z.

c. that loans at a specific annual percentage rate can be arranged unless respondents usually and customarily arrange or will arrange loans at the stated annual percentage rate.

d. any amount represented to be the amount of credit available to borrowers other than the "amount financed" as defined in Sections 226.2(d) and 226.8(d)(1) of Regulation Z.

2. Failing to disclose the annual percentage rate computed in accordance with Section 226.5 of Regulation Z to the nearest quarter of one percent, as required by Sections 226.8 and 226.10 of Regulation Z.

3. Failing to make all disclosures required by Regulation Z clearly, conspicuously, and in meaningful sequence, as required by Section 226.6(a) of Regulation Z.

4. Failing to print the terms "finance charge" and "annual percentage rate," where required to be used, more prominently than the other terminology required to be used by Regulation Z, as required by Section 226.6(a) thereof.

5. Failing to make all the required disclosures in one of the following three ways, in accordance with Sections 226.8(a) or 226.801 of Regulation Z.

(a) together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

(b) on one side of a separate statement which identifies the transaction; or

(c) on both sides of a single document containing on each side thereof the statement "Notice: See other side for important information," with the place for the customer's signature following the full content of the document.

6. Stating, utilizing or placing any additional information in conjunction with the disclosures required by Regulation Z to be made, which information misleads or detracts attention from the information required by Regulation Z to be disclosed.

7. Failing to identify each creditor in the transaction, as required by Section 226.6(d) of Regulation Z.

8. Failing to disclose the date on which the finance charge begins to accrue when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z.

9. Failing to disclose the due dates of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.
10. Failing to include in the finance charge, for purposes of disclosure of the finance charge and computation of the annual percentage rate, any of the following charges incurred by the customer:
 - a. any charge for credit life or disability insurance, if a specific dated and separately signed affirmative written indication of the customer's desire for such insurance is not obtained, as provided in Section 226.4(a)(5) of Regulation Z;
 - b. any charge for property insurance, if a specific statement in writing is not made that the customer may choose the person through whom such insurance is obtained, as provided in Section 226.4(a)(5) of Regulation Z;
 - c. any charge for servicing extensions of credit or for collecting payments scheduled to repay the customer's indebtedness, as required by Section 226.4(a) of Regulation Z.
11. Failing to disclose the amount of the finance charge accurately, as required by Section 226.8(d)(3) of Regulation Z.
12. Failing to identify any payment which is more than twice the amount of an otherwise regularly scheduled equal payment as a "balloon payment," or failing to state the conditions under which that payment may be refinanced if not paid when due, as required by Section 226.8(b)(3) of Regulation Z.
13. Failing, when any existing extension of credit is refinanced within the meaning of Section 226.8(j) of Regulation Z, to make all disclosures required by Regulation Z to be made as if the refinancing were a new transaction, as required by Section 226.8(j) of Regulation Z.
14. Failing, in any transaction in which a security interest is or will be retained or acquired in real property which is used or is expected to be used as the principal residence of the customer, including any transaction required by Section 226.8(j) of Regulation Z to be treated as a new transaction, to:
 - a. Provide each customer who has the right provided by Section 226.9 (a) of Regulation Z to rescind the transaction with two copies of the notice of right to rescind in the form required by Section 226.9(b) of Regulation Z, which

notice shall identify the transaction to which the right to rescind related, as required by Section 226.9(b) of Regulation Z.

b. Provide each customer who has the right provided by Section 226.9(a) of Regulation Z to rescind the transaction with a copy of all disclosures required under Section 226.8 thereof, as required by Section 226.6(e) of Regulation Z.

15. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondents cease and desist collecting monthly loan service charges on any loans consummated subsequent to July 1, 1969, in which said loan service charge was not disclosed on the Truth in Lending disclosure statements as part of the finance charge of those transactions.

It is further ordered, That respondents rebate or credit the account of every borrower who obtained a loan through respondents subsequent to July 1, 1969, with the amount of any monthly loan service charge imposed against those borrowers' accounts subsequent to July 1, 1971, in which said loan service charge was not originally disclosed as part of the finance charge of those transactions on the Truth in Lending disclosure statements provided those borrowers at the time the loans were consummated.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale, resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents herein shall, within 60 days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

We've made some deliberate business decisions which were mistakes and we would like to acknowledge them. In the past, we've advertised ten year loans at an annual percentage rate of 14.1% and six year loans at 16.19%. We haven't arranged enough of these loans for them to be typical. The Federal Trade Commission has made this clear to us. We have agreed with the government not to advertise such terms unless they are available in substantial numbers or unless the terms and conditions limiting them are prominently explained. The loan terms we advertise now and in the future will be available as described, consistent with the Federal Truth in Lending Act.

Union Home Loans
A state licensed real estate
loan brokerage firm. Phone
386-7383.

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Complaint

IN THE MATTER OF

MARSHALL LEWIS ENTERPRISES, INC., DOING BUSINESS AS
RADIO BROADCASTING ASSOCIATES, ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-2178. Complaint, March 30, 1972—Decision, March 30, 1972*

Consent order requiring a Jersey City, N.J., firm engaged in producing and co-producing radio shows and program features for radio stations to cease misrepresenting in its news paper advertising that its courses of instruction will qualify participants as program producers, announcers or disc jockeys, misrepresenting the profits to be made by persons accepting respondents' offers, failing to reveal the costs to applicants prior to their signing a contract for tests, and pilot shows, and failing to reveal all other terms and conditions of respondents' operation.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission having reason to believe that Marshall Lewis Enterprises, Inc., a corporation, doing business as Radio Broadcasting Associates, and Dean Lewis and Stuart Marshall, individually, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Marshall Lewis Enterprises, Inc. d/b/a Radio Broadcasting Associates, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 270 Henderson Street, Jersey City, New Jersey. Individual respondents Dean Lewis and Stuart Marshall are officers of said corporation. They formulate, direct and control the policies of the corporate respondent. The address of the individual respondents is the same as that of the corporate respondent.

PAR. 2. The respondents are engaged in the business of producing and co-producing radio shows and program features for radio stations and are now, and for some time last past have been, engaged in the solicitation of members of the general public to produce or co-produce and/or host said radio shows and program features and engage respondents' services, facilities, air time and courses of in-