

sixty (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.

IN THE MATTER OF
ASSOCIATED-EAST MORTGAGE CO.

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

Docket 8852. Complaint, July 14, 1971—Decision, June 12, 1972

Consent order requiring a Camden, New Jersey, mortgage loan company to cease requiring mortgage loan applicants to grant respondent the exclusive right to process their loans and to cease failing to make all disclosures to customers required by Regulation Z of the Truth in Lending 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 Associated-East Mortgage Co., formerly known as South Jersey Mortgage Co., a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts and 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 Associated-East Mortgage Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 500 Market Street, Camden, New Jersey.

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Until its name was changed on November 1, 1970, said corporation was known as South Jersey Mortgage Co.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the business of arranging and extending mortgage loans in connection with consumer purchase of dwellings which are used or expected to be used as the principal residence of the consumer.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent arranges and for some time last past regularly has extended consumer credit and arranged for the extension of consumer credit, as "consumer credit" is defined in 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, respondent in the ordinary course and conduct of its business and in connection with its extensions and arranging for consumer credit, has:

Failed and is failing to render consumer credit cost disclosure statements "before the transaction is consummated" as required by Section 226.8(a) of Regulation Z. Specifically, respondent causes borrowers to execute loan applications granting it an exclusive right to process the loan and obligating borrowers to pay a service charge upon receipt of a letter of commitment which conforms to the terms set forth in the application. However, despite these obligations respondents render the required disclosures only at the real estate settlement.

PAR. 5. Pursuant to Section 103(k) of the Truth in Lending Act, respondent's aforesaid failures to comply with the requirements of Regulation Z constitute violations of that Act and, pursuant to Section 108 subsection (c) thereof, respondent thereby has violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having issued its complaint on July 14, 1971, charging respondent with violation of the Federal Trade Commission Act and the Truth in Lending Act (15 U.S.C. Section 1601 *et seq.*), and the implementing regulation promulgated thereunder, and the respondent having been served with a copy of that complaint; and

The Commission having duly determined upon a joint motion of complaint counsel and respondent's counsel that in the circumstances presented the public interest would be served by waiver here of the provisions of Section 2.34(d) of its rules that the consent order procedure shall not be available after issuance of complaint; and

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

The Commission having considered the aforesaid agreement and having determined that it provides an adequate basis for appropriate disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings made, and the following order is entered:

1. Respondent Associated-East Mortgage Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 500 Market Street, Camden, New Jersey.

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

ORDER

It is ordered, That respondent Associated-East Mortgage Co., a corporation, its successors and assigns, its officers, agents and representatives and employees, directly or through any corporate or other device, in connection with any extension or arrangement of consumer credit, as "consumer credit" is 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:

Requiring mortgage loan applicants to grant respondent the exclusive right to process their loans and be required to pay a service charge to respondent upon receipt of a firm mortgage loan commitment conforming to the terms set forth in the loan application, or creating a contractual relationship between respondent and loan applicant within the meaning of Section 226.2(cc) of Regulation Z, prior to making the necessary disclosures required by the Truth in Lending Act and Regulation Z.

It is further ordered, That respondent, at the time of and in conjunction with issuance of its firm mortgage loan commitment make all disclosures required to be made by Section 226.8 of Regulation Z, in the manner and form required by Regulation Z.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions or departments, and that respondent secure from each person in

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charge of such divisions or departments a signed statement acknowledging receipt of said order.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the respondent, such as dissolution, assignment, or sale, resultant 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 respondent shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with the order to cease and desist contained herein.