



# STATE OF ALABAMA STATE BANKING DEPARTMENT



## Alabama's Restitution Plan

A total of \$3,483,857.00 will be available to Alabama consumers who had a real estate secured loan with Household during the covered period. All consumers who have a covered loan will receive a mail-out in mid August identifying the minimum settlement they would receive under the restitution plan.

Depending on how many affected consumers choose to opt-in to the settlement, the actual amount of the settlement may be higher, but it cannot be any lower. The restitution funds will be awarded to each covered account based on a numerical degree of harm assigned to each account. Even if the numerically assigned degree of harm is 0, the account will receive a minimum settlement.

All covered accounts charged a prepayment penalty would receive a dollar for dollar refund of the penalty paid.

The degree of harm shall be determined according to all of the following factors:

1. **Loan to Value Ratio (LTV):** The LTV ratio is the relationship of the loan amount to the value of the property at the time credit was extended. All accounts with an LTV higher than 100% will be assigned between one and three degrees of harm.
2. **Points:** The number of points a consumer paid in connection with a loan refers to the percentage of the loan amount charged to the customer as prepaid interest and fees. The higher the number of points, the higher the degree of harm assigned.
3. **Interest Rate vs. Size of the Loan:** Degrees of harm will be assigned if the loan falls into any of the following categories:
  - A loan amount of greater than \$100,000 with an interest rate greater than 10%
  - A loan amount of \$50,000 to \$100,000 with an interest rate greater than 15%
  - A loan amount of less than \$50,000 with an interest rate greater than 20%