

STATE OF WISCONSIN

CIRCUIT COURT
BRANCH 26

MILWAUKEE COUNTY

WISCONSIN AUTO TITLE LOANS, INC.,

Plaintiff,

v.

Case No. 02 SC 013843

KENNETH M. JONES,

Defendant-Counterclaim Plaintiff,

PERNELLA KING,

Counterclaim-Intervenor,

and

PETER J. BILDSTEN, SECRETARY,
WISCONSIN DEPARTMENT OF
FINANCIAL INSTITUTIONS,
Counterclaim-Intervenor.

KATIE WAGNER and GERONE BROWN,

Plaintiffs,

and

PETER J. BILDSTEN, SECRETARY,
WISCONSIN DEPARTMENT OF
FINANCIAL INSTITUTIONS,
Plaintiff-Intervenor,

v.

Case No. 2008 CV 3324

WISCONSIN AUTO TITLE LOANS, INC.,

Case No. 2009 CV 19545

and

COMMUNITY LOANS OF AMERICA, INC.,

Defendants.

COMPLAINT

IF YOU REQUIRE THE ASSISTANCE OF AUXILIARY AIDS OR SERVICES BECAUSE OF A DISABILITY, CALL (414) 278-4120 (TTY -- (414) 276-1096) AND ASK FOR THE MILWAUKEE COUNTY CIRCUIT COURT ADA COORDINATOR.

Plaintiff-Intervenor Peter J. Bildsten, in his official capacity as Secretary of the Wisconsin Department of Financial Institutions, by his attorneys, Attorney General J.B. Van Hollen and Assistant Attorney General Nelle Rohlich, brings this action against the defendants named herein and alleges as follows:

INTRODUCTION

1. Pursuant to Wis. Stat. §§ 426.109 and 426.301 of the Wisconsin Consumer Act (WCA), Secretary Bildsten brings this enforcement action against defendants named herein to enjoin and restrain violations of the WCA and to recover civil forfeitures for violations thereof. Specifically, this enforcement action is brought to restrain defendants from engaging in false, misleading, deceptive, and unconscionable conduct in the course of selling motor vehicle service contracts in connection with their sale of auto title loans.

PARTIES

2. Plaintiff-Intervenor Secretary Bildsten (Secretary Bildsten), is the duly appointed Secretary of the Wisconsin Department of Financial Institutions (DFI) located at 345 W. Washington Avenue, Madison, Wisconsin 53703.

3. Defendant Community Loans of America, Inc. (CLA) is a Georgia-based corporation and the parent company of its wholly owned subsidiary, Wisconsin Auto Title Loans, Inc. CLA's principal place of business is at 8601 Dunwoody Place, Suite 406, Atlanta, Georgia 30350.

4. Defendant Wisconsin Auto Title Loans, Inc. (WATL) is a Wisconsin corporation wholly owned by Community Loans of America, Inc. with a principal place

of business located at 8601 Dunwoody Place, Suite 406, Atlanta, Georgia 30350.

5. Unless otherwise noted, CLA and WATL shall collectively be referred to as “defendants” in this complaint.

6. When this complaint refers to the statements, representations, acts, or practices of the defendants, such allegations shall mean the defendants, their principals, officers, agents, employees, representatives, or other persons under their supervision, direction, or control.

7. Unless otherwise noted, whenever reference is made in this complaint to any act of a defendant or of the defendants, such allegation shall mean that each defendant acted individually and jointly with the other defendant named in the complaint.

JURISDICTION AND VENUE

8. This action is brought pursuant to Wis. Stat. §§ 426.109 and 426.301, to restrain and obtain civil penalties for violations of the WCA.

9. Venue is proper in Milwaukee County pursuant to Wis. Stat. § 421.401(1) because at least one consumer affected by the defendants’ unlawful acts as described below is located in Milwaukee County.

FACTUAL ALLEGATIONS

A. WATL’s Sale of Auto Title Loans in Wisconsin

10. Since at least 1997 continuing to present, WATL has actively solicited auto title loan business in Wisconsin and has issued auto title loans to thousands of Wisconsin consumers.

11. WATL's auto title loans are short-term loans for monetary amounts ranging from \$300.00 to \$10,000.00.

12. In order for consumers to obtain a WATL loan, they must deliver a security interest in their vehicles to WATL. A typical car loan is made for much less than the blue book value of the car, putting at risk an asset that is often essential to working families – their vehicle.

13. A typical WATL auto title loan has a 300 plus annual percentage rate.

14. WATL advertises its loans utilizing television advertising, radio advertising, yellow pages, direct mail, billboards, referral programs, and internet marketing.

15. WATL has 22 offices throughout Wisconsin.

16. WATL and its parent company CLA, have earned millions of dollars marketing and selling short-term loans to Wisconsin consumers.

17. In general, borrowers that seek auto title loans from WATL are individuals with very low incomes, often with poor credit histories.

18. WATL uses a pre-printed, non-negotiable, standard form contract (hereinafter WATL's Loan Agreement). See example contract attached as Exhibit A.

19. WATL's Loan Agreement includes an arbitration clause that allows either party to elect arbitration, regardless of whether a party has filed a lawsuit.

20. Thus, "[i]f arbitration is chosen by either BORROWER or LENDER, neither BORROWER nor LENDER will have the right to litigate that Claim in court or have a jury trial on that Claim."

21. After notice by either party to the other of an intent to require arbitration, the borrower may select one of two arbitration organizations: American Arbitration Association or National Arbitration Forum.

22. The arbitration clause prohibits a borrower from participating in a class action and/or class-wide arbitration.

23. Many consumers report some of the material terms of WATL's Loan Agreement are not verbally explained to the borrower.

24. WATL's Loan Agreements are presented to borrowers in a "take it or leave it" manner.

25. WATL does not provide borrowers the opportunity for negotiation of contract terms.

26. In general, borrowers who seek auto title loans from WATL are typically unsophisticated and lack the experience and expertise to interpret the significance of the arbitration clause and other aspects of WATL's loan documents.

27. WATL is a creditor within the definition of Wis. Stat. § 421.301(16), as it regularly engages in consumer credit transactions with Wisconsin consumers.

28. Auto title loans sold by WATL are consumer credit transactions as defined by Wis. Stat. § 421.301(10), as the loans are made by WATL to a consumer, payable in installments, and impose a finance charge.

B. The Sale of Continental Car Club

29. CLA contracts with Continental Car Club, Inc. (CCC), a motor club service contract, to sell membership to the CCC motor club.

30. At the direction of CLA, WATL sells membership to CCC at the time it sells auto title loans to Wisconsin customers.

31. On information and belief, defendants keep 90 percent of all proceeds from WATL's sale of CCC to Wisconsin consumers.

32. CCC offers to reimburse consumers for certain services at far below the market cost for those services, to wit:

- a) Up to \$50.00 wrecker service;
- b) \$15.00 Flat Tire Repair;
- c) \$15.00 Battery Charge;
- d) \$300.00 Emergency Travel Expense for room and board if your car becomes disabled over 100 miles from home;
- e) \$150.00 for emergency ambulance fees;
- f) \$100.00 legal fees to an attorney to collect for damage to your auto in a collision;
- g) \$100.00 in legal fees to an attorney to collect for personal injuries sustained in auto accident;
- h) Up to \$50.00 for emergency road service; and
- i) \$50.00 Lock and Key service.

33. The CCC brochure also represents that CCC will provide members with reimbursements for other services including, among other things:

- a) Up to \$2,500.00 in "stolen auto reward" money for "information leading to arrest and conviction of person stealing member's auto";

- b) \$10,000 Bail Bond if arrested for manslaughter with an auto, Club will pay \$10.00 cash per \$100.00 bond to professional bondsman; and
- c) \$750.00 Legal Defense Fees for a vehicular manslaughter defense.

34. The CCC brochure states CCC is “not insurance but it protects and aids the motorist in a way that no insurance can.” *See Exhibit B attached.*

35. CCC’s Application for Membership, which is signed by consumers, states CCC “is not insurance of any kind and does not secure the loan or any collateral for said loan.” *See Exhibit C attached.*

36. The back of the Application states, “MOTOR CLUB MEMBERSHIP IS INSURANCE – Under Wisconsin law your membership contract is considered an insurance policy. It is not however an automobile liability or an automobile physical damage insurance policy.” *See Exhibit C attached.*

37. On information and belief, WATL employees are given financial incentives to sell CCC memberships to Wisconsin consumers.

38. On information and belief, the vast majority of consumers do not pay cash for CCC membership at the time of obtaining their auto title loan. Rather, the fee for CCC is added to the cost of the auto title loan.

39. In every instance where the consumer does not pay the CCC membership fee up-front, the fee is added directly to the amount financed of the consumer’s auto title loan. Defendants are therefore able to collect 300 percent or higher interest on the cost of membership to CCC.

40. The following example is illustrative: as set forth in paragraph 44 a) below, a Wisconsin consumer took out a \$700.00 WATL loan in 2008. At the time the consumer purchased the WATL loan, she also purchased seven months of CCC membership for \$105.00 (\$15.00 per month). The \$105.00 CCC fee was added into the amount financed of the WATL loan. The interest rate of the loan was 360 percent, therefore, after one month, defendants collected \$31.07 in interest for the CCC membership in addition to the \$105.00 purchase price.

41. In addition, although WATL loans are presented as short-term, one-month loans, in many instances consumers are unable to pay the loans in full within the first month. For example, if the consumer described in paragraph 40 above took four months to pay off the WATL loan (where the outstanding balance “rolls over” into the amount financed), the interest collected on the \$105.00 CCC membership becomes \$124.28 ($\31.07×4). If defendants collect 90 percent of the initial payment of \$105.00, this would mean they collected \$218.78 ($\$94.50 + \124.28) for the \$105.00 membership.

42. On information and belief, despite written disclosures that CCC is “optional,” a significant portion of consumers who purchase CCC are not aware that they are purchasing the product.

43. In addition, despite written disclosures that CCC is “optional,” WATL employees are known to have made contrary oral disclosures to consumers, which suggest - or overtly state - that CCC is mandatory to obtain a loan or which represent CCC provides benefits and services that it does not, to wit:

a) CCC is a one time fee required when a consumer takes out a loan;

- b) CCC is a mandatory fee waived under a special promotion for one consumer loan, then required to be paid in subsequent loans;
- c) CCC is mandatory if the consumer does not have insurance;
- d) CCC is required to be purchased to protect WATL (in the event the consumer's car is totaled, repossessed or otherwise devalued);
- e) CCC is collateral protection for WATL where the consumer's employment cannot be verified;
- f) CCC is full coverage insurance;
- g) CCC is required unless the consumer can show proof of American Automobile Association (AAA) membership; and
- h) If a consumer defaults on the WATL loan, the consumer would face repossession fees that CCC would cover but other roadside assistance services would not.

44. In certain instances, consumers purchase overlapping CCC memberships, suggesting they are either told CCC is mandatory or they are unaware they are purchasing the service, to wit:

- a) One consumer took out a \$700.00 WATL loan in July 2008, and paid an additional \$105.00 for what she was told was a "mandatory fee" but, in fact, was seven months membership of CCC. The loan was paid off within ten days. Then, approximately a month later, she returned for another \$700.00 loan and again paid what she was told was a "mandatory fee" of \$105.00 but which was, in fact, an additional seven month membership in CCC.

b) A WATL consumer paid \$150.00 for ten months worth of CCC because she was told it was mandatory with her \$1,000.00 WATL loan, despite the fact that she told WATL she had automobile insurance and that it included roadside assistance. Approximately a month later, she returned for another \$1,000.00 loan, was again told CCC was mandatory and paid \$150.00 for an additional ten months worth of CCC membership. Although the consumer paid off both WATL loans by August 2007, the "mandatory" CCC memberships she purchased would, in theory, last through March 2009.

45. On information and belief, CCC membership cards and benefits are not routinely provided to consumers in the mail as represented to consumers in the course of purchasing the product.

46. On information and belief, of the tens of thousands of consumers who purchased CCC from WATL, only a small percentage have received any benefits under the membership.

47. On information and belief, those few consumers who received benefits from CCC have paid CCC far more than the amount of benefits they received.

VIOLATIONS

COUNT 1

False, misleading or deceptive insurance solicitation Wis. Stat. § 424.501(1)

48. Plaintiff-Intervenor re-alleges all preceding paragraphs of this complaint, and incorporates them herein.

49. Under Wis. Stat. § 424.501, a creditor may not solicit or offer for sale any insurance product in connection with a consumer credit transaction in any manner that is “false, misleading or deceptive or that omits to state material information with respect to the insurance or the consumer credit transaction that is necessary to make the solicitation or offer not false, misleading or deceptive.”

50. In the course of marketing CCC to Wisconsin consumers, defendants have made numerous representations that are false, misleading or deceptive, in violation of Wis. Stat. § 424.501(1), including:

- a) CCC is a required fee when taking out a WATL loan;
- b) CCC is mandatory for a WATL loan if the consumer does not have insurance;
- c) CCC is “collateral protection” for WATL;
- d) CCC is full coverage insurance;
- e) CCC is to protect WATL;
- f) CCC is better than other roadside assistance; and
- g) CCC would cover repossession fees for consumers.

51. Each transaction is a separate violation.

COUNT 2

False, Misleading, Deceptive or Unconscionable Conduct

Wis. Stat. §§ 425.107 and 426.109

52. Plaintiff-Intervenor re-alleges all preceding paragraphs of this complaint, and incorporates them herein.

53. A stated purpose of the WCA is “[t]o protect customers against unfair, deceptive, false, misleading and unconscionable practices by merchants.” Wis. Stat. § 421.102(2)(b).

54. Under Wis. Stat. § 426.109, the secretary of financial institutions may bring a civil action to restrain persons from violating chs. 421 to 427 and 429 as well as to restrain “a merchant or a person acting on behalf of a merchant from engaging in false, misleading, deceptive, or unconscionable conduct in consumer credit transactions.”

55. Wisconsin Stat. § 425.107 delineates the following factors as pertinent to the issue of unconscionability:

- (a) That the practice unfairly takes advantage of the lack of knowledge, ability, experience or capacity of customers;
- (b) That those engaging in the practice know of the inability of customers to receive benefits properly anticipated from the goods or services involved;
- (c) That there exists a gross disparity between the price of goods or services and their value as measured by the price at which similar goods or services are readily obtainable by other customers, or by other tests of true value;
- (d) That the practice may enable merchants to take advantage of the inability of customers reasonably to protect their interests by reason of physical or mental infirmities, illiteracy or inability to understand the language of the agreement, ignorance or lack of education or similar factors;
- (e) That the terms of the transaction require customers to waive legal rights;
- (f) That the terms of the transaction require customers to unreasonably jeopardize money or property beyond the money or property immediately at issue in the transaction;

- (g) That the natural effect of the practice would reasonably cause or aid in causing customers to misunderstand the true nature of the transaction or their rights and duties thereunder;
- (h) That the writing purporting to evidence the obligation of the customer in the transaction contains terms or provisions or authorizes practices prohibited by law; and
- (i) Definitions of unconscionability in statutes, regulations, rulings and decisions of legislative, administrative or judicial bodies.

56. By undertaking the activities described above and alleged herein, the defendants have, in the course of selling motor vehicle service contracts, engaged in activities and conduct that are false, misleading, deceptive or unconscionable.

RELIEF

WHEREFORE, Plaintiff-Intervenor, Secretary Bildsten of the Wisconsin Department of Financial Institutions, demands judgment against defendants as follows:

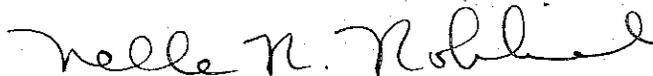
1. An injunction pursuant to Wis. Stat. § 426.109 restraining the defendants from further violations of Wis. Stat. § 424.501(1) and from engaging in false, misleading, deceptive and unconscionable conduct.
2. Civil penalties in the amount of not less than \$100.00 nor more than \$1,000.00 pursuant to Wis. Stat. § 426.301(1) for each violation of Wis. Stat. chs. 421 to 427, and 429, and/or penalties in the amount of not less than \$1,000.00 and not more than \$10,000.00 for each violation that was knowing and willful, pursuant to Wis. Stat. § 426.301(2).

3. An award of any other relief as the court may deem just and equitable.

Dated this 1st day of June 2011.

Respectfully submitted,

J.B. VAN HOLLEN
Attorney General



NELLE R. ROHLICH
Assistant Attorney General
State Bar #1047522

Attorneys for Plaintiff-Intervenor

Wisconsin Department of Justice
Post Office Box 7857
Madison, Wisconsin 53707-7857
(608) 267-8901
(608) 267-2778 (Fax)
rohlichnr@doj.state.wi.us

Lender: Wisconsin Auto Title Loans, Inc. Address: 235 WEST LAYTON AVENUE MILWAUKEE, WI 53207 (414)294-0247	Today's Date:	Contract #:
Borrower Information: Name: Address: DOB: [REDACTED]	Maturity Date: 12/13/2007	Motor Vehicle: Make: FORD Model: EXPLORER Year: 1998 VIN: License:
Co-Borrower: Name: Address:		

Disclosures Made in Compliance with Federal Truth in Lending Act				Itemization of Amount Financed:	
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have paid after you have made all payments as scheduled.	Itemization of the Amount Financed of \$ 629.00	
300.01 %	\$ 155.10	\$ 629.00	\$ 784.10	\$ 550.00	Amount given to you directly.
				\$ 0.00	Amount paid on your prior account
				Amount paid to others on your behalf*	
				\$ 4.00	to the Dept. of Motor Vehicles for lien fees
				\$ 75.00	to Continental Car Club (optional).
Security: You are giving a security interest in the above described motor vehicle.				Filing Fees \$ 4.00	
Prepayment: If you pay off early, you will not have to pay a penalty and may be entitled to a refund.				Payment Schedule: 1 @ \$ 784.10 Due on: 12/13/2007	
See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.				* To the extent permitted by law, we may retain or receive a portion of these amounts.	

This Loan Agreement, Promissory Note and Security Agreement ("Agreement") is executed by and between the BORROWER and LENDER on the date set forth above.

- Promise to Pay.** BORROWER promises to pay to LENDER in immediately available United States currency, the Amount Financed plus interest calculated in accordance with paragraph 3 (shown above as the Total of Payments) at LENDER's address when due in accordance with the Payment Schedule shown above (the "Maturity Date"). All sums due hereunder shall be paid without prior demand, notice or claim of set off. BORROWER has the right to prepay all or any portion of the Amount Financed at any time prior to maturity. In the event of any prepayment, interest accrued to the date of such prepayment shall be considered earned and due, and shall be paid first before the payment is applied to principal.
- Collateral.** To secure the BORROWER's obligations under this Agreement and any extensions or renewals thereof, BORROWER hereby grants to LENDER a security interest in the Motor Vehicle described above ("Motor Vehicle"), all accessories and accessions to the Motor Vehicle, and all proceeds thereof, including all insurance proceeds or refunds of insurance premiums related to the Motor Vehicle (all such property referred to as "Collateral"). BORROWER agrees to reimburse LENDER for filing or other official fees incurred by LENDER in perfecting its security interest.
- Interest Calculation; Payment Applications.** Interest under this Agreement will be calculated on a simple interest basis and shall accrue at a daily rate of 1/365 of the Annual Percentage Rate multiplied by the unpaid principal balance (the Amount Financed less the amount it has been reduced by payments) for each day that any amount remains unpaid and due to LENDER. All payments (including prepayments) shall be applied first to accrued and unpaid interest, then to costs due to LENDER other than the unpaid principal amount, if any, and finally to the unpaid principal balance.
- Extensions.** Unless the BORROWER has repaid all obligations under this Agreement in full, surrendered the Motor Vehicle, has been sent notice of LENDER's intention not to renew this Agreement, or has defaulted under this Agreement, BORROWER and LENDER agree that the LENDER may, at its option, extend from month to month the due date of the Amount Financed until all amounts due hereunder have been fully repaid. During any such extensions, the interest shall continue to accrue in accordance with paragraph 3 until the unpaid balance of the Amount Financed, together with all accrued and unpaid charges and costs, is fully repaid.
- Additional Products & Services.** BORROWER understands that the purchase of any other product or service offered by LENDER is not a requirement of or condition to obtaining a loan from LENDER. BORROWER further understands that the purchase of any other product or service can be in cash and does not need to be financed as part of this loan.
- BORROWER's Representations and Warranties.** BORROWER represents and warrants that BORROWER has the right to enter into this Agreement, is at least 18 years of age, and has the financial ability to repay this loan. BORROWER understands that no credit insurance is offered with this Agreement. BORROWER represents and warrants that the Motor Vehicle is not stolen and has no liens or encumbrances against it, that BORROWER will not attempt to transfer any interest in the Motor Vehicle until all obligations under this Agreement have been paid in full, and that the Motor Vehicle will not be moved from the BORROWER's state of residence. BORROWER further warrants that until such time all amounts due hereunder are fully repaid, BORROWER will not attempt to seek a duplicate title to the Motor Vehicle.



Borrower's Initials:

7. Events of Default. The following constitute events of default under this Agreement: (a) BORROWER does not pay the full amount of any payment within forty (40) days after its scheduled or extended due date; or (b) BORROWER fails to keep any of BORROWER's promises under this Agreement, if the failure materially impairs the condition or value of, or LENDER's right in, the collateral securing this note or materially impairs BORROWER's ability to pay amounts under this note when due.

8. LENDER's Rights in the Event of Default. Upon the occurrence of any event of default, the LENDER may at its option, and without demand or notice, unless Borrower has provided notice and cured the default as required by Wis. Stats. § 425.105, and, in that event, if such default is not cured as provided in that statute within fifteen (15) days after mailing of such notice to BORROWER, do any one or more of the following: (a) declare the whole outstanding unpaid balance under this Agreement due and payable at once and proceed to collect it; (b) repossess and liquidate any Collateral securing this Agreement in accordance with applicable law; (c) exercise all other rights, powers and remedies given by law; and (d) recover from BORROWER all charges, costs and expenses (other than attorney's fees) allowable by law, including all costs incurred or paid by the LENDER in exercising any right, power or remedy provided by this Agreement or by law, together with interest on such amounts at a rate equal to the Annual Percentage Rate calculated in accordance with paragraph 3. In the event of monetary or non-monetary default, interest shall continue to accrue until the Amount Financed, together with all accrued and unpaid finance charges and costs, is fully repaid.

9. Notices. Any notice that Lender is required to provide under this Agreement or applicable law will be deemed reasonable if sent to BORROWER at the address set forth above.

10. General. (a) BORROWER agrees to pay \$15.00, or any greater amount allowed by law, in connection with any check or payment given to LENDER which is not honored because BORROWER does not have an account or there is insufficient funds; (b) BORROWER shall bear the entire risk of loss or damage to the Motor Vehicle while it is in BORROWER's possession and agrees to indemnify and hold LENDER harmless from any and all claims for property damages or personal injuries arising from the operation of the Motor Vehicle, including but not limited to, all judgments, attorney's fees, court costs and any incurred expenses; (c) if more than one BORROWER executes this Agreement, each BORROWER will be jointly and severally liable; (d) time is of the essence of this Agreement; and (e) this Agreement constitutes the entire Agreement between the parties and no other agreements, representations or warranties other than those stated herein shall be binding unless reduced in writing and signed by both parties.

11. Governing Law; Enforceability. This Agreement shall be governed by the laws of the State of Wisconsin including the conflict of laws provision contained in § 421.201 (5) (which provides that proceedings to recover collateral shall be governed by the law of the state where the collateral is located at the time of recovery unless the collateral is only temporarily removed for transportation or temporary employment). The unenforceability or invalidity of any portion of this Agreement shall not render unenforceable or invalid the remaining portions hereof.

12. ARBITRATION AGREEMENT AND LIMITATION ON CLASS ACTION PARTICIPATION
PLEASE READ CAREFULLY, THIS PROVISION AFFECTS AND LIMITS BORROWER'S RIGHTS! BORROWER and LENDER agree to arbitrate all their respective Claims instead of litigating them in court as follows:

Definition of Claim. "Claim" means any dispute, claim or controversy between BORROWER and LENDER arising out of this loan, any prior loan or agreement between BORROWER and LENDER, any products or services, including club memberships, offered to BORROWER by LENDER, or BORROWER'S relationship with LENDER, including LENDER'S attempts to collect its obligation or to take possession of the collateral securing BORROWER'S obligation to LENDER (except in Wisconsin as provided below). For the purposes of this arbitration agreement, "LENDER" also includes LENDER'S officers, directors, employees, agents, affiliates and shareholders or owners.

Starting an Arbitration/ Costs. Either BORROWER or LENDER can give written notice to the other of an intention to require arbitration of the other party's Claims at any time, even if the other party has begun a lawsuit. After notice by either party to the other, BORROWER may select the arbitration organization of BORROWER'S choice from either: American Arbitration Association, 333 Madison Avenue, New York, NY 10017, www.adr.org, (800) 778-7879 or National Arbitration Forum, P.O. Box 501291, Minneapolis, MN 55405, www.arb-forum.com (800) 474-2371. If BORROWER does not select the arbitration organization within 20 days after notice, LENDER shall be entitled to select one. The individual arbitrator will be selected pursuant to the procedures of the chosen arbitration organization. LENDER shall pay the entire amount of filing fee and all arbitration fees and any deposits regardless of who demands arbitration, except if BORROWER initiates the arbitration, BORROWER shall pay the initial arbitration filing fees or case management fees up to \$125 or the amount that BORROWER would be required to pay for filing a lawsuit in court, whichever is less. If BORROWER cannot afford such fee, LENDER shall advance the fee upon BORROWER'S reasonable request, and final responsibility for the fee shall be determined by the arbitrator. At BORROWER'S option, any arbitration proceeding requiring the personal appearance of BORROWER shall take place in my city where the federal district court is located in the state of BORROWER'S residence at the time that this Agreement was executed. BORROWER and LENDER shall be responsible for all their own expenses, including attorneys, experts, and witnesses, unless allocated differently by the arbitrator as permitted under applicable law.

Wisconsin Only. In Wisconsin, upon proper demand by BORROWER within 15 days after notice is sent to BORROWER in accordance with § 425.109(1b) Wis. Stat., LENDER shall proceed in small claims court under § 425.205 Wis. Stats. to enforce its security interest in and to obtain possession of BORROWER'S Motor Vehicle. In accordance with § 425.105 Wis. Stats., such small claims action shall only determine LENDER'S right to possession to BORROWER'S Motor Vehicle, and BORROWER may raise any defenses in such lawsuit that BORROWER may have to LENDER'S right to obtain possession which are individual to BORROWER and are not joined with claims or defenses of any other parties (including class actions), but any other Claim LENDER may have against BORROWER or BORROWER may have against LENDER must be arbitrated if arbitration is demanded pursuant to this Arbitration agreement.

Waiver of Right to Jury Trial. If arbitration is chosen by either BORROWER or LENDER, neither BORROWER nor LENDER will have a right to litigate that Claim in court or have a jury trial on that Claim.

Class Action Limitations. If arbitration is chosen by either BORROWER or LENDER, unless a class is already certified by a court before BORROWER signed this or any prior loan agreement with LENDER containing an arbitration agreement, all BORROWER'S Claims must be arbitrated. BORROWER MAY NOT PARTICIPATE IN A CLASS ACTION OR A CLASS-WIDE ARBITRATION, EITHER AS A REPRESENTATIVE OR MEMBER OF ANY CLASS OR CLAIMANTS PERTAINING TO ANY SUCH CLAIM EVEN IF SUCH CLASS ACTION IS PENDING. BORROWER acknowledges and agrees that the class action provision in the Wisconsin Consumer Act or any other state or federal law is a procedural remedy, and BORROWER expressly waives BORROWER'S right to join or represent any such class. This arbitration agreement is intended to resolve Claims between BORROWER and LENDER, and BORROWER and LENDER agree that no class action procedure may be used in the arbitral proceeding.

Borrower's Right to Reject Arbitration Agreement. If BORROWER does not desire to be bound by this arbitration agreement, BORROWER may send a letter of rejection postmarked no later than the fifth business day after the date of this loan agreement to LENDER at P.O. Box 500785 Atlanta, Georgia, 31150. The letter shall include BORROWER'S name, address and date of the loan as set forth on this loan agreement and a statement that the BORROWER rejects this arbitration agreement. In the event of such rejection, only Claims arising out of this loan agreement shall not be subject to arbitration, but any prior arbitration agreement covering prior Claims shall remain in full force and effect, and any Claims hereunder will be subject to any future agreement to arbitrate signed by BORROWER. If not rejected, this arbitration agreement supercedes any prior arbitration agreement.

Application of Federal Arbitration Act. LENDER and BORROWER agree that the transactions contemplated by this loan agreement involve interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. ("FAA"). LENDER and BORROWER agree that to the extent any provision of the Wisconsin Consumer Act conflicts with the FAA, the FAA preempts such provision and the FAA shall control. The arbitrator shall apply applicable substantive law consistent with the FAA and applicable statute of limitations. Any issue as to whether this agreement is subject to arbitration shall be determined by the arbitrator. The arbitrator's decision shall be final and binding.

NOTICE TO CUSTOMER:

- (A) DO NOT SIGN THIS BEFORE YOU READ THE WRITING ON ALL PAGES, EVEN IF OTHERWISE ADVISED.
- (B) DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.
- (C) YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN.
- (D) YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT AND YOU MAY BE ENTITLED TO A PARTIAL REFUND OF THE FINANCE CHARGE.

Borrower

LENDER

Co-Borrower

by: Its Authorized representative

IMPORTANT NOTICE REGARDING CUSTOMER PRIVACY

We collect non-public personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates, or others;
- Information we receive from a consumer reporting agency.

We do not disclose any nonpublic personal information about our customers or former customers to anyone except to our affiliates and nonaffiliated third parties working on our behalf as provided by law.

We restrict access to nonpublic personal information about you to those employees who need to know that information and to our affiliates and nonaffiliated third parties working on our behalf to provide products and services to you, to administer your account, or to collect any money or collateral due us. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard this nonpublic personal information.

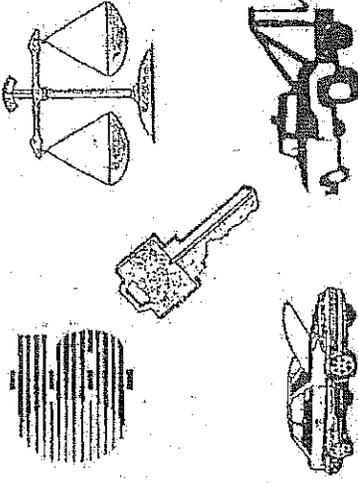
W1140007
W1120070323



WORLDWIDE COVERAGE
The Club

that gives you peace of mind knowing that when the unexpected expenses of travel occur, you can call on your club for these outstanding aids and expense reimbursements.

THE TRAVEL CLUB THAT PROTECTS AT ALL TIMES
We Pay Directly To Our Members



CONTINENTAL CAR CLUB
A Division of Continental Car Club, Inc.

P.O. Box 451 • Dayton, Tennessee 37321
Phone: (423) 775-9608 (In 423 area)
1-800-544-5895 Toll Free (Outside 423 area)

CCC000215

EMERGENCY TRAVEL EXPENSE REIMBURSEMENT

EMERGENCY LOCK OUT REIMBURSEMENT

EMERGENCY ROAD & WRECKER SERVICE



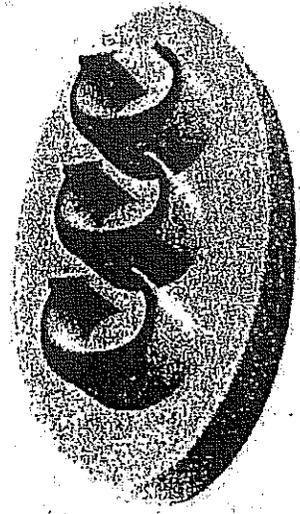
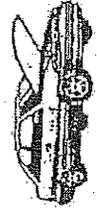
- 🌐 Rental Car Discount
- 🗺️ Free Map Service
- 👤 Travel Benefits
- ⚖️ Legal Fees
- 🏠 Stolen Auto Reward

This is not an Automobile Liability Insurance Contract.

CONTINENTAL CAR CLUB, INC.

P.O. Box 451
Dayton, Tennessee 37321

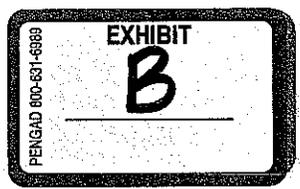
Toll Free 1-800-544-5895
(423) 775-9608



JOIN HERE
Only Pennies A Day

ASK YOUR LENDER

About including membership in your loan.



**UP TO \$50.00 FOR
EMERGENCY
ROAD
SERVICE**



Club will reimburse member up to \$50.00 for service call to member's disabled automobile.



**UP TO \$50.00
WRECKER SERVICE**

Club will reimburse member up to \$50.00 for wrecker calls to tow or extricate member's disabled car.

FREE MAP SERVICE

Club will supply maps showing the best route to any destination on the continent.



**\$300.00 EMERGENCY
TRAVEL EXPENSE**

If your car becomes disabled more than 100 miles from home, the club will pay up to \$300.00 to continue your journey or room and board while waiting on auto repair.

WORLD-WIDE TRAVEL SERVICE

Club will have a licensed travel agent issue tickets and make trip reservations at discount prices.

**EMERGENCY AMBULANCE
EXPENSE**

Club will pay up to \$150.00 for ambulance fees for transporting member from auto accident to hospital.

\$2,500.00 STOLEN AUTO REWARD

Club will post \$2,500.00 as a reward for information leading to arrest and conviction of person stealing member's auto.

\$15.00 FLAT TIRE REPAIR.

Paid to member toward flat tire repairs.

\$15.00 BATTERY CHARGE

Paid to member for battery charge.



**\$50.00 LOCK AND
KEY SERVICE**

Club will reimburse MEMBER up to \$50.00 for serviceman or locksmith to open member's locked auto.

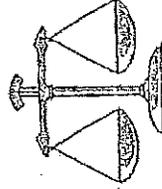
\$10,000.00 BAIL BOND

If arrested for manslaughter with an auto, Club will pay \$10.00 cash per \$100.00 bond to professional bondsman.

CALL TOLL FREE, Day or Night

**\$750.00 LEGAL
DEFENSE FEES**

For vehicular manslaughter defense, up to \$250.00 to attorney of your choice for preliminary hearing and up to \$500.00 more in fees for higher court defense.



\$150.00 TRAFFIC COURT DEFENSE

Up to \$150.00 fee paid to your attorney to defend you on traffic ticket.

**\$100.00 LEGAL FEES -
AUTO DAMAGE**

Up to \$100.00 in fees to the attorney of your choice to collect for damage to your auto in a collision.

\$100.00 LEGAL FEES - INJURY

Up to \$100.00 in fees to the attorney of your choice to collect for personal injuries sustained in auto accident.



Continental Car Club is not insurance but it protects and aids the motorist in a way that no insurance can.

Benefits are paid directly to you. You choose the wrecker, road service, locksmith or other provider and we'll reimburse you up to the maximum benefit.

Don't put it off. Your car might become disabled on the way home.

Talk to the fine lending agency where you got this brochure. They will be happy to enroll you in our club and put the cost in your loan plan.

For complete membership details see Membership Certificate.

APPLICATION FOR MEMBERSHIP

To: Continental Car Club • P.O. Box 451 • Dayton, Tennessee 37321

Membership No. _____ (To be issued by Club)
I hereby apply for membership in Continental Car Club and in so doing I fully understand that membership is NOT INSURANCE of any kind and the benefits to which I will be entitled upon acceptance hereof are governed by applicable state laws pertaining to auto clubs or associations. I acknowledge receipt of a copy of "Club Benefits, Limitations and Exceptions" and understand that I will receive a "Membership & Bond Card" from the club upon acceptance of this membership application.

Master Member _____ Associate Member _____
Address _____

Social Security # _____ Date _____ Fee Collected \$ _____

DISCLOSURE AND ACKNOWLEDGMENT

The undersigned requests _____ to pay membership in Continental Car Club from the proceeds of a loan just made by me. I have been informed and fully understand the following about my membership:

- (1) Purchase of auto club membership is not a required condition of the loan.
- (2) The membership is not insurance of any kind and does not secure the loan or any collateral for said loan.
- (3) I have immediate club membership but my application may be refused and canceled by Club, and
- (4) I may cancel my membership within sixty (60) days by written notice to Club. (see part 15 reverse side)
- (5) In acceptance of this membership as witnessed by my signature, I hereby agree to an arbitration agreement as signed on a loan just made by me.

WITNESS my hand this _____ day of _____, 20____

TERM _____ Applicant's Signature _____

EFFECTIVE DATE _____ THIS IS A CONTINUATION OF A PREVIOUS MEMBERSHIP
EXPIRATION DATE _____

CONTINENTAL CAR CLUB

A Division of Continental Car Club, Inc.
P.O. Box 451 • Dayton, Tennessee 37321
Phone: 423-775-9611 Tennessee • Toll Free: 1-800-544-3895
CCC000001

This is not an Automobile Liability Insurance Contract.
Members of Continental Car Club have peace of mind knowing that when the unexpected expenses of travel occur, they can call on their club for these outstanding aids and expense reimbursements.

W114#

