

Bank Commissioner Peter C. Hildreth and Attorney General Peter W. Heed Announce Plan to Pay \$3.4 Million to New Hampshire Household Borrowers

Bank Commissioner Peter C. Hildreth and Attorney General Peter W. Heed today announced a restitution process for New Hampshire consumers who took a mortgage loan with Household Finance or Beneficial Finance from January 1999 to September 2002. Notices are being sent to approximately 3,600 Household borrowers notifying them of their eligibility to share in the State's \$3.4 million settlement with Household International. Borrowers who obtained a mortgage loan directly from Household from January 1999 through September 2002 will be sent forms to claim payments ranging from a minimum of \$30 to over \$4,000.

Bank Commissioner Hildreth stated, "We are pleased that this settlement will result in payment of millions of dollars back to consumers who were negatively affected by Household's actions in making mortgage loans. I urge all New Hampshire consumers impacted by this settlement to file the simple claim form so that they can receive the money they deserve."

Attorney General Heed added, "The State of New Hampshire will diligently and vigorously oppose the types of actions by lenders that were alleged in this case. These loans were made in a segment of the market that contains some of our most vulnerable consumers. It is truly gratifying to know that these deserving consumers will receive the money that is due them."

The consumer payment program stems from the landmark settlement between Household International and the attorneys general and banking regulators of all 50 states and the District of Columbia. Household International, through its subsidiaries Household and Beneficial Finance, is one of the nation's largest sub-prime mortgage lenders. The settlement resolved an investigation by the states into allegations of unfair and deceptive mortgage lending practices by Household. The states alleged that Household had overcharged borrowers with fees and interest, and had misled borrowers about other loan terms such as prepayment penalties and credit insurance.

Under the settlement, which was finalized in December 2002, Household agreed to pay \$484 million dollars to the States to be distributed to eligible Household borrowers. The monetary settlement was the largest ever obtained by state attorney generals in a consumer protection case.

As part of the settlement, Household also agreed to implement a series of reforms in its lending operations. Court injunctions in place in all 50 states restrict prepayment penalties on current and future home loans, prohibit loan "flipping," limit up-front points and origination fees, and improve loan disclosures.

The New Hampshire restitution plan calls for the distribution of the settlement fund to be based upon the individual borrowers' initial loan balance as a percentage of totals of all initial loan balances for those individuals who elect to participate in the settlement. The size of the individual payment depends on the number of individuals who elect to participate and the amount of the consumer's loan.

All Household customers who are eligible to receive a settlement payment should receive a notice from the settlement administrator within the next week. Consumers who wish to participate in the settlement will have to complete and return a simple claim and release form. The actual settlement payments will be then be paid directly to the consumers by check before the end of the year.

Household mortgage loan customers who have questions about the settlement payment procedures can contact a toll-free number, 1-888-780-2156. The settlement administrator's website address is www.household-beneficial-settlement.com.