

**Integrity Advance: Evaluation of Select  
Disclosures in the Loan Agreement**

**Report Prepared for the Consumer Financial Protection Bureau**

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## SUMMARY OF QUALIFICATIONS AND EXPERIENCE

### Credentials and Expertise

I am a Professor in the Department of Marketing at the Kogod School of Business, American University, in Washington, D.C. I have been a faculty member at American University for twenty-six (26) years, and served as chair of the Marketing Department between 2001 and 2004. During my academic career, I have taught undergraduate and graduate courses in principles of marketing, consumer behavior, consumer information processing, advertising and promotion management, and database marketing. My *curriculum vitae*, included in Appendix A, contains a complete description of my professional background and publications.

I received my Ph.D. in Business Administration from the Pennsylvania State University in 1984. I also have a Masters in Business Administration from the Indian Institute of Management (Ahmedabad, India) and a Bachelor of Science degree, with a concentration in Physics and Mathematics, from the Birla Institute of Technology and Science (Pilani, India).

I have published extensively in scholarly marketing publications including the *Journal of Consumer Research*, *Journal of Public Policy & Marketing*, *Journal of Advertising*, *Journal of Business Research*, and *Psychology & Marketing*. I am a two-time recipient (2003 and 2011) of the Thomas C. Kinnear award for the best article published in the *Journal of Public Policy & Marketing* over a three-year period. I am an Associate Editor of the *Journal of Public Policy & Marketing*, and a former member of the editorial board of the journal *Psychology & Marketing*. I have served as organizer and chair for numerous prestigious academic conferences including the Marketing and Public Policy Conference (2007) and the Society for Consumer Psychology Conference (1999). I have served as a reviewer for a number of peer-review journals including *Journal of Consumer Research*, *Journal of Public Policy & Marketing*, *Journal of Advertising*,

and *Journal of Marketing Research*. In addition, I have given numerous presentations on topics relating to consumer perception and comprehension of advertising and marketing communications at national and international conferences as well as for regulatory agencies such as the Federal Trade Commission.

I have served as a consultant on consumer information processing, advertising communication, deceptive advertising and labeling, and research methodology issues for a number of federal agencies (e.g., the Federal Trade Commission, the U.S. Department of Justice, the Food and Drug Administration, the Department of Housing and Urban Development, the Consumer Financial Protection Bureau, and the Bureau of Alcohol, Tobacco, and Firearms) as well as for several law firms. In these capacities, I have developed and conducted numerous consumer research studies designed to assess consumer reactions to, perceptions of, and experiences with advertisements and other promotional materials. Many of these studies have dealt with the communication effects of disclosures and disclaimers in advertising and promotional material.

Based on my knowledge, experience, education, and training, I consider myself to be an expert in marketing research, in consumer behavior, in consumer response to advertising and other promotional materials, and in measuring advertising deception.

#### Prior Testimony

Within the last four years, I have testified as an expert at trial or by deposition in the following matters:

*FTC and State of Colorado v. Dalbey et al.* Civil Action No. 11-cv-1396-RBJ-KLM.

Deposition, April 30, 2013

### Compensation

For my work in this case, I am being compensated at the rate of \$450 per hour. My compensation is not contingent on the outcome of the case.

### Materials Considered in Forming Opinions

The list of materials that I have considered in forming my opinion is contained in Appendix D.

### Opinion

Integrity Advance is a company that originated payday loans in amounts ranging from \$100 through \$1000 to borrowers. The company relied on lead generators to help it secure loan applications from potential customers. If an application was approved, Integrity Advance directed the borrower (via a call or e-mail) to its website to read and sign the Loan Agreement. The Loan Agreement was a multi-page (approximately 9 page) document that laid out the terms and conditions of the loan, ACH authorization, and arbitration agreement. Once the Loan Agreement was signed (electronically), the company deposited funds into the customer's account and generally e-mailed a copy of the Loan Agreement document.

In this report, I analyze the Loan Agreement document that Integrity Advance customers read and signed online and that was later generally provided to them via e-mail. My analysis focuses on two similar versions of the Loan Agreement (Form #2) used by Integrity Advance between May 2008 and December 2012. Appendices B and C contain copies of these loan documents as issued to actual consumers. The documents are labeled Version A and Version B. My analysis is centered on version A, but I discuss differences

between the two versions as appropriate. Note that the differences between the two versions are small and my conclusions apply to both versions.

In particular, I address three issues:

- (1) The Truth in Lending ("TIL") disclosure in the Loan Agreement specifies finance charges and a total payment amount under the assumption that the loan would be paid in full on the (first) payment due date. Subsequent disclosures in the Loan Agreement indicate that there is also an option to "renew" the loan and pay over time. How clearly does the Loan Agreement document disclose that costs (fees and charges) associated with the loan are significantly higher if borrowers renew the loan (either actively or by default) rather than paying it off in full?
- (2) The Loan Agreement states that borrowers should affirmatively inform Integrity Advance whether they intend to renew their loan or pay it off in full at least 3 business days prior to the payment due date. Failure to contact Integrity Advance leads to automatic renewal of the loan with associated (higher) fees and charges. Stated differently, the default option is renewal of the loan. What is the effect of this default option on borrower choice (either active or implicit)?
- (3) The ACH authorization (included as a part of the Loan Agreement) allows Integrity Advance to create remotely created checks and use these to debit borrower accounts. How clearly is this provision disclosed to borrowers?

#### **Issue #1: The Loan Cost Disclosures**

Key cost-related disclosures were presented in the Loan Agreement in five locations:

(a) the TIL box (including some information presented right below the TIL box) on page 1 of the Loan Agreement (Form 2), (b) three paragraphs presented right after this information, (c) a section labeled “Special Notice” starting on approximately page 3 of the Loan Agreement, (d) a section entitled “Schedule of Charges and Fees” presented right after the section labeled “Special Notice”, and (e) three paragraphs (marked as (a), (b), and (c)) starting approximately on page 5 in a section labeled “ACH Authorization Form 2b”.

Near the top of the first page, the Loan Agreement showed the Truth in Lending disclosures for the loan followed by some additional information. For example, the Loan Agreement in Appendix B showed the following:

FEDERAL TRUTH IN LENDING DISCLOSURES			
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate. 684.38%	The dollar amount the credit will cost you. \$150.00	The amount of credit provided to you or on your behalf. \$500.00	The amount you will have paid after you have made all payments as scheduled. \$650.00
<b>Your Payment Schedule</b> will be: One (1) payment of \$650.00 due on 4/10/2009 ("Payment Due Date"). <b>Security:</b> You are giving a security interest in the ECHECK/ACH Authorization. <b>Prepayment:</b> If you pay off early, you will be entitled to a refund of the unearned portion of the finance charge. See the terms of the Loan Agreement below for any additional information about nonpayment, default, and prepayment refunds.			

**Itemization of Amount Financed:** Amount given to you directly: \$500.00 . Amount paid on Loan#: 30609072 with us: \$650.00.

The finance charge shown in the TIL box was calculated under the assumption that the loan would be completely paid off in a single payment coinciding with the first payday following loan origination.

Immediately below the TIL box, the Loan Agreement provided five sentences (four sentences in a box and an additional sentence below). Two of these sentences repeated the “Amount Financed” and the “Total of Payments” shown in the TIL box. The remaining

sentences mentioned the ACH authorization, informed the borrower about a prepayment option, and directed them to terms of the Loan Agreement below for any additional information about nonpayment, default, and prepayment refunds<sup>1</sup>.

Next, the Loan Agreement contained a series of paragraphs providing additional information about payment options and terms and conditions of the loan. The first three paragraphs, which started approximately in the middle of the first page of the Loan Agreement and continued to near the end of that page, contained information intended to qualify claims in the TIL box about the loan payment schedule as well as the finance charges:

**PAYMENT OPTIONS:** You ~~must~~ select your payment option at least three (3) business days prior to your Payment Due Date by contacting us at (800) 505-6073. At that time, you may choose:

(a) **Payment in full:** You may pay the Total of Payments shown above, plus any accrued fees, to satisfy your loan in full. When you contact us and choose this option, we will debit Your Bank Account (defined below) for the Total of Payments plus any accrued fees, in accordance with the ACH Authorization below; OR

(b) **Renewal:** You may renew your loan (that is, extend the Payment Due Date of your loan until your next Pay Date<sup>1</sup>) by authorizing us to debit Your Bank Account for the amount of the Finance Charge, plus any accrued fees. If you choose this option, your new Payment Due Date will be your next Pay Date<sup>1</sup>, and the rest of the terms of the Loan Agreement will continue to apply.

**AUTO-RENEWAL:** If you fail to contact us to confirm your Payment Option at least three (3) business days prior to any Payment Due Date, or otherwise fail to pay the loan in full on any Pay Date, Lender may automatically renew your loan as described under (b) above, and debit Your Bank Account on the Payment Due Date or thereafter for the Finance Charge and any accrued fees. Your new Payment Due Date will be your next Pay Date<sup>1</sup>, and the rest of the terms of the Loan Agreement will continue to apply. You must contact us at least three (3) business days prior to your new Payment Due Date to confirm your payment option for the Renewal. If you fail to contact us, or otherwise fail to pay the loan in full on your new Payment Due Date, we may automatically renew the loan until your next Pay Date.<sup>1</sup> After your initial loan payment, you may obtain up to four (4) Renewals. All terms of the Loan Agreement continue to apply to Renewals. All Renewals are subject to Lender's approval. Under Delaware law, if you qualify, we may allow you to enter into up to four (4) Renewals, also known as a "refinancing" or a "rollover". The full outstanding balance shall be due upon completion of the term of all Renewals, unless you qualify for Auto-Workout, as described below.

**AUTO-WORKOUT.** Unless you contact us to confirm your option for Payment in Full prior to your Fourth Renewal Payment Due Date, your loan will automatically be placed into a Workout Payment Plan. Under the Workout Payment Plan, Your Bank Account will automatically be debited on your Pay Date<sup>1</sup> for accrued finance charges plus a principal payment of \$50.00, until all amounts owed hereunder are paid in full. This does not limit any of Lender's other rights under the terms of the Loan Agreement. All Workout Payment Plans are subject to Lender's approval.

Much later in the Loan Agreement, (starting approximately on page 3), a section entitled "Special Notice" was presented:

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<sup>1</sup> Version B of the Loan Agreement contained four (rather than five) sentences of information below the TIL box. Furthermore, none of these sentences were in a box, and only one sentence repeated "Amount Financed" and the "Total of Payments" shown in the TIL box.

**SPECIAL NOTICE:**

**(1) THIS LOAN IS DESIGNED AS A SHORT-TERM CASH FLOW SOLUTION AND NOT DESIGNED AS A SOLUTION FOR LONGER TERM FINANCIAL PROBLEMS.**

**(2) ADDITIONAL FEES MAY ACCRUE IF THE LOAN IS REFINANCED OR "ROLLED OVER".**

**(3) CREDIT COUNSELING SERVICES ARE AVAILABLE TO CONSUMERS WHO ARE EXPERIENCING FINANCIAL PROBLEMS.**

**BY ENTERING YOUR NAME AND TODAY'S DATE AND CLICKING THE "I AGREE" BUTTON BELOW, YOU ARE ELECTRONICALLY SIGNING THE LOAN AGREEMENT AND AGREEING TO ALL THE TERMS OF THE LOAN AGREEMENT. YOU ALSO ACKNOWLEDGE RECEIPT OF A FULLY COMPLETED COPY OF THE LOAN AGREEMENT AND THE SCHEDULE OF CHARGES AND FEES BELOW.**

**A PAYDAY LOAN IS NOT INTENDED TO MEET LONG-TERM FINANCIAL NEEDS**

The second item in this section informed borrowers that refinancing the loan could result in additional fees.

Next, a section labeled “Schedule of Charges and Fees” was presented (on page 3). This section contained several fine print paragraphs followed by two tables entitled “VIP Customer Fees” and “Standard Loan Fees”:

**SCHEDULE OF CHARGES AND FEES**

According to the Commissioner's Regulation 2203, Section 1.0, Notification, every licensee shall furnish to every applicant a copy of the itemized Schedule of Charges and Fees at the time when such application is made. As per the aforementioned Commissioner's Regulation 2203, Section 1.0, Notification, please review the itemized schedule of charges and fees below to better understand the charges and fees associated with your loan.

The APR, or Annual Percentage Rate, is the term for the effective interest rate that the borrower will pay on a loan to the lender in a standardized way. This is to show the total cost of credit to the consumer, expressed as an annual percentage of the amount of credit lent to the borrower. While APR is intended to make it easier to compare lenders and loan options, it can seem complicated to those that are not aware of its implications.

There is no account set up fee and, when scheduled payments are made, there are no additional fees outside the principal amount borrowed and the interest that accumulates on the amount borrowed. When comparing interest rates among companies, please note that some companies may charge set up fees, application fees, or other such charges while we do not charge for these services.

**OTHER FEES**

NSF FEE:\$25.00

**VIP CUSTOMER FEES**

DAYS	APR	LOAN AMOUNT											
		\$100.00	\$150.00	\$200.00	\$250.00	\$300.00	\$350.00	\$400.00	\$450.00	\$500.00	\$550.00	\$600.00	\$650.00
23	380.87%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
22	388.18%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
21	417.14%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
20	438.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
19	461.05%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
18	486.67%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
17	516.29%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
16	547.50%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
15	584.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
14	625.71%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
13	673.68%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
12	730.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
11	795.36%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
10	876.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
9	973.93%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
8	1095.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156

**STANDARD LOAN FEES (NEW CUSTOMERS AND NON-VIP CUSTOMERS)**

DAYS	APR	LOAN AMOUNT											
		\$100.00	\$150.00	\$200.00	\$250.00	\$300.00	\$350.00	\$400.00	\$450.00	\$500.00	\$550.00	\$600.00	\$650.00
23	470.09%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
22	497.73%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
21	521.43%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
20	547.50%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
19	576.32%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
18	608.33%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
17	644.12%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
16	684.38%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
15	730.00%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
14	782.14%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
13	842.31%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
12	912.50%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
11	995.45%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
10	1095.00%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
9	1216.67%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...
8	1368.75%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	...	...	...	...

Finally, a section labeled "ACH Authorization" was presented on pages 5-7. The following information was presented approximately a third of the way through this section (toward the bottom of page 5):

You also authorize us to initiate an ACH debit entry to Your Bank Account:

- (a) for the Total of Payments plus any accrued fees on the Payment Due Date, or on any subsequent Renewal Payment Due Date, if you contact us at least three (3) business days prior to such date and select Payment Option (a) in the Loan Agreement (Pay in full);
- (b) for the Finance Charge plus any accrued fees on the Payment Due Date, or on any subsequent Renewal Payment Due Date, if you contact us at least three (3) business days prior to such date and select Payment Option (b) in the Loan Agreement (RENEWAL), or if you fail to contact us to confirm your payment option;
- (c) for the accrued finance charges and fees, plus \$50.00 on each Pay Date<sup>1</sup> after the fourth (4<sup>th</sup>) Renewal Payment Due Date, until all amounts owed under the Loan Agreement are paid in full; and
- (d) for any accrued Returned Payment charges, subject to the Loan Agreement.

### Evaluation of Loan Cost Disclosures

In this section, I evaluate the disclosures presented in the Loan Agreement that were highlighted in the last section. I rely primarily on Federal Trade Commission (FTC) guidelines on making disclosures and disclaimers clear and conspicuous in an on-line environment (e.g., on-line ads or web pages)<sup>2</sup>. These guidelines emphasize several key factors in assessing the likelihood that a disclosure in a document or promotional material will be noticed and comprehended by readers. These factors include: (a) Prominence (whether the disclosure is prominent enough for borrowers to notice it and read it); (b)

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<sup>2</sup>The FTC first issued written guidance for on-line disclosures in 2000 and recently updated it in 2013. See Federal Trade Commission (2013), “.com Disclosures: How to Make Effective Disclosures in Digital Advertising.” [available at <http://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-staff-revises-online-advertising-disclosure-guidelines/130312dotcomdisclosures.pdf>]. The FTC also issued a report that dealt (partly) with the use of disclosures in negative options plans. See Federal Trade Commission (2009), “Negative Options: A Report by the Staff of FTC’s Division of Enforcement.” [Available at <http://www.ftc.gov/sites/default/files/documents/reports/negative-options-federal-trade-commission-workshop-analyzing-negative-option-marketing-report-staff/p064202negativeoptionreport.pdf>.] For peer-reviewed articles that discuss application of the FTC guidelines to off-line and on-line disclosures, see Hastak (2004), and Hoy and Lwin (2007). The FTC has also held and continues to hold numerous workshops around the country that emphasize the importance of clear and conspicuous disclosures (see Hoy and Lwin 2007 for details). Note that my analysis is applicable regardless of whether borrowers encounter the Loan Agreement in an on-line or off-line environment.

Placement (whether the disclosure is presented in an area where consumers are likely to look); (c) Proximity (whether the disclosure is located in close proximity to the claim being qualified); (d) Avoidability (whether specific techniques have been used to increase the likelihood that consumers will look at the disclosure); (e) Clarity (whether the disclosure is presented in easy to understand language); and (f) Repetition (whether the disclosure is repeated to increase the likelihood of exposure).

**(a) Prominence**

The TIL box and the disclosures presented in the box are quite prominent. The headline above the TIL box is in bold upper case and in very large font. All four headlines within the box are bolded. Two of these headlines are in uppercase font that is larger than other text on the page while two headlines are in lower case font that is as large as other text on the page. In addition, the box makes this information stand out making it likely borrowers will attend to it and process it. Finally, the two sentences below the TIL box that repeat the “Amount Financed” and “Total of Payments” shown in the TIL box also have key terms and dollar amounts bolded to enhance prominence<sup>3</sup>.

The cost disclosures in the three qualifying disclosure paragraphs are far less prominent. Specific mentions of cost terms (total payment, accrued fees, finance charges, and principal payment) are buried in the text contained in each of the three paragraphs in regular font size. Furthermore, the fact that the three disclosure paragraphs are a part of a long series

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<sup>3</sup>Version B of the Loan Agreement has one sentence (rather than two) that repeats “Amount Financed” and the “Total of Payments” shown in the TIL box, and key terms and dollar amounts are not bolded.

(over a dozen) of similar looking disclosure paragraphs in the Loan Agreement detracts from their prominence and hence the prominence of disclosures embedded within the paragraphs.

The sentence on “additional fees” in the section labeled “Special Notice” is in bold upper case font thus increasing its prominence. Unfortunately, this sentence is placed among several sentences (approximately a half page) that are all presented in uppercase bold font, and this decreases its prominence and noticeability.

The section entitled “Schedule of Charges and Fees” has a prominent heading in bold upper case and large font. Unfortunately, the heading comes at the end of approximately half a page of text that is all bold uppercase and large font, and this detracts from the prominence of the headline. Immediately following the heading is approximately half a page of text with references to cost-related concepts (APR, set up fees, additional fees, etc.) in small print that is not very prominent. Finally, there are two tables entitled “VIP Customer Fees” and “Standard Loan Fees.” These titles are underlined and in uppercase thus increasing their prominence. The entries in the tables are in a font similar to the font used in much of the document. The top row of each table and the first two columns (labeled “Days” and “APR”) are bolded making them stand out from the rest of the table.

Finally, the information presented in the section labeled “ACH Authorization” is not at all presented in a way to make it prominent. It blends into the presentation of other information in the section.

**(b) Placement**

The TIL box (and following sentences) is placed near the top of the first page of the

Loan Agreement. The three qualifying disclosure paragraphs are positioned in the bottom half of the first page. This less advantageous placements suggests that the qualifying paragraphs are less likely to be noticed and read than the TIL disclosures. The sentence on “additional fees,” the section entitled “Schedule of Charges and Fees,” and the information presented in the section labeled “ACH Authorization” all enjoy an even less favorable placement, appearing on pages 3-5 (approximately) of the Loan Agreement.

**(c) Proximity**

Since the cost information in the three disclosure paragraphs and in the section entitled “Schedule of Charges and Fees” is intended to qualify the statements made in the TIL box about finance charges and total payments, it is important that this information is placed in close proximity to the TIL box and ‘linked’ to the cost statements therein. Unfortunately, the three paragraphs are separated from the TIL box by the four or five statements that take up almost a third of the page, while the sentence on “additional fees,” the section entitled “Schedule of Charges and Fees,” and the information presented in the section labeled “ACH Authorization” are all separated from the TIL box by several pages and multiple unrelated disclosures. More importantly, there is nothing in the document to show a ‘connection’ between cost information presented in the TIL box and the cost-related terms embedded in the three disclosure paragraphs or presented in any of the other disclosures. For example, a statement right below the TIL box indicating that the total payments and finance charges will be significantly higher if the “Renewal” option is selected and pointing to the “Payment Options” paragraph below (along with improving the clarity of this paragraph)

would help borrowers ‘link’ the information in the TIL box with the qualifying information that follows. There is nothing in the Loan Agreement that ties the disclosures to the claims they are supposed to qualify.

**(d) Avoidability**

When borrowers first read the Loan Agreement online, they are required to initial at several places to indicate their agreement with sections of the agreement and also sign on the last page of the agreement. Having borrowers initial in several places increases the likelihood that they notice and read more of the agreement than would happen otherwise. However, the first time borrowers are asked to sign the Loan Agreement is on page 4. This is after the section on “Schedule of Charges and Fees” and well after the sentence on “additional fees,” and the cost disclosures in the TIL box and the following disclosure paragraphs. The second time borrowers are asked to sign (initial) is on page 6 part way through the section on ACH authorization, and almost half a page after the cost information presented in this section. Thus, it is unlikely that having borrowers initial/sign the Loan Agreement in multiple places would significantly increase their attention to key disclosures related to the cost of the loan.

**(e) Clarity**

The TIL disclosure box provides information on the APR, finance charge, amount financed, and total payments. The finance charge, amount financed, and total payments are presented in relatively simple, easy to understand language, and are likely to be comprehended by borrowers who notice and attend to this information. The one potential for confusion occurs in the way information about “Total of Payments” is explained. The

sentence under this heading says: “The amount you would have paid after you have made all payments as scheduled.” However, the payment schedule associated with the total payment stated in the TIL box involves a single payment and not multiple payments. Thus, borrowers could incorrectly comprehend that they could make multiple payments and still only be responsible for the total payment amount provided in the TIL box.

The amount financed and the total of payments are also presented quite clearly in the two sentences (one sentence for Version B of the Loan Agreement) that follow the TIL box, although the terms used to describe them are different (“Amount Financed” is referred to as “Amount given to you directly,” and “Total of Payments” is referred to as “Amount paid on Loan #:xxxxxxxx with us”).

The three qualifying disclosure paragraphs tell borrowers that they must choose between two payment options (“payment in full” or “renewal”) at least three business days prior to their due date. Borrowers are further told that under the “payment in full” option, their bank account would be debited for “... the Total of Payments plus any accrued fees...,” while under the “Renewal” or “Auto-Renewal” options their bank account would be debited “... for the amount of the finance charge plus any accrued fees,” and under the “Auto-Workout” option their bank account would be debited “...for accrued finance charges plus a principle payment of \$50, until all amounts owed hereunder are paid in full.” The presumption appears to be that borrowers would automatically recognize that they would face additional finance charges under the “Renewal/Auto-Renewal/Auto-Workout” options and thus the total cost of the loan would be higher than what is indicated in the TIL box, but

this is not made explicitly clear to them.

The last sentence in the first qualifying paragraph (under the “Renewal” option) adds to the potential for miscommunication and confusion. It states: “If you choose this option, your new Payment Due Date will be your next pay date, and the rest of the terms of the Loan Agreement will continue to apply.” Borrowers reading this language could reasonably assume that “rest of the terms” refers to the total payment and cost information provided in the TIL box. In other words, borrowers could incorrectly infer that choosing this option does not change their total payment amount. The potential for making this faulty inference is further exacerbated by language used in the TIL disclosure box under the heading “Total of Payments.” The sentence under this heading says: “The amount you would have paid after you have made all payments as scheduled.” By using the plural (payments) rather than the singular (payment), this language could reinforce the take-away that total payments remain the same even if multiple payments under the “renewal” option are selected.

The second qualifying disclosure paragraph (captioned “Auto-Renewal”) tells borrowers that if they fail to choose between the “payment in full” or “renewal” options outlined in the first qualifying disclosure, they may be automatically assigned to the “renewal” option. Again, however, by repeating the phrase “...rest of the terms of the Loan Agreement will continue to apply” and another similar phrase: “All terms of the Loan Agreement continue to apply to Renewals” without alerting borrowers to potential changes in their total payments, the disclosure may reinforce the take-away that total payments remain as specified in the TIL box.

The third qualifying disclosure paragraph (captioned “Auto-Workout”) tells borrowers what would happen after four loan renewals. However, as with the first and second qualifying disclosure paragraphs, there is no specific language to indicate that the total payments due on the loan increase with each renewal until the entire principle has been paid back.

In sum, the three qualifying disclosure paragraphs do not clearly explain the implications of loan renewal for the total cost and total loan payments. To the contrary, by repeatedly emphasizing that “the rest of the terms of the Loan Agreement will continue to apply,” the disclosures may reinforce the take-away that their total payments would be as indicated in the TIL disclosure box.

The sentence on “additional fees” in the section labeled “Special Notice” states that the borrower may be responsible for additional fees if the loan is refinanced or rolled over. This sentence has the potential to signal to borrowers that refinancing the loan may result in additional costs. Note, however, that no information is provided about the amount of these additional charges, so its utility is limited. Also, by stating that additional fees “may accrue...” rather than ‘will accrue...,’ the sentence introduces unnecessary ambiguity about whether or not additional costs will be incurred by the borrower.

The section entitled “Schedule of Charges and Fees” has two tables entitled “VIP Customer Fees” and “Standard Loan Fees” that appear, at first glance, to provide concrete information on how fees and other charges vary as a function of loan amount and duration. Unfortunately, the information in these tables is confusing and is not accompanied by any

text that would help the reader understand its implications. The tables provide APRs for different loan amounts for loans from 8 to 23 days in duration. It shows that the APR is higher for a loan of shorter duration. A consumer might understand this table to suggest that the longer that they have a loan, the less expensive it is – an incorrect inference. Rather, the figures appear to be based upon single payment loans. My understanding is that most consumers did not have such loans. In sum, it is not clear what the data in these tables are and how they relate to loan costs based on different repayment schedules.

Finally, the information presented in the section labeled “ACH Authorization” repeats some of the information presented earlier in the three qualifying paragraphs that immediately follow the TIL box. Specifically, borrowers are told that they are authorizing Integrity Advance to initiate ACH debit entries for the total of payments and any accrued fees, or the finance charges plus any accrued fees, or the finance charges plus fees plus \$50 depending on their particular choice/situation (i.e., “Payment in Full” vs. “Renewal/Auto-Renewal” vs. “Auto-Workout”), and that the ACH debits would continue until all amounts owed under the Loan Agreement are paid in full. Again, the presumption appears to be that borrowers would automatically recognize that they would face additional finance charges under the “Renewal/Auto-Renewal/Auto-Workout” options and thus the total cost of the loan would be higher than what is indicated in the TIL box, but this is not made explicitly clear to them.

#### **(f) Repetition**

The amount financed and total payment amount is presented in the TIL disclosure box and repeated just below the box in two sentences (one sentence for Version B of the

Loan Agreement). This repetition is likely to increase the likelihood that borrowers will notice and read these charges, which are associated with paying off the loan in a single payment.

There is also some repetition of ideas conveyed in the three qualifying disclosure paragraphs. Specifically, the information presented in the section labeled “ACH Authorization” repeats some of the information presented earlier in the three qualifying paragraphs by re-informing borrowers they may be charged for either the total of payments and any accrued fees, or the finance charges plus any accrued fees, or the finance charges plus fees plus \$50 depending on their particular choice/situation (i.e., “Payment in Full” vs. “Renewal/Auto-Renewal” vs. “Auto-Workout). This repetition increases that chances that borrowers will notice and process this information. Furthermore, the phrase “...rest of the terms of the Loan Agreement will continue to apply” is first mentioned in the first qualifying disclosure paragraph and is repeated twice in the second qualifying disclosure paragraph (once with exactly the same language and once more with slightly different language: “All terms of the Loan Agreement continue to apply to Renewals”). This increases the likelihood that borrowers will read and process this information. Unfortunately, as discussed earlier in the section on “Clarity”, repetition of this idea is likely to mislead borrowers by reinforcing the take-away that total payments remain as specified in the TIL box.

#### Summary Assessment of Cost Disclosures

Overall, the disclosures provided in the Loan Agreement do not communicate to borrowers in a clear and conspicuous manner that costs (fees and charges) associated with

their loan would be significantly higher if they renew the loan (either actively or by default) rather than paying it off in full.

The cost information in the three qualifying disclosure paragraphs is not very prominent. Furthermore, the disclosures are not placed close to the TIL disclosure that they are supposed to qualify, and there is nothing to indicate to the reader that there is a ‘connection’ between the disclosures. Finally, the qualifying disclosures are not clear in communicating to borrowers that choosing the “Renewal” option will lead to higher costs than those stated in the TIL disclosure box. On the contrary, the phrase “... rest of the terms of the Loan Agreement will continue to apply” which is repeated in the first and second qualifying disclosures could easily communicate to borrowers instead that loan costs and total payments for the “Renewal” option are as stated and emphasized in the TIL box.

The sentence on “additional fees” in the section labeled “Special Notice” has the potential to communicate that the borrower may be responsible for additional fees if the loan is refinanced. Unfortunately, the poor prominence and placement of this sentence and its lack of proximity to the TIL box suggests that it will not be very effective in qualifying the cost information presented in the TIL box. Additionally, as I have previously noted, this section states that such fees “may accrue” not that they will necessarily accrue.

The section entitled “Schedule of Charges and Fees” also does not provide cost information associated with the “Renewal” option in a clear and conspicuous manner (assuming it does contain this information). The section is placed towards the middle of a lengthy, dense document, and there is nothing to indicate that the information presented in

the section is related to or qualifies the payment and cost information presented in the TIL box. Perhaps most importantly, the information in the two tables presented here is difficult to comprehend, and has the potential to suggest incorrect inferences.

Finally, while the information presented in the section labeled “ACH Authorization” repeats some of the information presented earlier in the three qualifying paragraphs, it suffers from lack of prominence, placement, proximity, and clarity.

### **Issue #2: Default Option**

As written, the Integrity Advance Loan Agreement envisions two repayment scenarios: consumers can pay off their loan in full on the first date it is due; or they can renew it (up to four times) and then proceed with the work out option. Additionally, the agreement states that borrowers must affirmatively inform Integrity Advance about their choice (via a phone call) at least 3 business days prior to the payment due date. Failure to contact Integrity Advance typically leads to automatic renewal of the loan with associated (higher) fees and charges. Stated differently, the default option is renewal of the loan.

Defaults have a significant and large impact on behavior. Given a choice between two options, people often choose to do nothing and hence get assigned to the default option. Consequently, changing the default option significantly affects choice outcomes. Default effects have been studied and documented in a variety of contexts including organ donation, enrollment in 401(K) plans, and renewal of gym memberships.<sup>4</sup>

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<sup>4</sup>See, for example, DellaVigna, Stefano and Ulrike Malmendier (2006), “Paying Not to Go to the Gym,” *American Economic Review*, 96 (3), 694-719; Johnson, Eric J. and Daniel G. Goldstein (2003), “Do Defaults Save Lives?” *Science*, 302 (5649), 1338-39; Madrian,

There are two implications of this literature to the present situation. First, since “renewal” (as opposed to “payment in full”) was the default option in the Loan Agreement, one would expect a large proportion of borrowers to end up with this option, but this would not necessarily mean that many or most of them chose the option actively. Second, since the majority of consumers did end up with the default option, the TIL disclosure that Integrity Advance provided to them was inaccurate. A better approach to facilitate consumer understanding might be to communicate clearly to borrowers upfront (near, or as a part of the TIL disclosure) that their costs and total payment amounts would vary depending on how many times they renewed the loan, and to present charges and total payments under several scenarios (e.g., payment in full, 2 renewals, 4 renewals + auto workout).<sup>5</sup> By presenting this information early on and emphasizing the fact that borrowers have a choice, the Loan Agreement would be providing important information in a unified manner rather than in a fragmented manner (in the TIL box and later in qualifying disclosures), and would thus increase the likelihood that borrowers would comprehend the loan terms and their choices.

### **Issue #3: The Agreement for Remotely Created Checks**

Starting at approximately page 5, the Loan Agreement document contains a section entitled “ACH Authorization.” This section is about 2 pages long. The main purpose of the

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Brigitte C. and Dennis F. Shea (2001), "The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior," *Quarterly Journal of Economics*, 116 (4), 1149-87 ; and Smith, N. Craig, Daniel G. Goldstein, and Eric J. Johnson (2013), "Choice Without Awareness: Ethical and Policy Implications of Defaults," *Journal of Public Policy & Marketing*, 32 (2), 159-172.

<sup>5</sup> The intent here is not to indicate what would be compliant under TILA, but rather what would make the disclosures easier for consumers to understand and better reflect reality.

section appears to be to receive authorization from the borrower for Integrity Advance to withdraw funds from the borrower's bank account in amounts and at times as agreed to in the Loan Agreement. However, a paragraph that appears approximately half-way through this section (at the bottom of page 5), grants Integrity Advance powers that are separate and distinct from their ability to utilize ACH withdrawals:

You agree that we may re-initiate a debit entry for the same amount if the ACH debit entry is dishonored or payment is returned for any reason. The ACH Authorizations set forth in the Loan Agreement are to remain in full force and effect for this transaction until your indebtedness to us for the Total of Payments, plus any other charges or fees incurred and described in the Loan Agreement, is fully satisfied. You may only revoke the above authorizations by contacting us directly. If you revoke your authorization, you agree to provide us with another form of payment acceptable to us and you authorize us to prepare and submit one or more checks drawn on Your Bank Account so long as amounts are owed to us under the Loan Agreement.

This portion of the paragraph authorizes Integrity Advance to create remotely created checks and use these to debit borrower accounts in the instance that the borrower blocks or revokes ACH authorization (e.g., by instructions to their bank).

#### Evaluation of The Agreement for Remotely Created Checks

I evaluate the paragraph shown above from the ACH authorization (giving Integrity Advance permission to create remotely created checks and use these to debit borrower accounts) using the FTC guidelines on making disclosures and disclaimers clear and conspicuous. As noted earlier, these guidelines emphasize several key factors in assessing the likelihood that a disclosure will be noticed and comprehended by readers: (a) Prominence, (b) Clarity, (c) Proximity, (d) Placement, (e) Avoidability, and (f) Repetition.

##### (a) Prominence

The title for the section on ACH authorization is in bold upper case and large font. In addition, there is a line in bold uppercase large font that says "READ VERY CAREFULLY BEFORE INITIALING OR SIGNING." This statement plus the bold headline is likely to

draw attention to the section on ACH authorization. Unfortunately, the paragraph of focal interest here is not presented in a prominent manner – it appears in normal font, ‘blends’ with other text, and is buried in the middle of the (2 page) section.

(b) Placement

The section on ACH authorization is placed after four pages of a very dense document. Furthermore, the paragraph of interest is placed towards the middle of the 2-page section making it even less conspicuous than information placed near the (relatively prominent) title of the section.

(c) Proximity

Since the paragraph of interest is not intended to directly qualify a claim or statement made elsewhere in the document, proximity is not relevant to my analysis.

(d) Avoidability

Borrowers are required to sign approximately half way through the section on ACH authorization. Having borrowers sign increases the likelihood that they might read more of the information in the section than would happen otherwise. Unfortunately, the signature comes almost a third of a page after the key paragraph. Asking borrowers to initial or sign right after the key paragraph would have been a more effective strategy for increasing the likelihood that they might notice and read the information therein.

(e) Repetition

The information presented in the paragraph of interest is not repeated elsewhere in the Loan Agreement document.

(f) Clarity

The following statement is included towards the end of the paragraph of interest: “If you revoke your authorization, you agree to provide us with another form of payment acceptable to us and you authorize us to prepare and submit one or more checks drawn on Your Bank Account so long as amounts are owed to us under the Loan Agreement.” For consumers who already understand how remotely created checks work, this statement seems fairly clear. However, for consumers who do not understand this (and that may be the majority of consumers), this statement fails to explain either that the company could write these checks without notifying the consumer when they create such checks or that they could do so without the consumer’s signature. Further, that sentence ends with the phrase: “...so long as amounts are owed to us under the Loan Agreement.” As noted earlier, borrowers could reasonably read this as referring to the “Total of Payments” specified in the TIL box earlier in the Loan Agreement. This interpretation may be further reinforced by the sentence included towards the beginning of the paragraph: “The ACH Authorizations set forth in the Loan Agreement are to remain in full force and effect for this transaction until your indebtedness to us for the Total of Payments, plus any other charges or fees incurred and described in the Loan Agreement, is fully satisfied.” Consequently, even if borrowers happen to notice and read this paragraph, they could come away with the impression that the ACH authorization (as well as the authorization to remotely create and submit checks) is only in force until the “Total of Payments” specified in the TIL box have been made.

Summary Assessment of Authorization to Create Remotely Created Checks

In my opinion, the paragraph (in the ACH Authorization) that seeks authority for Integrity Advance to create remotely created checks and use these to debit borrower accounts is neither clear nor conspicuous, and is unlikely to be noticed, read, or correctly understood by borrowers. Specifically, it is placed inconspicuously in a section that follows five pages of dense text, the central idea of the paragraph is not repeated elsewhere, and the language in the paragraph has the potential to confuse and misdirect borrowers rather than illuminate them.

Executed on this 11<sup>th</sup> day of February, 2016



Manoj Hastak, Ph.D.

# Appendix A



December 2015

**CURRICULUM VITAE**  
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**Education:**

- 1984: Doctor of Philosophy in Business Administration, Pennsylvania State University.  
Minors in Statistics and Social/Cognitive Psychology.
- 1977: Master of Business Administration, Indian Institute of Management, Ahmedabad (India).
- 1975: Bachelor of Science, Birla Institute of Technology and Science, Pilani (India).  
Concentration in Physics and Mathematics.

**Academic Positions:**

- Current Professor of Marketing, Kogod School of Business, American University, Washington D.C.
- 2001- 2004 Chair, Department of Marketing, Kogod School of Business, American University
- 1995- 1996 Visiting Scholar, Federal Trade Commission, Bureau of Consumer Protection, Division of Advertising Practices, Washington D.C.
- 1993- 2010 Associate Professor of Marketing (with tenure), American University
- 1989- 1993 Assistant Professor of Marketing, American University
- 1984- 1989 Assistant Professor of Business Administration, University of Illinois at Urbana-Champaign

**Consulting Experience:**

1995-Present	In-house consultant and resident expert at the Federal Trade Commission on cases and research projects involving deception, ad communication, disclosure, and other consumer perception issues.
Intermittent	Consultant to numerous agencies and organizations on research projects on product advertising and labeling issues such as deceptive advertising, corrective advertising, advertising disclosures, and consumer comprehension of health, nutrition, financial and environmental information. Clients include the Food and Drug Administration, Department of Justice, Bureau of Alcohol, Tobacco, and Firearms, Department of Housing and Urban Development, Consumer Financial Protection Bureau, Future of Privacy Forum, and the Public Utilities Commission of the State of Nevada
Intermittent	Consultant/Expert Witness for law firms in a number of cases involving deceptive advertising/labeling, disclosures, and consumer perception issues.

#### **Peer-Reviewed Publications:**

Hastak, Manoj and Michael B. Mazis (2014), "Three Decades of Marketing Academic Input at the FTC: Contributions to Research, Policy Making and Litigation," Journal of Public Policy & Marketing, 33 (2), pp. 232-243.

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#### **Research in Progress:**

"Clear Disclosure of Information Sharing Practices by Financial Institutions: Implications for Comprehension and Choice," Manuscript Preparation in progress. (With Alan Levy of the FDA)

"Effects of Consumer Testimonials in Advertising on Audience Perceptions of Efficacy and Typicality Claims." Manuscript preparation in progress. Target: Journal of Marketing. (With Michael Mazis).

"Developing Mandatory Energy Labels that do not Mislead Consumers: Lessons from Consumer Research at the Federal Trade Commission." Manuscript preparation in progress. Target: Journal of Public Policy & Marketing. (With James Hilger and Janis Pappalardo of the FTC)

"Effects of Change in Involvement Between Ad Exposure and Brand Evaluation on Brand Evaluation Processes." Manuscript preparation in progress. Target: Journal of Consumer Psychology.

"Are "Up To" Claims in Advertising Deceptive and Can They be Corrected Through Disclosures?" Collecting additional data to extend findings from one of my earlier papers

#### **Conference and Professional Presentations:**

"The CFPB Integrated Mortgage Disclosure Project: Quantitative Study," Marketing & Public Policy Conference, Washington, D.C. June 2015.

"Two Decades of Involvement with the FTC: Contributions to Research, Policy Making, and Litigation," American Marketing Association Annual Conference, San Francisco, CA. August 2014

"Three Decades of Marketing Academic Input at the FTC," Marketing & Public Policy Conference, Boston, MA. June 2014

"Policy Challenges at the FTC: Opportunities for Research Contributions," Marketing & Public Policy Doctoral Consortium, University of Massachusetts, Amherst. June 2014

"Copy-testing Issues in Litigation," Federal Trade Commission Workshop, Washington DC. February 2014

"Use of Consumer Surveys in Litigation," Federal Trade Commission Workshop, Washington DC. February 2014

"Are Tensile Claims in Advertising Deceptive? An Empirical Investigation of Energy Savings Claims," presented at the International Conference on Research in Advertising, Zagreb, Croatia. June 2013.

"Designing Disclosures based on Consumer Testing," presented at the joint FTC-CFPB Workshop entitled Life of a Debt: Data Integrity in Debt Collection, Washington D.C. June 2013.

"Consumer Perception of "Up To" Claims in Advertising," presented at the 2013 Marketing & Public Policy Conference, Washington D.C. June 2013

"What Do Online Behavioral Advertising Disclosures Communicate to Users?" presented at the 2012 ACM workshop on Privacy in the Electronic Society (WPES) Raleigh, NC, October 2012.

"Changes in Involvement Over Time: Implications for Advertising Induced Brand Evaluation Processes," presented at the International Conference on Research in Advertising, Stockholm, Sweden. June 2012.

"Noticing the Notice and Understanding What it Means," presented at the 5th Annual Privacy Law Scholars (PLS) Conference, George Washington University Law School, Washington D.C. June 2012.

"Clear Disclosure: Comprehension and Choice," presented at the 2012 Marketing & Public Policy Conference, Atlanta, GA. June 2012

"Assessing Consumer Perceptions of Modified Risk Tobacco Product Advertising and Labeling Claims and Associated Disclosures," presented at the FDA workshop on modified risk tobacco products, Washington D.C. August 2011.

"Communication Efficacy of Layered Disclosures About Online Behavioral Advertising," presented at the 2011 Marketing & Public Policy Conference, Washington D.C. June 2011

"Communicating With Consumers: How to Improve Mortgage Loan Disclosures." Participant in Invited Panel. U.S. Department of Treasury, Washington D.C. December 2010.

"Can Front-of-Package Nutrition Claims Help Low Literate Consumers Assess Product Healthfulness?" presented at the 2010 Marketing & Public Policy Conference, Denver,

CO. June 2010

“Can You Understand What This Privacy Notice Says? A Report on the GLB Interagency Research Project,” presented at the 2010 Marketing & Public Policy Conference, Denver, CO. June 2010

“Future of Privacy Forum “Icon”Survey: Comprehension of Behavioral Advertising Disclosures,” presented at the Federal Trade Commission, Washington DC. January 2010.

“Effects of Decision Structure, Stakes, and Information Provision in a Fraud Case,” presented at Association for Public Policy Analysis and Management Conference, Washington DC. November 2009.

“Consumer Surveys: When and How to Create a Litigation Survey,” presented at the Federal Trade Commission Litigation Seminar, Washington DC. September 2009.

“Developing Mandatory Energy Labels that do not Mislead Consumers: Lessons from Consumer Research at the Federal Trade Commission,” presented at the 2009 Marketing & Public Policy Conference, Washington DC. May 2009

“Exploring the Effects of Decision Structure, Stakes, and Information Provision in a Fraud Case,” presented at the 2009 Marketing & Public Policy Conference, Washington DC. May 2009.

“Facilitating the Usage of Nutritional Information by Low-Literate Consumers,” Presented at the Association for Consumer Research Asia-Pacific Conference, Hyderabad, India. January 2009.

“Effects of Consumer Testimonials in Advertising on Audience Perceptions of Efficacy and Typicality Claims,” presented at the 2008 Marketing & Public Policy Conference, Philadelphia, PA. June 2008.

“Database Marketing Applications for the Emerging Retail Sector in India,” invited address at MERC School of Business and Retail Management (Pune, India). July 2007

Delivered opening remarks at the 2007 Marketing and Public Policy Conference, Washington DC., June 2007.

“Developing Regulatory Disclosures through Consumer Testing,” presented at the 2007 Marketing & Public Policy Conference, Washington DC., June 2007.

“Understanding and Facilitating the Usage of Nutritional Labels by Low Literate Consumers,” presented at the 2006 Marketing & Public Policy Conference, Long Beach, CA. June 2006.

"Data Mining in Direct Marketing: A comparison of RFM, CHAID, and Logistic Regression," presented at the Consumer Personality and Research Conference, Dubrovnik, Croatia. September 2005.

"The Effectiveness of "Opt-Out" Disclosures in Pre-Screened Credit card Offers," presented at the 2005 Marketing & Public Policy Conference, Washington D.C., May 2005.

"Regulation of the Rent-to-Own Industry: Implications of the Wisconsin Settlement with Rent-A-Center," Presented at the 2004 Marketing & Public Policy Conference, Salt Lake City UT., May 2004.

"Copy-testing and Consumer Research," presented at the Federal Trade Commission, Washington D.C., August 2003

"Empirical Evidence on the Determinants of Rent-to-Own Use and Purchase Behavior," presented at the 2003 Marketing & Public Policy Conference, Washington DC., May 2003.

"Copy-testing and Consumer Research," presented at the Federal Trade Commission, Washington D.C., August 2002

"Truthful but Misleading Claims in Advertising and Labeling," presented at the 2002 Marketing & Public Policy Conference, Atlanta, GA. June 2002.

"Use of Survey Research in Public Policy Decisions," presented at the 2001 Marketing & Public Policy Conference, Washington D.C. June 2001.

"Marketing Academics at the Federal Trade Commission (1995-present)," presented at the 2001 Marketing & Public Policy Conference, Washington D.C. June 2001.

"Assessment of Customer experience with Rent-to-Own," presented at the Twenty-Second Annual Research Conference of the Association for Public Policy Analysis and Management, Seattle, WA. November 2000.

"Copy-testing and Consumer Research," presented at the Advertising Training Seminar sponsored by the Federal Trade Commission, Washington D.C. August 2000.

"An Empirical Examination of Customer Experience with Rent-to-Own Transactions," presented at the 2000 Marketing & Public Policy Conference, Washington D.C. June 2000.

"Research Methodology at the FTC," presented at MSI-sponsored conference on Current Developments at the FTC and FDA, Washington D.C. June 2000.

"Facilitating the Use of Nutrition Information through Summary Information," presented at the Advertising, Consumer Psychology, and Health Conference, Columbus, OH., May 1997.

"Consumer Interpretation of "Recyclable" and "Please Recycle" Claims on Product Labels," presented at the 1997 Marketing & Public Policy Conference, Boston MA, May 1997.

"The Effects of Health Claims on Consumer Interpretation of FDA-Mandated Nutrition Disclosures: A Mail-intercept Study," presented at the 1997 Marketing & Public Policy Conference, Boston MA. May 1997

"Are Daily Reference Values Really Enough? Facilitating the Use of Nutrition Information Through Summary Information," presented at the 1997 Marketing and Public Policy Conference, Boston MA. May 1997.

"Consumers, Interpretation of Alternative Environmental Claims," presented at the special AMA conference on Environmental Marketing Claims and Decision Making: Consumer, Market, and Regulatory Issues, San Diego, CA., August 1996.

"Consumer Perception of "Made in USA" Claims in Advertising and on Product Labels," presented at the Federal Trade Commission "Made in USA" Workshop, Washington D.C., March 1996.

"Can Disadvantaged Consumers Interpret Nutrition Information in the Presence of a Health Claim? A Laboratory Investigation," presented at the special AMA conference on Consumer and Market Implications of Information Provision: The Case of the Nutrition Labeling and Education Act of 1990, Washington D.C., August 1995.

"Facilitating and Inhibiting Effects of Brand Cues on Recall, Consideration Sets and Choice," presented at the 22nd International Research Seminar in Marketing, La Londe les Maures, France, June 1995.

"Effects of the New FDA Rules for Food Labels on Disadvantaged Consumers," presented at the 22nd Annual Conference of the Association for Consumer Research, Boston, Mass., October 1994.

"Effects of Involvement on On-line Brand Evaluations," presented at the 22nd Annual Conference of the Association for Consumer Research, Boston, Mass., October 1994.

"Consumer Comprehension of Environmental Claims," presented at the Conference on Environmental Consumerism, Georgetown University, Washington D.C., July 1994.

"Consumer Comprehension of Environmental Advertising Claims," presented at the 1994 Marketing & Public Policy conference, Washington D.C., May 1994.

"Health Claims in the Presence of Consistent and Inconsistent Nutrient Information: A Laboratory Investigation," presented at the 21st Annual Conference of the Association for Consumer Research, Nashville, Tenn., October 1993.

"The Effect of Health Claims on Consumer Judgments About the Healthfulness of Food: A Laboratory Experiment," presented at the Federal Trade Commission (Bureau of Economics), Washington D.C., July 1993.

"Effects of the New FDA Rules for Food Labels on Disadvantaged Consumers," presented at the 1993 Marketing and Public Policy conference, East Lansing, MI., May 1993.

"Facilitating and Inhibiting Effects of Brand Cues on Recall, Consideration Sets, and Choice," presented at the 20th Annual Conference of the Association for Consumer Research, Vancouver, B.C., October 1992.

"Confirmatory Bias in the Processing of Health Information in Labels," presented at the 1992 Marketing and Public Policy conference, Washington D.C., May 1992.

"Representation of Product Information in Memory: Some Experimental Evidence," presented at the 19th Annual Conference of the Association for Consumer Research, Chicago, IL, October 1991.

"Judgment Updating Strategies: Effect of New Information on Existing Product Evaluations" presented at the 17th Annual Conference of the Association for Consumer Research, New Orleans LA, October 1989.

"Mediators of Message Sidedness Effects on Cognitive Structure for Involved and Uninvolved Audiences", presented at the 17th Annual Conference of the Association for Consumer Research, New Orleans LA, October 1989.

"Multiattribute Judgments Under Uncertainty: A Conjoint Measurement Approach", presented at the 17th Annual Conference of the Association for Consumer Research, New Orleans LA, October 1989.

"Consumer Decision Making Under Uncertainty: A Conjoint Analysis Approach," presented at the 1989 Marketing Science Conference, Duke University, March 1989.

"Source Credibility Effects in Advertising: Assessment of Mediating Processes," presented at the 1988 Conference of the American Academy of Advertising, Chicago Il, April 1988.

"Simultaneous Effects of Country Image and Price Variables on Quality Perception: An Information Integration Perspective," presented at the 15th International Marketing Congress, New Delhi India, December 1987.

"A Comparison of Cognitive Structure and Cognitive Response Approaches for Measuring Advertising Effects on Product Attribute Beliefs," presented at the 1986 Annual Convention of the American Psychological Association, Washington DC, August 1986.

"Alternative Perspectives on Attitude Formation and Change in an Advertising Context," presented at the 12th Annual Conference of the Association for Consumer Research, Washington DC., October 1984.

"Representation of Product Hazards in Consumer Memory," presented at the 9th Annual Conference of the Association for Consumer Research, St. Louis, Mo, October 1981.

"Consumer Response to Deals: A Discussion of Theoretical Perspectives," presented at the 8th Annual Conference of the Association for Consumer Research, San Francisco, CA, October 1980.

"On the Validity of Research Methods in Consumer Dealing Activity: An Analysis of Timing Issues," presented at the 1979 AMA Educators' Conference, Chicago, Il, August 1979.

**Doctoral Dissertation:**

"Assessing the Role of Brand- and Advertisement -Related Cognitive Responses as Mediators of Communication Effects on Cognitive Structure." Professor Jerry C. Olson, Thesis Advisor.

**Professional Service:**

Associate Editor, Journal of Public Policy & Marketing, (Academic Refereed Journal), 2013-present. (Member of Editorial Review Board 2006-present).

Member of the Editorial Review Board for Psychology & Marketing (Academic Refereed Journal), 1994-1996.

Organizer and Co-Chair, Marketing & Public Policy Conference. Washington D.C. 2007.

Chair, Societal, Public Policy and Ethical Issues track, American Marketing Association Summer Marketing Educators' Conference. San Francisco, CA. 2005.

Organizer and Co-Chair, Annual Conference of the Society for Consumer Psychology. St. Petersburg, Fl. 1999.

**Occasional Reviewer for:**

Journal of Consumer Research

Journal of Marketing Research

Journal of Consumer Affairs

Association for Consumer Research Conference

Association for Consumer Research Asia-Pacific Conference

American Marketing Association Summer and Winter Conference

American Psychological Association Conference

Academy of Marketing Science World Marketing Congress  
Academy of Marketing Science Conference  
Marketing and Public Policy Conference

Organizer and Co-Chair of session entitled "Developing Transparent Disclosures via Consumer-Centric Research: The CFPB Integrated Mortgage Disclosure Project," Washington D.C. June 2015

Chair of Session entitled "Live Long and Prosper", International Conference on Research in Advertising, Zagreb, Croatia. June 2013.

Organizer and Chair of session entitled "What is the FTC Up To? Research and FTC Guidance on "Up To" Claims in Advertising," Marketing & Public Policy Conference, Washington D.C. June 2013

Organizer and Co-Chair of session entitled "Controversies Surrounding Online Behavioral Advertising: Consumer, Industry, and Regulatory Perspectives" Marketing & Public Policy Conference, Washington D.C. June 2011

Organizer and Co-Chair of session entitled "Role of Qualitative and Quantitative Consumer Research in Policy Development at Federal Agencies: Two Case Studies," Marketing & Public Policy Conference, Denver, CO. June 2010

Organizer and Co-Chair of session entitled "Effects of Front-of-Package Health and Nutrition Claims on Consumer Comprehension of Product Healthfulness," Marketing & Public Policy Conference, Denver, CO. June 2010

Organizer and Co-Chair of session entitled "A two decade perspective on changing FTC priorities, initiatives, and impact," Marketing & Public Policy Conference, Washington D.C. May 2009.

Organizer and Co-Chair of session entitled "Consumer Testimonials in Advertising: Assessment of the FTC Endorsement Guides," Marketing & Public Policy Conference, Philadelphia, PA. June 2008.

Organizer and Chair of session entitled "Financial/Credit Issues and Disadvantaged Consumers," Marketing and Public Policy Conference, Washington DC., May 2003.

Organizer and Co-Chair, session on "Deceptive Advertising and Labeling: Causes and Cures," Marketing and Public Policy Conference, Atlanta GA, May 2002.

Chair, session on "Brand Extensions and Associations," 28<sup>th</sup> Annual Conference of the Association for Consumer Research, Salt Lake City, UT, October 2000.

Organizer and Co-Chair of session entitled "Health Claims and Consumer Behavior", Marketing

and Public Policy Conference, Boston MA, May 1997.

Chair, session entitled "Advertising Effects on Consumer Memory and Response", 22nd International Research Seminar in Marketing, La Londe les Maures, France, June 1995.

Discussant, session on "Adolescent Compulsive Consumption," 22nd Annual Conference of the Association for Consumer Research, Boston MA, October 1994.

Invited participant in the Workshop on "Nutrition Labeling Regulations" organized by the Marketing Science Institute, Washington DC., January 1994.

Member of the Board of Directors, American Marketing Association Metropolitan Washington Chapter, 1993-94.

Organizer and Co-Chair (with John Lynch Jr.) of session entitled "New Directions in Research on Memory Based and Mixed Judgments," at the 17th Annual Conference of the Association for Consumer Research, New Orleans LA, October 1989.

Discussant, session on "Elaboration and Emotion in Information Processing," 15th Annual Conference of the Association for Consumer Research, Boston MA, October 1987.

Session Chair at the Paul D. Converse Marketing Symposium, University of Illinois at Urbana-Champaign, May 1986.

Session Chair at the Stellner Symposium on Theories of Marketing Practice, University of Illinois at Urbana-Champaign, May 1985.

#### **Honors and Awards:**

Two time recipient of the Thomas C, Kinnear award for the best article published in the *Journal of Public Policy & Marketing* over a three year period (2003 and 2011).

Kogod School of Business, Faculty Award for Outstanding Research, 2009

Award from the Federal Trade Commission in recognition of outstanding contributions in producing the Commission's Report on the Marketing of Violent Entertainment to Children. October 2000.

Award from the Federal Trade Commission in recognition of outstanding contributions to the Privacy Initiative. October 1998.

Recipient of a research grant for \$5980 from the Marketing Science Institute (MSI), Cambridge, Mass. to investigate "Role of Fairness in Service Quality Evaluation in the Automobile Service Industry." 1996 (with Amiya K. Basu and Saad Andaleeb).

Honorable mention in the MSI Research Competition "Using Marketing to Serve Society" sponsored by the Marketing Science Institute, Cambridge, Mass., 1993. (With Gary T Ford, Anusree Mitra, and Debra J. Ringold).

Research grant from the Marketing Science Institute (MSI) to fund research on the effects of health claims in food advertising and labeling on consumers, 1993. (With Gary T. Ford, Anusree Mitra, and Ringold).

Named to the University of Illinois list of excellent teachers, 1986, 1989.

American Marketing Association Doctoral Consortium Fellow, 1981.

Alpha Mu Alpha Honorary Marketing Society.

Beta Gamma Sigma Honorary Society

President's gold medal for achieving the highest grade point average in the College of Science, Birla Institute of Technology and Science, Pilani, India, 1975.

National Science Talent Scholarship and Certificate of Merit, India. 1972-1975.

**Teaching Experience:**

Undergraduate: Principles of Marketing, Consumer Behavior, Advertising and Promotion Management

Graduate: Buyer Behavior, Advanced Seminar in Consumer Information Processing, Database Marketing

# Appendix B



**APPLICATION (Integrity Advance, LLC)****FORM #1****Loan #: 30609072**

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we ("we" or "us" refers to "Integrity Advance, LLC") will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying document.

**NOTICE: WE ARE REQUIRED BY LAW TO ADOPT PROCEDURES TO REQUEST AND RETAIN IN OUR RECORDS INFORMATION NECESSARY TO VERIFY YOUR IDENTITY**

**PERSONAL INFORMATION**

Name	
Address	
Date	
Hon.	

**EMPLOYMENT INFORMATION**

Employer:	
Pay Period	
Length of	
Supervisors	

**BANK INFORMATION**

Type of Account: Checking	
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**REFERENCE INFORMATION**

1	
2	

By typing your name and clicking "I Agree" below, you are electronically signing this Application. By electronically signing and submitting this Application, you certify that all of the information provided above is true, complete and correct and provided to us for the purpose of inducing us to make the loan for which you are applying and you acknowledge receiving a fully completed copy of this Application and accompanying documents. This Application will be deemed incomplete and will not be processed by us unless agreed by you below. By electronically signing below you also agree that we may obtain and use information about you from third parties, including consumer reports, to evaluate your application and to review your account for as long as you owe any amount to us.

Signature: (X) \_\_\_\_\_

Date: 3/24/2009

**COVERED BORROWER IDENTIFICATION STATEMENT:**

Federal law provides important protections to active duty members of the Armed Forces and their dependents. To ensure that these protections are provided to eligible applicants, we require you to select and electronically sign ONE of the following statements as applicable:

**PLEASE SELECT ONE OF THE FOLLOWING STATEMENTS:**

I AM a regular or reserve member of the Army, Navy, Marine Corps, Air Force, or Coast Guard, serving on active duty under a call or order that does not specify a period of 30 days or fewer, or such member serving on Active National Guard duty.

I AM a dependent of a member of the Armed Forces on active duty as described above, because I am the member's spouse, the member's child under the age of eighteen years old, or I am an individual for whom the member provided more than one-half of my financial support for 180 days immediately preceding today's date.

I AM NOT a regular or reserve member of the Army, Navy, Marine Corps, Air Force, or Coast Guard, serving on active duty under a call or order that does not specify a period of 30 days or fewer (or a dependent of such a member).

Signature: (X) \_\_\_\_\_

**WARNING: IT IS IMPORTANT TO FILL OUT THIS FORM ACCURATELY. KNOWINGLY MAKING A FALSE STATEMENT ON A CREDIT APPLICATION IS A CRIME.**

**LOAN AGREEMENT****FORM #2 Loan #:**  
**30609072**

Disbursement Date: <u>3/25/2009</u> Payment Date: <u>4/10/2009</u>	Loan #: <b>30609072</b>
(Integrity Advance, LLC) 300 Creek View Road Suite 102 Newark, DE 19711 Phone: (800) 505-6073	NAME: ADDRESS: CITY: C STATE: PHONE:

In this Loan Agreement (hereinafter, the "Loan Agreement") the words "you", "your" and "I" mean the borrower who has electronically signed it. The words "we", "us" and "our" mean Integrity Advance, LLC ("Lender"), a licensed lender of payday loans regulated by the Delaware State Bank Commissioner.

**FEDERAL TRUTH IN LENDING DISCLOSURES**

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate. <b>684.38%</b>	The dollar amount the credit will cost you. <b>\$150.00</b>	The amount of credit provided to you or on your behalf. <b>\$500.00</b>	The amount you will have paid after you have made all payments as scheduled. <b>\$650.00</b>

Your Payment Schedule will be: One (1) payment of \$650.00 due on 4/10/2009 ("Payment Due Date").

Security: You are giving a security interest in the ECHECK/ACH Authorization.

Prepayment: If you pay off early, you will be entitled to a refund of the unearned portion of the finance charge.

See the terms of the Loan Agreement below for any additional information about nonpayment, default, and prepayment refunds.

**Itemization of Amount Financed:** Amount given to you directly: **\$500.00**. Amount paid on Loan#: **30609072** with us: **\$650.00**.

**PAYMENT OPTIONS:** You must select your payment option at least three (3) business days prior to your Payment Due Date by contacting us at (800) 505-6073. At that time, you may choose:

(a) **Payment in full:** You may pay the Total of Payments shown above, plus any accrued fees, to satisfy your loan in full. When you contact us and choose this option, we will debit Your Bank Account (defined below) for the Total of Payments plus any accrued fees, in accordance with the ACH Authorization below; OR

(b) **Renewal:** You may renew your loan (that is, extend the Payment Due Date of your loan until your next Pay Date<sup>1</sup>) by authorizing us to debit Your Bank Account for the amount of the Finance Charge, plus any accrued fees. If you choose this option, your new Payment Due Date will be your next Pay Date<sup>1</sup>, and the rest of the terms of the Loan Agreement will continue to apply.

**AUTO-RENEWAL:** If you fail to contact us to confirm your Payment Option at least three (3) business days prior to any Payment Due Date, or otherwise fail to pay the loan in full on any Pay Date, Lender may automatically renew your loan as described under (b) above, and debit Your Bank Account on the Payment Due Date or thereafter for the Finance Charge and any accrued fees. Your new Payment Due Date will be your next Pay Date<sup>1</sup>, and the rest of the terms of the Loan Agreement will continue to apply. You must contact us at least three (3) business days prior to your new Payment Due Date to confirm your payment option for the Renewal. If you fail to contact us, or otherwise fail to pay the loan in full on your new Payment Due Date, we may automatically renew the loan until your next Pay Date.<sup>1</sup> After your initial loan payment, you may obtain up to four (4) Renewals. All terms of the Loan Agreement continue to apply to Renewals. All Renewals are subject to Lender's approval. Under Delaware law, if you qualify, we may allow you to enter into up to four (4) Renewals, also known as a "refinancing" or a "rollover". The full outstanding balance shall be due upon completion of the term of all Renewals, unless you qualify for Auto-Workout, as described below.

**AUTO-WORKOUT.** Unless you contact us to confirm your option for Payment in Full prior to your Fourth Renewal Payment Due Date, your loan will automatically be placed into a Workout Payment Plan. Under the Workout Payment Plan, Your Bank Account will automatically be debited on your Pay Date<sup>1</sup> for accrued finance charges plus a principal payment of \$50.00, until all amounts owed hereunder are paid in full. This does not limit any of Lender's other rights under the terms of the Loan Agreement. All Workout Payment Plans are subject to Lender's approval

**DISBURSEMENT:** In order to complete your transaction with us, you must electronically sign the Loan Agreement by clicking the "I Agree" button at the end of the Loan Agreement, as well as all other "I Agree" buttons that appear within the Loan Agreement and related documents that appear below. We will then approve or deny your application and the Loan Agreement. If the Loan Agreement is approved, we will use commercially reasonable efforts to effect a credit entry by depositing the proceeds from the Loan Agreement into the bank account listed below in the ECheck/ACH Authorization ("Your Bank Account") on the Disbursement Date. Unavoidable delays as a result of bank holidays, the processing schedule of your individual bank, the untimely receipt of pay stubs, if such pay stubs are required, inadvertent processing errors, "acts of God", and/or "acts of terror" may extend the time for the deposit. You will have the

option of rescinding the loan and this Loan Agreement in accordance with the "RESCISSON" provision listed below, which describes, among other things, the time and manner within which notice of rescission must be given to be effective. Failure to give such notice as and when set out in the "RESCISSON" provision will be deemed to constitute acceptance by you of the delayed disbursement date.

**YOUR PROMISE TO PAY:** You promise to pay us the Total of Payments according to the terms of our disclosures set forth below on the Payment Due Date and all other amounts owed to us under the Loan Agreement. You grant us a security interest in your ECheck/ACH Authorization in the amount of the Total of Payments (the "ECheck/ACH") which we may negotiate on the Payment Due Date or thereafter. All payments will be applied first to interest and fees and then to principal. Both the amount of interest charged and rate thereof are set forth respectively in the Finance Charge and Annual Percentage Rate disclosures in the Loan Agreement. Pursuant to the ECheck/ACH Authorization, you have directed us to initiate one or more ECheck/ACH debit entries to Your Bank Account for the amounts owed to us under the Loan Agreement on the Payment Due Date or thereafter and for certain fees that may be assessed in the event of dishonor when presentment is made to your bank on your ECheck/ACH Authorization.

**CONSENT TO ELECTRONIC COMMUNICATIONS :** The following terms and conditions govern electronic communications in connection with the Loan Agreement and the transaction evidenced hereby (the "Consent"). By electronically signing the Loan Agreement by clicking the "I AGREE" button and entering your name below, you are confirming that you have agreed to the terms and conditions of the Consent and that you have downloaded or printed a copy of this Consent for your records. You agree that:

Â· Any disclosure, notice, record or other type of information that is provided to you in connection with your transaction with us, including but not limited to, the Loan Agreement, this Consent, the Truth in Lending disclosures set forth above, change-in-term notices, fee and transaction information, statements, delayed disbursement letters, notices of adverse action, state mandated brochures and disclosures, and transaction information (see Communications), may be sent to you electronically by posting the information at our web site, [www.IAdvanceCash.com](http://www.IAdvanceCash.com), or by sending it to you by e-mail.

Â· We will not be obligated to provide any Communication to you in paper form unless you specifically request us to do so.

Â· You may obtain a copy of any Communication by contacting us at 300 Creek View Road, Suite 102, Newark, DE 19711, or by calling us at (800) 505-6073. You also can withdraw your consent to ongoing electronic communications in the same manner, and ask that they be sent to you in paper or non-electronic form. If you choose to receive Communications in paper or non-electronic form, we may elect to terminate the Loan Agreement and demand payment of the amount then due by the date of your withdrawal of consent; or by the expiration of any minimum term mandated by law, whichever is later.

Â· You agree to provide us with your current e-mail address for notices at the address or phone number indicated above. If your e-mail address changes, you must send us a notice of the new address by writing to us or sending us an e-mail, using secure messaging, at least five (5) days before the change.

Â· In order to receive electronic communications in connection with this transaction, you will need a working connection to the Internet. Your browser must support the Secure Sockets Layer (SSL) protocol. SSL provides a secure channel to send and receive data over the Internet. Microsoft Internet Explorer 6 and above supports this feature. You will also need either a printer connected to your computer to print disclosures/notices or sufficient hard drive space available to save the information (e.g., 1 megabyte or more). You must have your own Internet service provider.

Â· You hereby provide us with your express consent to receive SMS messages from us.

Â· We may amend (add to, delete or change) the terms of this consent to electronic communication by providing you with advance notice.

By entering your name and today's date and clicking the "I Agree" button below, you are electronically signing this document and confirming that: (1) your system meets the requirements set forth above; (2) you agree to receive Communications electronically; and (3) you are able to access and print or store information presented at this website.

**SECURITY.** Pursuant to Comment 2(a)(25) of the Federal Reserve Board Official Staff Commentary to Regulation Z 226.2, we have disclosed to you that our interest in the ECHECK/ACH Authorization Agreement is a security interest for Truth-in-Lending purposes only, because federal and Delaware law do not clearly address whether our interest in the ECHECK/ACH Authorization Agreement is a "security interest."

**RESCISSON:** You may rescind future payment obligations under the Loan Agreement, without cost or finance charges, no later than 5:00 p.m. Eastern time of the next business day immediately following the Disbursement Date ("Rescission Deadline"). To rescind future payment obligations on this loan, you must inform us in writing, by or before the Rescission Deadline, either by email to [info@iadvancecash.com](mailto:info@iadvancecash.com) or by fax to (800)-581-8148, that you want to cancel the future payment obligations on this loan and that you authorize us to effect a debit entry to Your Bank Account for the principal amount of the Loan Agreement. In the event that we timely receive your written notice of rescission on or before the Rescission Deadline but before the loan proceeds have been credited to Your Bank Account, we will not effect a debit entry to Your Bank Account and both ours and your obligations under the Loan Agreement will be rescinded. In the event that we timely receive your written notice of rescission on or before the Rescission Deadline but after the loan proceeds have been credited to Your Bank Account, we will effect a debit to Your Bank Account for the principal amount of the Loan Agreement. If we receive payment of the principal amount via the debit, ours and your obligations under the Loan Agreement will be rescinded. If we do not receive payment of the principal amount via the debit, then the Loan Agreement will remain in full force and effect.

#### SPECIAL NOTICE:

**(1) THIS LOAN IS DESIGNED AS A SHORT-TERM CASH FLOW SOLUTION AND NOT DESIGNED AS A SOLUTION FOR LONGER TERM FINANCIAL PROBLEMS.**

**(2) ADDITIONAL FEES MAY ACCRUE IF THE LOAN IS REFINANCED OR "ROLLED OVER".**

**(3) CREDIT COUNSELING SERVICES ARE AVAILABLE TO CONSUMERS WHO ARE EXPERIENCING FINANCIAL PROBLEMS.**

**BY ENTERING YOUR NAME AND TODAY'S DATE AND CLICKING THE "I AGREE" BUTTON BELOW, YOU ARE ELECTRONICALLY SIGNING THE LOAN AGREEMENT AND AGREEING TO ALL THE TERMS OF THE LOAN AGREEMENT. YOU ALSO ACKNOWLEDGE RECEIPT OF A FULLY COMPLETED COPY OF THE LOAN AGREEMENT AND THE SCHEDULE OF CHARGES AND FEES BELOW.**

**A PAYDAY LOAN IS NOT INTENDED TO MEET LONG-TERM FINANCIAL NEEDS**

#### **SCHEDULE OF CHARGES AND FEES**

According to the Commissioner's Regulation 2203, Section 1.0, Notification, every licensee shall furnish to every applicant a copy of the Itemized Schedule of Charges and Fees at the time when such application is made. As per the aforementioned Commissioner's Regulation 2203, Section 1.0, Notification, please review the itemized schedule of charges and fees below to better understand the charges and fees associated with your loan.

The APR, or Annual Percentage Rate, is the term for the effective interest rate that the borrower will pay on a loan to the lender in a standardized way. This is to show the total cost of credit to the consumer, expressed as an annual percentage of the amount of credit lent to the borrower. While APR is intended to make it easier to compare lenders and loan options, it can seem complicated to those that are not aware of its implications.

There is no account set up fee and, when scheduled payments are made, there are no additional fees outside the principal amount borrowed and the interest that accumulates on the amount borrowed. When comparing interest rates among companies, please note that some companies may charge set up fees, application fees, or other such charges while we do not charge for these services.

#### **OTHER FEES**

**NSF FEE:\$25.00**

#### **VIP CUSTOMER FEES**

DAYS	APR	LOAN AMOUNT											
		\$100.00	\$150.00	\$200.00	\$250.00	\$300.00	\$350.00	\$400.00	\$450.00	\$500.00	\$550.00	\$600.00	\$650
23	380.87%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
22	398.18%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
21	417.14%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
20	438.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
19	461.05%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
18	486.67%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
17	515.29%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
16	547.50%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
15	584.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
14	625.71%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
13	673.85%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
12	730.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
11	796.36%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
10	876.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
9	973.33%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156
8	1095.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156

#### **STANDARD LOAN FEES (NEW CUSTOMERS AND NON-VIP CUSTOMERS)**

DAYS	APR	LOAN AMOUNT											
		\$100.00	\$150.00	\$200.00	\$250.00	\$300.00	\$350.00	\$400.00	\$450.00	\$500.00	\$550.00	\$600.00	\$650
23	476.09%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
22	497.73%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
21	521.43%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
20	547.50%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
19	576.32%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
18	608.33%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
17	644.12%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
16	684.38%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
15	730.00%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
14	782.14%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
13	842.31%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
12	912.50%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
11	995.45%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
10	1095.00%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
9	1216.67%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				
8	1368.75%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00				

Printed Name: [REDACTED]

Signature: (X) [REDACTED]

Date: 3/24/2009

The term "Pay Date" refers to the next time following the Payment Due Date, that you receive regular wages or salary from your employer. Because Renewals are for at least fourteen (14) days, if you are paid weekly, your loan will not be Renewed until the next Pay Date that is at least fourteen days after the prior Payment Due Date.

**RIGHT TO CANCEL: YOU MAY CANCEL THIS LOAN WITHOUT COST OR FURTHER OBLIGATION TO US, IF YOU DO SO BY THE END OF BUSINESS ON THE BUSINESS DAY AFTER 3/24/2009.** To cancel, you may call us at (800) 505-6073 to alert us of your intention to cancel. Alternatively, you may print this page, complete the information in this box, sign and fax it to us at (800)-581-8148. If you follow these procedures but there are insufficient funds available in Your Bank Account to enable us to reverse the transfer of loan proceeds at the time we effect an ACH debit entry of Your Bank Account, your cancellation will not be effective and you will be required to pay the loan and our charges on the scheduled maturity date.

Signature: (X) \_\_\_\_\_

Date: \_\_\_\_\_

ACH AUTHORIZATION (Integrity Advance, LLC)

READ VERY CAREFULLY BEFORE INITIALING OR SIGNING

FORM #2b

Loan #: 30609072

**ACH AUTHORIZATION :** You hereby voluntarily authorize us, and our successors and assigns, to initiate an automatic credit and debit entry to Your Bank Account info:

Name:		Bank Name:
Address:		Transit ABA Number:
City, State Zip:		Checking Account Number:
Phone:		
Amount:	\$650.00	
Payment Due Date:	4/10/2009	

This ACH Authorization is a part of and relates to the Loan Agreement dated 3/24/2009 (the "Loan Agreement"). The words "you", "your" and "I" mean the borrower who has electronically signed it. The words "we", "us" and "our" mean Integrity Advance, LLC ("Lender"), a licensed lender of payday loans regulated by the Delaware State Bank Commissioner. You hereby voluntarily authorize us, and our successors and assigns, to initiate automatic credit and debit entries to Your Bank Account in accordance with the Loan Agreement. You agree that we will initiate a credit entry to Your Bank Account for the Amount Financed on or about the Disbursement Date.

You also authorize us to initiate an ACH debit entry to Your Bank Account:

- (a) for the Total of Payments plus any accrued fees on the Payment Due Date, or on any subsequent Renewal Payment Due Date, if you contact us at least three (3) business days prior to such date and select Payment Option (a) in the Loan Agreement (Pay in full);
- (b) for the Finance Charge plus any accrued fees on the Payment Due Date, or on any subsequent Renewal Payment Due Date, if you contact us at least three (3) business days prior to such date and select Payment Option (b) in the Loan Agreement (RENEWAL), or if you fail to contact us to confirm your payment option;
- (c) for the accrued finance charges and fees, plus \$50.00 on each Pay Date<sup>1</sup> after the fourth (4<sup>th</sup>) Renewal Payment Due Date, until all amounts owed under the Loan Agreement are paid in full; and
- (d) for any accrued Returned Payment charges, subject to the Loan Agreement.

You agree that we may re-initiate a debit entry for the same amount if the ACH debit entry is dishonored or payment is returned for any reason. The ACH Authorizations set forth in the Loan Agreement are to remain in full force and effect for this transaction until your indebtedness to us for the Total of Payments, plus any other charges or fees incurred and described in the Loan Agreement, is fully satisfied. You may only revoke the above authorizations by contacting us directly. If you revoke your authorization, you agree to provide us with another form of payment acceptable to us and you authorize us to prepare and submit one or more checks drawn on Your Bank Account so long as amounts are owed to us under the Loan Agreement.

If a payment is returned unpaid, you authorize us to make a one-time electronic fund transfer from Your Bank Account to collect a fee of \$25. You voluntarily authorize us, and our successor and assigns, to initiate a debit entry to Your Bank Account for payment of this fee. You further authorize us to initiate debit entries as necessary to recoup the outstanding loan balance whenever an ACH transaction is returned to us for any reason. You understand and agree that this ACH authorization is provided for your convenience, and that you have authorized repayment of your loan by ACH debits voluntarily. You agree that you may repay your indebtedness through other means, including by providing timely payment via cashiers check or money order directed to: Integrity Advance, 300 Creek View Road, Suite 102, Newark, DE 19711.

You authorize us to verify all of the information that you have provided, including past and/or current information. You agree that the ACH Authorization herein is for repayment of a single payment loan, or for single payment of finance charges for Renewals, and that these entries shall not recur at substantially regular intervals. If there is any missing or erroneous information in or with your loan application regarding your bank, bank routing and transit number, or account number, then you authorize us to verify and correct such information.

If your payment is returned to us by your financial institution due to insufficient funds or a closed account, you agree that we may recover court costs and reasonable attorney's fees incurred by us.

Signature: (X) \_\_\_\_\_

Date: 3/24/2009

**In addition, you also agree to the following:**

1. I understand that you are licensed in the State of Delaware and operate your business within the State of Delaware. I understand that I could have traveled to Delaware to apply for a loan at your office in Delaware but I have chosen to apply for this loan via the internet, telephone and/or fax for my own convenience.
2. I understand that no binding contract between myself and you will be formed until my application is received by you in Delaware and is approved by your underwriting department, also located in Delaware.
3. I understand that if my application is approved funds will be transferred to me from our bank account in Delaware and the contract will not be completely performed until I have repaid the loan in full, along with any fees, and my payment is received by you in Delaware or is deposited electronically into our bank Account in Delaware.

Initial here only if you have read, agree to, and understand the statements, policies and procedures listed above.  
4. I acknowledge that I have received and read the Integrity Advance Privacy Policy.

5. I understand that I may make choices regarding the way that the Integrity Advance family of companies uses and shares my information. I acknowledge the following notice regarding those choices:

- The Integrity Advance family of companies is providing this notice.
- Federal law gives you the right to limit some but not all marketing from the Integrity Advance Companies. Federal law also requires us to give you this notice to tell you about your choice to limit marketing from the Integrity Advance Companies.
- You may limit the Integrity Advance affiliated companies, from marketing their products or services to you based on your personal information that they receive from other Integrity Advance companies. This information includes your income, your account history, and your credit history, report, or score.
- Your choice to limit marketing offers from the Integrity Advance companies will apply until you tell us to change your choice.
- If you have already made a choice to limit marketing offers from the Integrity Advance companies, you do not need to act again.
- To limit our sharing of information with Third Parties and Affiliated Companies, and/or to limit marketing offers from Affiliated Companies, contact us:
  - ♦ Electronically, by clicking submitting our online opt-out form
  - ♦ By Mail or Fax: By printing out and completing the Mail or Fax opt-out form and sending the form to: 300 Creek View Road, Suite 102, Newark, DE 19711 or via Fax to 302-861-1717.

I certify that I have received, read and understood this notice regarding my Opt-out choices.

Initial here only if you have read, agree to, and understand the statements, policies and procedures listed above.

6. I understand that the Loan Agreement and any subsequent agreements between myself and you are subject to Delaware law, that I agree to be bound by such law, and acknowledge that, in the event of a bona fide dispute between myself and you, that Delaware law shall exclusively apply to such disputes, regardless of where any proceedings are held.

7. I understand that submitting false information to induce you to grant me a loan, i.e., a false social security number, false identification, altered bank statements, etc., constitutes fraud and may subject me to criminal penalties. I further acknowledge that you have disclosed your policy that you will report such instances of fraud to the appropriate law enforcement agencies.

8. I understand if I prefer to pay all or part of the loan amount, rather than accept the refinancing, I can call you at (800) 505-6073 at least three (3) business days before my payment is due.

9. I understand and accept if I default on my loan and I do not cooperate with you on repaying my debt, including the original loan amount and all fees that may apply, you may submit my name to a collection agency and report the incident to a consumer reporting agency database, such as Teletrack and/or CL Verify, which may negatively impact my ability to write checks and to receive loans or advances from other companies.

10. I understand and accept if my account is turned over to a third party collection agency and they are unable to collect the amount owed you, the collection agency will then pursue every action granted to them under the law, including but not limited to wage garnishment.

Initial here only if you have read, agree to, and understand the statements, policies and procedures listed above.  
 The term "Pay Date" refers to the next time following the Payment Due Date, that you receive regular wages or salary from your employer. Because Renewals are for at least fourteen (14) days, if you are paid weekly, your loan will not be Renewed until the next Pay Date that is at least fourteen days after the prior Payment Due Date.

## ARBITRATION PROVISION

## FORM #3

(Integrity Advance, LLC) Loan #: 30609072

Borrower's Name:

Date: 3/24/2009

### Borrower: PLEASE READ AND COMPLETE THE FOLLOWING:

**DEFAULT, GOVERNING LAW, ASSIGNMENT AND EXECUTION.** You will be in default if you do not pay us the amounts you owe us under the Loan Agreement. The Application, Loan Agreement, and ACH Authorization, will be governed by the laws of the State of Delaware. This Arbitration Provision is governed by the Federal Arbitration Act, 9 U.S.C. Sections 1-16 ("FAA"). We may assign or transfer the Loan Agreement or any of our rights hereunder. If the Loan Agreement is consummated, then you agree that the electronically signed Loan Agreement, ACH Authorization, and Arbitration Provision we receive from you will be considered the original executed Loan Agreement, ACH Authorization, and Arbitration Provision, respectively, which are binding and enforceable as to both parties.

**WAIVER OF JURY TRIAL AND ARBITRATION PROVISION.** Arbitration is a process in which persons with a dispute: (a) waive their rights to file a lawsuit and proceed in court and to have a jury trial to resolve their disputes; and (b) agree, instead, to submit their disputes to a neutral third person (an "arbitrator") for a decision. Each party to the dispute has an opportunity to present some evidence to the arbitrator. Pre-arbitration discovery may be limited. Arbitration proceedings are private and less formal than court trials. The arbitrator will issue a final and binding decision resolving the dispute, which may be enforced as a court judgment. A court rarely overturns an arbitrator's decision. We have a policy of arbitrating all disputes with customers which cannot be resolved in a small claims tribunal, including the scope and validity of this Arbitration Provision and any right you may have to participate in an alleged class action.

### THEREFORE, YOU ACKNOWLEDGE AND AGREE AS FOLLOWS:

1. For purposes of this Waiver of Jury Trial and Arbitration Provision, the words "dispute" and "disputes" are given the broadest possible meaning and include, without limitation (a) all claims, disputes, or controversies arising from or relating directly or indirectly to the signing of this Arbitration Provision, the validity and scope of this Arbitration Provision and any claim or attempt to set aside this Arbitration Provision; (b) all federal or state law claims, disputes or controversies, arising from or relating directly or indirectly to the Loan Agreement, the information you gave us before entering into the Loan Agreement, including the customer information application, and/or any past agreement or agreements between you and us; (c) all counterclaims, cross-claims and third-party claims; (d) all common law claims, based upon contract, tort, fraud, or other intentional torts; (e) all claims based upon a violation of any state or federal constitution, statute or regulation; (f) all claims asserted by us against you, including claims for money damages to collect any sum we claim you owe us; (g) all claims asserted by you individually against us and/or any of our employees, agents, directors, officers, shareholders, governors, managers, members, parent company or affiliated entities (hereinafter collectively referred to as "related third parties"), including claims for money damages and/or equitable or injunctive relief; (h) all claims asserted on your behalf by another person; (i) all claims asserted by you as a private attorney general, as a representative and member of a class of persons, or in any other representative capacity, against us and/or related third parties (hereinafter referred to as "Representative Claims"); and/or (j) all claims arising from or relating directly or indirectly to the disclosure by us or related third parties of any non-public personal information about you.
2. You acknowledge and agree that by entering into this Arbitration Provision:
  - (a) **YOU ARE GIVING UP YOUR RIGHT TO HAVE A TRIAL BY JURY TO RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES;**

(b) YOU ARE GIVING UP YOUR RIGHT TO HAVE A COURT, OTHER THAN A SMALL CLAIMS TRIBUNAL, RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES; and  
 (c) YOU ARE GIVING UP YOUR RIGHT TO SERVE AS A REPRESENTATIVE, AS A PRIVATE ATTORNEY GENERAL, OR IN ANY OTHER REPRESENTATIVE CAPACITY, AND/OR TO PARTICIPATE AS A MEMBER OF A CLASS OF CLAIMANTS, IN ANY LAWSUIT FILED AGAINST US AND/OR RELATED THIRD PARTIES.

3. Except as provided in Paragraph 6 below, all disputes including any Representative Claims against us and/or related third parties shall be resolved by binding arbitration only on an individual basis with you. THEREFORE, THE ARBITRATOR SHALL NOT CONDUCT CLASS ARBITRATION; THAT IS, THE ARBITRATOR SHALL NOT ALLOW YOU TO SERVE AS A REPRESENTATIVE, AS A PRIVATE ATTORNEY GENERAL, OR IN ANY OTHER REPRESENTATIVE CAPACITY FOR OTHERS IN THE ARBITRATION.

4. Any party to a dispute, including related third parties, may send the other party written notice by certified mail return receipt requested of their intent to arbitrate and setting forth the subject of the dispute along with the relief requested, even if a lawsuit has been filed. Regardless of who demands arbitration, you shall have the right to select any of the following arbitration organizations to administer the arbitration: the American Arbitration Association (1-800-778-7879) <http://www.adr.org> or JAMS (1-800-352-5267) <http://www.jamsadr.com>. The parties may also agree to select an arbitrator who resides within your federal judicial district who is an attorney, retired judge, or arbitrator registered and in good standing with an arbitration association, and arbitrate in accordance with such arbitrator's rules. The party receiving notice of arbitration will respond in writing by certified mail return receipt requested within twenty (20) days. If you demand arbitration, you must inform us in your demand of the arbitration organization you have selected or whether you desire to select a local arbitrator. If related third parties or we demand arbitration, you must notify us within twenty (20) days in writing by certified mail return receipt requested of your decision to select an arbitration organization. If you fail to notify us, then we have the right to select an arbitration organization. The parties to such dispute will be governed by the rules and procedures of such arbitration organization applicable to consumer disputes, to the extent those rules and procedures do not contradict the express terms of this Arbitration Provision, including the limitations on the arbitrator below. You may obtain a copy of the rules and procedures by contacting the arbitration organization listed above.

5. Regardless of who demands arbitration, at your request we will advance your portion of the arbitration expenses, including the filing, administrative, hearing and arbitrator's fees ("Arbitration Fees"). Throughout the arbitration, each party shall bear his or her own attorneys' fees and expenses, such as witness and expert witness fees. The arbitrator shall apply applicable substantive law consistent with the FAA, and applicable statutes of limitation, and shall honor claims of privilege recognized at law. The arbitration hearing will be conducted in the county of your residence. The arbitrator may decide, with or without a hearing, any motion that is substantially similar to a motion to dismiss for failure to state a claim or a motion for summary judgment. In conducting the arbitration proceeding, the arbitrator shall not apply any federal or state rules of civil procedure or evidence. If allowed by statute or applicable law, the arbitrator may award statutory damages and/or reasonable attorneys' fees and expenses. If the arbitrator renders a decision or an award in your favor resolving the dispute, then you will not be responsible for reimbursing us for your portion of the Arbitration Fees, and we will reimburse you for any Arbitration Fees you have previously paid. If the arbitrator does not render a decision or an award in your favor resolving the dispute, then the arbitrator shall require you to reimburse us for the Arbitration Fees we have advanced, not to exceed the amount which would have been assessed as court costs if the dispute had been resolved by a state court with jurisdiction, less any Arbitration Fees you have previously paid. At the timely request of any party, the arbitrator shall provide a written explanation for the award. The arbitrator's award may be filed with any court having jurisdiction.

6. All parties, including related third parties, shall retain the right to seek adjudication in a small claims tribunal in the county of your residence for disputes within the scope of such tribunal's jurisdiction. Any dispute, which cannot be adjudicated within the jurisdiction of a small claims tribunal, shall be resolved by binding arbitration. Any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration.

7. This Arbitration Provision is made pursuant to a transaction involving interstate commerce and shall be governed by the FAA. If a final non-appealable judgment of a court having jurisdiction over this transaction finds, for any reason, that the FAA does not apply to this transaction, then our agreement to arbitrate shall be governed by the arbitration law of the State of Delaware.

8. This Arbitration Provision is binding upon and benefits you, your respective heirs, successors and assigns. This Arbitration Provision is binding upon and benefits us, our successors and assigns, and related third parties. This Arbitration Provision continues in full force and effect, even if your obligations have been paid or discharged through bankruptcy. This Arbitration Provision survives any cancellation, termination, amendment, expiration or performance of any transaction between you and us and continues in full force and effect unless you and we otherwise agree in writing. If any of this Arbitration Provision is held invalid, the remainder shall remain in effect.

**9. OPT-OUT PROCESS.** You may choose to opt out of the Arbitration Provision, but only by following the process set-forth below. If you do not wish to be subject to this Arbitration Provision, then you must notify us in writing within sixty (60) calendar days of the date of this Arbitration Provision at the following address: Integrity Advance, 300 Creek View Road, Suite 102, Newark, DE 19711. Your written notice must include your name, address, account number or social security number, the date of this Arbitration Provision, and a statement that you wish to opt out of this Arbitration Provision. If you choose to opt out, then your choice will apply only to the Application, Loan Agreement, ACH Authorization, and Arbitration Provisions submitted by you in this transaction.

By entering your name and clicking the "I Agree" button below, you are electronically signing and agreeing to all the terms of the Loan Agreement, the Arbitration Provision, and the ACH Authorization (â€œthe Loan Documentsâ€) and providing or confirming your electronic signature on all of the Loan Documents, and you are expressly consenting to receive SMS messages from us. You agree that your electronic signature has the full force and effect of your physical signature and that it binds you to the Loan Documents in the same manner a physical signature would do so. By electronically signing below, you also acknowledge that all of the Loan Documents were filled in before you did so and you have read, understand, and agree to all of the terms of the Loan Documents, including the provision entitled "WAIVER OF JURY TRIAL AND ARBITRATION PROVISION" and the Privacy Policy and Covered Borrower Identification Statement. You agree that your right to file suit against us for any claim or dispute regarding the Loan Documents or your relationship with us is limited by the WAIVER OF JURY TRIAL AND ARBITRATION PROVISION. You also agree that all information you provided to us prior to or during the completion of the Loan Documents is complete and accurate. You represent that you are not a debtor under any proceeding in bankruptcy and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code.

Printed Name

Signature: (X) \_\_\_\_\_ Date: 3/24/2009

### Electronic Signature Information

eSignature Field	eSignature Value
Application Signature:	
Loan Note Signature:	
Loan Note Supplement Initials 1:	
Loan Note Supplement Initials 2:	
Loan Note Supplement Initials 3:	
Loan Note Supplement Signature:	
ACH Authorization Signature:	
Non Military Signature:	

# Appendix C



**APPLICATION (Integrity Advance, LLC) FORM #1 Loan #: 53649938**

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. *What this means for you:* When you open an account, we ("we" or "us" refers to "Integrity Advance, LLC") will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying document.

**NOTICE: WE ARE REQUIRED BY LAW TO ADOPT PROCEDURES TO REQUEST AND RETAIN IN OUR RECORDS INFORMATION NECESSARY TO VERIFY YOUR IDENTITY.**

**PERSONAL INFORMATION**

Name: [REDACTED]	Social Security Number: [REDACTED]	
Address: [REDACTED]	City: [REDACTED]	State: [REDACTED] Zip: [REDACTED]
Date of Birth: [REDACTED]	Length at Address: [REDACTED] Yrs _____ Mths _____	Email Address: [REDACTED]
Home Phone: [REDACTED]	Cell Phone: [REDACTED]	Fax Number: [REDACTED]

**EMPLOYMENT INFORMATION**

Employer: [REDACTED]	Month Net Income: [REDACTED]	Work Phone: [REDACTED]
Pay Period: SemiMonthly	Next Pay Date: [REDACTED]	2nd Pay Date: [REDACTED]
Length of Employment: [REDACTED]	Length of Employment: [REDACTED]	
Supervisor's Name: [REDACTED]	Supervisor or HR Phone: [REDACTED]	

**BANK INFORMATION**

Type of Account: Checking	Routing Number: [REDACTED]	Account Number: [REDACTED]
---------------------------	----------------------------	----------------------------

**REFERENCE INFORMATION**

1 [REDACTED]	Phone Number: [REDACTED]	Relationship: [REDACTED]
2 [REDACTED]	Phone Number: [REDACTED]	Relationship: [REDACTED]

By typing your name and clicking "I Agree" below, you are electronically signing this Application. By electronically signing and submitting this Application, you certify that all of the information provided above is true, complete and correct and provided to us for the purpose of inducing us to make the loan for which you are applying and you acknowledge receiving a fully completed copy of this Application and accompanying documents. This Application will be deemed incomplete and will not be processed by us unless agreed by you below. By electronically signing below you also agree that we may obtain and use information about you from third parties, including consumer reports, to evaluate your application and to review your account for as long as you owe any amount to us.

**COVERED BORROWER IDENTIFICATION STATEMENT:**

Federal law provides important protections to active duty members of the Armed Forces and their dependents. To ensure that these protections are provided to eligible applicants, we require you to select and electronically sign ONE of the following statements as applicable:

I AM a regular or reserve member of the Army, Navy, Marine Corps, Air Force, or Coast Guard, serving on active duty under a call or order that does not specify a period of 30 days or fewer, or such member serving on Active National Guard duty.

I AM a dependent of a member of the Armed Forces on active duty as described above, because I am the member's spouse, the member's child under the age of eighteen years old, or I am an individual for whom the member provided more than one-half of my financial support for 180 days immediately preceding today's date.

I AM NOT a regular or reserve member of the Army, Navy, Marine Corps, Air Force, or Coast Guard, serving on active duty under a call or order that does not specify a period of 30 days or fewer (or a dependent of such a member).

**WARNING: IT IS IMPORTANT TO FILL OUT THIS FORM ACCURATELY. KNOWINGLY MAKING A FALSE STATEMENT ON A CREDIT APPLICATION IS A CRIME.**

**LOAN AGREEMENT FORM #2 Loan #: 53649938**

Disbursement Date: 11/3/2011

Loan #: 53649938

Payment Date: 11/15/2011

(Integrity Advance, LLC) 300 Creek View Road Suite 102  
Newark, DE 19711 Phone: (800) 505-6073

NAME: [REDACTED]

STATE: [REDACTED]

In this Loan Agreement (hereinafter, the "Loan Agreement") the words "you", "your" and "I" mean the borrower who has electronically signed it. The words "we", "us" and "our" mean Integrity Advance, LLC ("Lender"), a licensed lender of payday loans regulated by the Delaware State Bank Commissioner.

**FEDERAL TRUTH IN LENDING DISCLOSURES**

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate. 730%	The dollar amount the credit will cost you. \$120.00	The amount of credit provided to you or on your behalf. \$500.00	The amount you will have paid after you have made all payments as scheduled. \$620.00

**Security:** You are giving a security interest in the ACH Authorization.

**Prepayment:** If you pay off early, you will be entitled to a refund of the unearned portion of the finance charge.

See the terms of the Loan Agreement below for any additional information about nonpayment, default, and prepayment refunds.

**Itemization of Amount Financed:** Amount given to you directly: \$500.00. Amount paid on Loan#: 53649938 with us: \$620.00.

**PAYMENT OPTIONS:** You must select your payment option at least three (3) business days prior to your Payment Due Date by contacting us at (800) 505-6073. At that time, you may choose:

(a) **Payment in full:** You may pay the Total of Payments shown above, plus any accrued fees, to satisfy your loan in full. When you contact us and choose this option, we will debit Your Bank Account (defined below in the ACH Authorization) for the Total of Payments plus any accrued fees, in accordance with the ACH Authorization below; OR

(b) **Renewal:** You may renew your loan (that is, extend the Payment Due Date of your loan until your next Pay Date\*) by authorizing us to debit Your Bank Account for the amount of the Finance Charge, plus any accrued fees. If you choose this option, your new Payment Due Date will be your next Pay Date, and the rest of the terms of the Loan Agreement will continue to apply.

\* The term "Pay Date," as used in this Loan Agreement, refers to the next time following the Payment Due Date, that you receive regular wages or salary from your employer. Because Renewals are for at least fourteen (14) days, if you are paid weekly, your loan will not be Renewed until the next Pay Date that is at least fourteen days after the prior Payment Due Date.

**AUTO-RENEWAL:** If you fail to contact us to confirm your Payment Option at least three (3) business days prior to any Payment Due Date, or otherwise fail to pay the loan in full on any Pay Date, Lender may automatically renew your loan as described under (b) above, and debit Your Bank Account on the Payment Due Date or thereafter for the Finance Charge and any accrued fees. Your new Payment Due Date will be your next Pay Date, and the rest of the terms of the Loan Agreement will continue to apply. You must contact us at least three (3) business days prior to your new Payment Due Date to confirm your payment option for the Renewal. If you fail to contact us, or otherwise fail to pay the loan in full on your new Payment Due Date, we may automatically renew the loan until your next Pay Date. After your initial loan payment, you may obtain up to four (4) Renewals. All terms of the Loan Agreement continue to apply to Renewals. All Renewals are subject to Lender's approval. Under Delaware law, if you qualify, we may allow you to enter into up to four (4) Renewals, also known as a "refinancing" or a "rollover". The full outstanding balance shall be due upon completion of the term of all Renewals, unless you qualify for Auto-Workout, as described below.

**AUTO-WORKOUT:** Unless you contact us to confirm your option for Payment in Full prior to your Fourth Renewal Payment Due Date, your loan will automatically be placed into an Auto-Workout payment plan. Under the Auto-Workout payment plan, Your Bank Account will automatically be debited on your Pay Date for accrued finance charges plus a principal payment of \$50.00, until all amounts owed hereunder are paid in full. This does not limit any of Lender's other rights under the terms of the Loan Agreement. All Auto-Workout payment plans are subject to Lender's approval.

**DISBURSEMENT:** In order to complete your transaction with us, you must electronically sign the Loan Agreement by clicking the "I Agree" button at the end of the Loan Agreement, as well as all other "I Agree" buttons that appear within the Loan Agreement and related documents that appear below. We will then approve or deny your application and the Loan Agreement. If the Loan Agreement is approved, we will use commercially reasonable efforts to affect a credit entry by depositing the proceeds from the Loan Agreement into Your Bank Account on the Disbursement Date. Unavoidable delays as a result of bank holidays, the processing schedule of your individual bank, the untimely receipt of pay stubs, if such pay stubs are required, inadvertent processing errors, "acts of God", and/or "acts of terror" may extend the time for the deposit. You will have the option of rescinding the loan and this Loan Agreement in accordance with the "RESCISSON" provision listed below, which describes, among other things, the time and manner within which notice of rescission must be given to be effective. Failure to give such notice as and when set out in the "RESCISSON" provision will be deemed to constitute acceptance by you of the delayed disbursement date.

**YOUR PROMISE TO PAY:** You promise to pay us the Total of Payments according to the terms of our disclosures set forth below on the Payment Due Date and all other amounts owed to us under the Loan Agreement. You grant us a security interest in your ACH Authorization (defined below) in the amount of the Total of Payments which we may negotiate on the Payment Due Date or thereafter. All payments will be applied first to interest and fees and then to principal. Both the amount of interest charged and rate thereof are set forth respectively in the Finance Charge and Annual Percentage Rate disclosures in the Loan Agreement. Pursuant to the ACH Authorization, you have directed us to initiate one or more ECheck/ACH (collectively "ACH") automatic credit debit entries to Your Bank Account for the amounts owed to us under the Loan Agreement on the Payment Due Date or thereafter and for certain fees that may be assessed in the event of dishonor when presentment is made to your bank on your ACH Authorization.

**CONSENT TO ELECTRONIC COMMUNICATIONS :** The following terms and conditions govern electronic communications in connection with the Loan Agreement and the transaction evidenced hereby (the "Consent"). By electronically signing the Loan Agreement by clicking the "I AGREE" button and entering your name below, you are confirming that you have agreed to the terms and conditions of the Consent and that you have downloaded or printed a copy of this Consent for your records. You agree that:

- Any disclosure, notice, record or other type of information that is provided to you in connection with your transaction with us, including but not limited to, the Loan Agreement, this Consent, the Truth in Lending disclosures set forth above, change-in-term notices, fee and transaction information, statements, delayed disbursement letters, notices of adverse action, state mandated

- brochures and disclosures, and transaction information ("Communications"), may be sent to you electronically by posting the information at our web site, [www.IAdvanceCash.com](http://www.IAdvanceCash.com), or by sending it to you by e-mail.
- We will not be obligated to provide any Communication to you in paper form unless you specifically request us to do so.
  - You may obtain a copy of any Communication by contacting us at 300 Creek View Road, Suite 102, Newark, DE 19711, or by calling us at (800) 505-6073. You also can withdraw your consent to ongoing electronic communications in the same manner, and ask that they be sent to you in paper or non-electronic form. If you choose to receive Communications in paper or non-electronic form, we may elect to terminate the Loan Agreement and demand payment of the amount then due by the date of your withdrawal of consent; or by the expiration of any minimum term mandated by law, whichever is later.
  - You agree to provide us with your current e-mail address for notices at the address or phone number indicated above. If your e-mail address changes, you must send us a notice of the new address by writing to us or sending us an e-mail, using secure messaging, at least five (5) days before the change.
  - In order to receive electronic communications in connection with this transaction, you will need a working connection to the Internet. Your browser must support the Secure Sockets Layer ("SSL") protocol. SSL provides a secure channel to send and receive data over the Internet. Microsoft Internet Explorer 6 and above supports this feature. You will also need either a printer connected to your computer to print disclosures/notices or sufficient hard drive space available to save the information (e.g., 1 megabyte or more). You must have your own Internet service provider.
  - You hereby provide us with your express consent to receive SMS messages from us via any of the phone numbers provided to us.
  - We may amend (add to, delete or change) the terms of this Consent to electronic communication by providing you with advance notice in accordance with applicable law.

By entering your name and today's date and clicking the "I Agree" button below, you are electronically signing this document and confirming that: (1) your system meets the requirements set forth above; (2) you agree to receive Communications electronically; and (3) you are able to access and print or store information presented at this website.

**SECURITY:** Pursuant to Comment 2(a)(25) of the Federal Reserve Board Official Staff Commentary to Regulation Z 226.2, we have disclosed to you that our interest in the ACH Authorization is a security interest for Truth-in-Lending purposes only, because federal and Delaware law do not clearly address whether our interest in the ACH Authorization is a "security interest."

**RESCISSON:** You may rescind future payment obligations under the Loan Agreement, without cost or finance charges, no later than 5:00 p.m. Eastern time of the next business day immediately following the Disbursement Date ("Rescission Deadline"). To rescind future payment obligations on this loan, you must inform us in writing, by or before the Rescission Deadline, either by email to [info@iadvancecash.com](mailto:info@iadvancecash.com) or by fax to (800)-581-8148, that you want to cancel the future payment obligations on this loan and that you authorize us to effect a debit entry to Your Bank Account for the principal amount of the Loan Agreement. In the event that we timely receive your written notice of rescission on or before the Rescission Deadline but before the loan proceeds have been credited to Your Bank Account, we will not affect a debit entry to Your Bank Account and both ours and your obligations under the Loan Agreement will be rescinded. In the event that we timely receive your written notice of rescission on or before the Rescission Deadline but after the loan proceeds have been credited to Your Bank Account, we will affect a debit to Your Bank Account for the principal amount of the Loan Agreement. If we receive payment of the principal amount via the debit, ours and your obligations under the Loan Agreement will be rescinded. If we do not receive payment of the principal amount via the debit, then the Loan Agreement will remain in full force and effect.

**ASSIGNMENT:** This Agreement may not be assigned by you. We may assign or transfer this Agreement and our related rights and obligations without notice to you and your consent is not required if we make such an assignment or transfer.

**DEFAULT:** You will be in default under this Agreement if you do not pay us what you owe us when due or your chosen payment method is stopped, denied or otherwise dishonored.

**REFUSED INSTRUMENT CHARGE:** If your payment method is stopped, denied or otherwise dishonored, then you agree to pay us a non-sufficient funds ("NSF") fee of \$25.

**GOVERNING LAW:** The laws of the State of Delaware will govern this Agreement. However, any dispute arising out of this Loan Agreement and any renewal thereof will be subject to the ARBITRATION PROVISION, which is governed by the Federal Arbitration Act.

#### SPECIAL NOTICE:

(1) THIS LOAN IS DESIGNED AS A SHORT-TERM CASH FLOW SOLUTION AND NOT DESIGNED AS A SOLUTION FOR LONGER TERM FINANCIAL PROBLEMS.

(2) ADDITIONAL FEES MAY ACCRUE IF THE LOAN IS REFINANCED OR "ROLLED OVER".

(3) CREDIT COUNSELING SERVICES ARE AVAILABLE TO CONSUMERS WHO ARE EXPERIENCING FINANCIAL PROBLEMS.

BY ENTERING YOUR NAME AND TODAY'S DATE AND CLICKING THE "I AGREE" BUTTON BELOW, YOU ARE ELECTRONICALLY SIGNING THE LOAN AGREEMENT AND AGREEING TO ALL THE TERMS OF THE LOAN AGREEMENT. YOU ALSO ACKNOWLEDGE RECEIPT OF A FULLY COMPLETED COPY OF THE LOAN AGREEMENT AND THE SCHEDULE OF CHARGES AND FEES BELOW.

#### SCHEDULE OF CHARGES AND FEES

##### A PAYDAY LOAN IS NOT INTENDED TO MEET LONG-TERM FINANCIAL NEEDS

According to the Commissioner's Regulation 2203, Section 1.0, Notification, every licensee shall furnish to every applicant a copy of the Itemized Schedule of Charges and Fees at the time when such application is made. As per the aforementioned Commissioner's Regulation 2203, Section 1.0, Notification, please review the itemized schedule of charges and fees below to better understand the charges

and fees associated with your loan.

The APR, or Annual Percentage Rate, is the term for the effective interest rate that the borrower will pay on a loan to the lender in a standardized way. This is to show the total cost of credit to the consumer, expressed as an annual percentage of the amount of credit lent to the borrower. While APR is intended to make it easier to compare lenders and loan options, it can seem complicated to those that are not aware of its implications.

There is no account set up fee and, when scheduled payments are made, there are no additional fees outside the principal amount borrowed and the interest that accumulates on the amount borrowed. When comparing interest rates among companies, please note that some companies may charge set up fees, application fees, or other such charges while we do not charge for these services.

## OTHER FEES

**NSF FEE:** \$25.00

### VIP CUSTOMER FEES

<b>LOAN AMOUNT</b>														
DAYS	APR	\$100.00	\$150.00	\$200.00	\$250.00	\$300.00	\$350.00	\$400.00	\$450.00	\$500.00	\$550.00	\$600.00	\$650.00	\$700.00
23	380.87%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
22	398.18%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
21	417.14%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
20	438.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
19	461.05%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
18	486.67%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
17	515.29%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
16	547.50%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
15	584.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
14	625.71%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
13	673.85%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
12	730.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
11	796.36%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
10	876.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
9	973.33%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00
8	1095.00%	\$24.00	\$36.00	\$48.00	\$60.00	\$72.00	\$84.00	\$96.00	\$108.00	\$120.00	\$132.00	\$144.00	\$156.00	\$168.00

### STANDARD LOAN FEES (NEW CUSTOMERS AND NON-VIP CUSTOMERS)

<b>LOAN AMOUNT</b>														
DAYS	APR	\$100.00	\$150.00	\$200.00	\$250.00	\$300.00	\$350.00	\$400.00	\$450.00	\$500.00	\$550.00	\$600.00	\$650.00	\$700.00
23	476.09%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
22	497.73%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
21	521.43%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
20	547.50%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
19	576.32%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
18	608.33%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
17	644.12%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
16	684.38%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
15	730.00%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
14	782.14%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
13	842.31%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
12	912.50%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
11	995.45%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
10	1095.00%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
9	1216.67%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				
8	1368.75%	\$30.00	\$45.00	\$60.00	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00				

**RIGHT TO CANCEL: YOU MAY CANCEL THIS LOAN WITHOUT COST OR FURTHER OBLIGATION TO US, IF YOU DO SO BY THE END OF BUSINESS ON THE BUSINESS DAY AFTER 11/2/2011.** To cancel, you may call us at (800) 505-6073 to alert us of your intention to cancel. Alternatively, you may print this page, complete the information in this box, sign and fax it to us at (800)-581-8148. If you follow these procedures but there are insufficient funds available in Your Bank Account to enable us to reverse the transfer of loan proceeds at the time we effect an ACH debit entry of Your Bank Account, your cancellation will not be effective and you will be required to pay the loan and our charges on the scheduled maturity date.

Signature: (X) \_\_\_\_\_ Date: \_\_\_\_\_

### **ACH AUTHORIZATION (Integrity Advance, LLC) FORM #2b Loan #: 53649938 READ VERY CAREFULLY BEFORE INITIALING OR SIGNING**

**ACH AUTHORIZATION:** You hereby voluntarily authorize us, and our successors and assigns, to initiate an ACH entry to Your Bank Account as described below:

"YOUR BANK ACCOUNT" INFO:

**Amount:** \$620.00

**Payment Due Date:** 11/15/2011

This ACH Authorization is a part of and relates to the Loan Agreement dated 11/2/2011 (the "Loan Agreement"). The words "you", "your" and "I" mean the borrower who has electronically signed it. The words "we", "us" and "our" mean Integrity Advance, LLC ("Lender"), a licensed lender of payday loans regulated by the Delaware State Bank Commissioner. You hereby voluntarily authorize us, and our successors and assigns, to initiate automatic credit and debit entries to Your Bank Account in accordance with the Loan Agreement. You agree that we will initiate a credit entry to Your Bank Account for the Amount Financed on or about the Disbursement Date. You agree that we may initiate a debit entry to Your Bank Account up to two additional times after our first presentation and re-initiate a debit entry for the same amount if the ACH is dishonored.

You also authorize us to initiate an ACH debit entry to Your Bank Account:

- (a) for the Total of Payments plus any accrued fees on the Payment Due Date, or on any subsequent Renewal Payment Due Date, if you contact us at least three (3) business days prior to such date and select Payment Option (a) in the Loan Agreement (Pay in full);
- (b) for the Finance Charge plus any accrued fees on the Payment Due Date, or on any subsequent Renewal Payment Due Date, if you contact us at least three (3) business days prior to such date and select Payment Option (b) in the Loan Agreement (RFNEWAL), or if you fail to contact us to confirm your payment option;
- (c) for the accrued finance charges and fees, plus \$50.00 on each Pay Date after the fourth (4th) Renewal Payment Due Date, until all amounts owed under the Loan Agreement are paid in full; and
- (d) for any accrued NSF Fees, subject to the Loan Agreement.

The ACH Authorizations set forth in the Loan Agreement are to remain in full force and effect for this transaction until your indebtedness to us for the Total of Payments, plus any other charges or fees incurred and described in the Loan Agreement, is fully satisfied. You may only revoke the above authorizations by contacting us directly. If you revoke your authorization, you agree to provide us with another form of payment acceptable to us and you authorize us to prepare and submit one or more checks drawn on Your Bank Account so long as amounts are owed to us under the Loan Agreement.

You further authorize us to initiate two additional debit entries as necessary to recoup the outstanding loan balance whenever an ACH transaction is returned to us for any reason. You understand and agree that this ACH Authorization is provided for your convenience, and that you have authorized repayment of your loan by ACH debits voluntarily. You agree that you may repay your indebtedness through other means, including by providing timely payment via cashiers check or money order directed to: Integrity Advance, 300 Creek View Road, Suite 102, Newark, DE 19711.

You authorize us to verify all of the information that you have provided, including past and/or current information. You agree that the ACH Authorization herein is for repayment of a single payment loan, or for single payment of finance charges for Renewals, and that these entries shall not recur at substantially regular intervals. If there is any missing or erroneous information in or with your loan application regarding your bank, bank routing and transit number, or account number, then you authorize us to verify and correct such information.

If your payment is returned to us by your financial institution due to insufficient funds or a closed account, you agree that we may recover court costs and reasonable attorney's fees incurred by us.

In addition, you also agree to the following:

1. I understand that you are licensed in the State of Delaware and operate your business within the State of Delaware. I understand that I could have traveled to Delaware to apply for a loan at your office in Delaware but I have chosen to apply for this loan via the internet, telephone and/or fax for my own convenience.
2. I understand that no binding contract between myself and you will be formed until my application is received by you in Delaware and is approved by your underwriting department, also located in Delaware.
3. I acknowledge that I have received, read, understand, and agree to the Integrity Advance Privacy Policy.
4. I understand that the Loan Agreement and any subsequent agreements between myself and you are subject to Delaware law, that I agree to be bound by such law, and acknowledge that, in the event of a bona fide dispute between myself and you, that Delaware law shall exclusively apply to such disputes, regardless of where any proceedings are held.
5. I understand that submitting false information to induce you to grant me a loan (i.e., a false social security number, false identification, altered bank statements, etc.) constitutes fraud and may subject me to criminal penalties. I further acknowledge that you have disclosed your policy that you will report such instances of fraud to the appropriate law enforcement agencies.
6. I understand if I prefer to pay all or part of the loan amount, I can call you at (800) 505-6073 at least three (3) business days before my payment is due.
7. I understand and accept if I default on my loan and I do not cooperate with you on repaying my debt, including the original loan amount and all fees that may apply, you may submit my name to a collection agency and report the incident to a consumer reporting agency database, such as Teletrack and/or CL Verify, which may negatively impact my ability to write checks and to receive loans or advances.

from other companies.

8. I understand and accept if my account is turned over to a third party collection agency and they are unable to collect the amount owed you, the collection agency will then pursue every action granted to them under the law, including but not limited to wage garnishment.

## ARBITRATION PROVISION

### FORM #3

(Integrity Advance, LLC) Loan #: 53649938

**Borrower: PLEASE READ AND COMPLETE  
THE FOLLOWING:**

**DEFAULT, GOVERNING LAW, ASSIGNMENT AND EXECUTION.** You will be in default if you do not pay us the amounts you owe us under the Loan Agreement. The Application, Loan Agreement, and ACH Authorization, will be governed by the laws of the State of Delaware. This Arbitration Provision is governed by the Federal Arbitration Act, 9 U.S.C. Sections 1–16 ("FAA"). We may assign or transfer the Loan Agreement or any of our rights hereunder. If the Loan Agreement is consummated, then you agree that the electronically signed Loan Agreement, ACH Authorization, and Arbitration Provision we receive from you will be considered the original executed Loan Agreement, ACH Authorization, and Arbitration Provision, respectively, which are binding and enforceable as to both parties.

**WAIVER OF JURY TRIAL AND ARBITRATION PROVISION.** Arbitration is a process in which persons with a dispute: (a) waive their rights to file a lawsuit and proceed in court and to have a jury trial to resolve their disputes; and (b) agree, instead, to submit their disputes to a neutral third person (an "arbitrator") for a decision. Each party to the dispute has an opportunity to present some evidence to the arbitrator. Pre-arbitration discovery may be limited. Arbitration proceedings are private and less formal than court trials. The arbitrator will issue a final and binding decision resolving the dispute, which may be enforced as a court judgment. A court rarely overturns an arbitrator's decision. We have a policy of arbitrating all disputes with customers which cannot be resolved in a small claims tribunal, including the scope and validity of this Arbitration Provision and any right you may have to participate in an alleged class action.

**THEREFORE, YOU ACKNOWLEDGE AND AGREE AS FOLLOWS:**

1. For purposes of this Waiver of Jury Trial and Arbitration Provision, the words "dispute" and "disputes" are given the broadest possible meaning and include, without limitation (a) all claims, disputes, or controversies arising from or relating directly or indirectly to the signing of this Arbitration Provision, the validity and scope of this Arbitration Provision and any claim or attempt to set aside this Arbitration Provision; (b) all federal or state law claims, disputes or controversies, arising from or relating directly or indirectly to the Loan Agreement, the information you gave us before entering into the Loan Agreement, including the customer information application, and/or any past agreement or agreements between you and us; (c) all counterclaims, cross-claims and third-party claims; (d) all common law claims, based upon contract, tort, fraud, or other intentional torts; (e) all claims based upon a violation of any state or federal constitution, statute or regulation; (f) all claims asserted by us against you, including claims for money damages to collect any sum we claim you owe us; (g) all claims asserted by you individually against us and/or any of our employees, agents, directors, officers, shareholders, governors, managers, members, parent company or affiliated entities (hereinafter collectively referred to as "related third parties"), including claims for money damages and/or equitable or injunctive relief; (h) all claims asserted on your behalf by another person; (i) all claims asserted by you as a private attorney general, as a representative and member of a class of persons, or in any other representative capacity, against us and/or related third parties (hereinafter referred to as "Representative Claims"); and/or (j) all claims arising from or relating directly or indirectly to the disclosure by us or related third parties of any non-public personal information about you.

2. You acknowledge and agree that by entering into this Arbitration Provision:

(a) **YOU ARE GIVING UP YOUR RIGHT TO HAVE A TRIAL BY JURY TO RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES;**  
 (b) **YOU ARE GIVING UP YOUR RIGHT TO HAVE A COURT, OTHER THAN A SMALL CLAIMS TRIBUNAL, RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES; and**  
 (c) **YOU ARE GIVING UP YOUR RIGHT TO SERVE AS A REPRESENTATIVE, AS A PRIVATE ATTORNEY GENERAL, OR IN ANY OTHER REPRESENTATIVE CAPACITY, AND/OR TO PARTICIPATE AS A MEMBER OF A CLASS OF CLAIMANTS, IN ANY LAWSUIT FILED AGAINST US AND/OR RELATED THIRD PARTIES.**

3. Except as provided in Paragraph 6 below, all disputes including any Representative Claims against us and/or related third parties shall be resolved by binding arbitration only on an individual basis with you. **THEREFORE, THE ARBITRATOR SHALL NOT CONDUCT CLASS ARBITRATION; THAT IS, THE ARBITRATOR SHALL NOT ALLOW YOU TO SERVE AS A REPRESENTATIVE, AS A PRIVATE ATTORNEY GENERAL, OR IN ANY OTHER REPRESENTATIVE CAPACITY FOR OTHERS IN THE ARBITRATION.**

4. Any party to a dispute, including related third parties, may send the other party written notice by certified mail return receipt requested of their intent to arbitrate and setting forth the subject of the dispute along with the relief requested, even if a lawsuit has been filed. Regardless of who demands arbitration, you shall have the right to select any of the following arbitration organizations to administer the arbitration: the American Arbitration Association (1-800-778-7879) <http://www.adr.org> or JAMS (1-800-352-5267) <http://www.jamsadr.com>. The parties may also agree to select an arbitrator who resides within your federal judicial district who is an attorney, retired judge, or arbitrator registered and in good standing with an arbitration association, and arbitrate in accordance with such arbitrator's rules. The party receiving notice of arbitration will respond in writing by certified mail return receipt requested within twenty (20) days. If you demand arbitration, you must inform us in your demand of the arbitration organization you have selected or whether you desire to select a local arbitrator. If related third parties or we demand arbitration, you must notify us within twenty (20) days in writing by certified mail return receipt requested of your decision to select an arbitration organization. If you fail to notify us, then we have the right to select an arbitration organization. The parties to such dispute will be governed by the rules and procedures of such arbitration organization applicable to consumer disputes, to the extent those rules and procedures do not contradict the express terms of this Arbitration Provision, including the limitations on the arbitrator below. You may obtain a copy of the rules and procedures by contacting the arbitration organization listed above.

5. Regardless of who demands arbitration, at your request we will pay, or reimburse you for, your portion of the arbitration expenses, including the filing, administrative, hearing and arbitrator's fees ("Arbitration Fees"). Throughout the arbitration, each party shall bear his or her own attorneys' fees and expenses, such as witness and expert witness fees. The arbitrator shall apply applicable substantive law consistent with the FAA, and applicable statutes of limitation, and shall honor claims of privilege recognized at law. The arbitration hearing will be conducted in the county of your residence. The arbitrator may decide, with or without a hearing, any motion that is substantially similar to a motion to dismiss for failure to state a claim or a motion for summary judgment. In conducting the arbitration proceeding, the arbitrator shall not apply any federal or state rules of civil procedure or evidence. If allowed by statute or applicable law, the arbitrator may award statutory damages and/or reasonable attorneys' fees and expenses. At the timely request of any party, the arbitrator shall provide a written explanation for the award. The arbitrator's award may be filed with any court having jurisdiction. If, after finding in your favor in any respect on the merits of your claim, the arbitrator issues you an award that is greater than the value of our last written settlement offer made before an arbitrator was selected, then we will: (i) pay you the amount of the award or \$7,500 ("the alternative payment"), whichever is greater; and (ii) pay your attorney the amount of attorneys' fees, and reimburse any expenses (including expert witness fees and costs) that your attorney reasonably incurs for investigating, preparing, and pursuing your claim in arbitration ("the attorney fees"). If we did not make a written offer to settle the dispute before an arbitrator was selected, you and your attorney will be entitled to receive the alternative payment and the attorney fees, respectively, if the arbitrator awards you any relief on the merits. The arbitrator may make rulings and resolve disputes as to the payment and reimbursement of fees, expenses, and the alternative payment and the attorney fees at any time during the proceeding and upon request from either party made within 14 days of the arbitrator's ruling on the merits. The right to attorneys' fees and expenses discussed in the preceding sentences supplements any right to attorneys' fees and expenses you may have under applicable law. Thus, if you would be entitled to a larger amount under the applicable law, this provision does not preclude the arbitrator from awarding you that amount. However, you may not recover duplicative awards of attorneys' fees or costs. Although under some laws we may have a right to an award of attorneys' fees and expenses if we prevail, we agree that we will not seek such an award.

6. All parties, including related third parties, shall retain the right to seek adjudication in a small claims tribunal in the county of your residence for disputes within the scope of such tribunal's jurisdiction. Any dispute, which cannot be adjudicated within the jurisdiction of a small claims tribunal, shall be resolved by binding arbitration. Any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration.

7. This Arbitration Provision is made pursuant to a transaction involving interstate commerce and shall be governed by the FAA. If a final non-appealable judgment of a court having jurisdiction over this transaction finds, for any reason, that the FAA does not apply to this transaction, then our agreement to arbitrate shall be governed by the arbitration law of the State of Delaware.

8. This Arbitration Provision is binding upon and benefits you, your respective heirs, successors and assigns. This Arbitration Provision is binding upon and benefits us, our successors and assigns, and related third parties. This Arbitration Provision continues in full force and effect, even if your obligations have been paid or discharged through bankruptcy. This Arbitration Provision survives any cancellation, termination, amendment, expiration or performance of any transaction between you and us and continues in full force and effect unless you and we otherwise agree in writing. If any of this Arbitration Provision is held invalid, the remainder shall remain in effect.

9. **OPT-OUT PROCESS.** You may choose to opt out of the Arbitration Provision, but only by following the process set-forth below. If you do not wish to be subject to this Arbitration Provision, then you must notify us in writing within sixty (60) calendar days of the date of this Arbitration Provision at the following address: Integrity Advance, 300 Creek View Road, Suite 102, Newark, DE 19711. Your written notice must include your name, address, account number or social security number, the date of this Arbitration Provision, and a statement that you wish to opt out of this Arbitration Provision. If you choose to opt out, then your choice will apply only to the Application, Loan Agreement, ACH Authorization, and Arbitration Provisions submitted by you in this transaction.

*By entering your name and clicking the "I Agree" button below, you are electronically signing and agreeing to all the terms of the Loan Agreement, the Arbitration Provision, and the ACH Authorization (â€œthe Loan Documentsâ€) and providing or confirming your electronic signature on all of the Loan Documents, and you are expressly consenting to receive SMS messages from us. You agree that your electronic signature has the full force and effect of your physical signature and that it binds you to the Loan Documents in the same manner a physical signature would do so. By electronically signing below, you also acknowledge that all of the Loan Documents were filled in before you did so and you have read, understand, and agree to all of the terms of the Loan Documents, including the provision entitled "WAIVER OF JURY TRIAL AND ARBITRATION PROVISION" and the Privacy Policy and Covered Borrower Identification Statement. You agree that your right to file suit against us for any claim or dispute regarding the Loan Documents or your relationship with us is limited by the WAIVER OF JURY TRIAL AND ARBITRATION PROVISION. You also agree that all information you provided to us prior to or during the completion of the Loan Documents is complete and accurate. You represent that you are not a debtor under any proceeding in bankruptcy and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code.*

Printed Name: \_\_\_\_\_

Signature: (X) \_\_\_\_\_ Date: 11/2/2011 \_\_\_\_\_



# Appendix D



**Dr. Manoj Hastak – List of Documents and Materials Considered**

The following lists the data, materials, and other information considered in connection with the forgoing expert report.

- Notice of Charges Seeking Disgorgement, Other Equitable Relief, and Civil Money Penalties, *In re Integrity Advance, LLC and James R. Carnes* (proceeding # 2015-CFPB-0029)
- Integrity Advance's and James Carnes' Response to the Bureau's Discretionary Notice and Opportunity to Respond and Advise (NORA) Process, Nov. 13, 2014
- Integrity Advance Loan Application Forms (CFPB000683-CFPB000697)
- Loan Application Forms, Loan #54148642 (CFPB033705-CFPB033711) (REDACTED)
- Integrity Advance Loan Application Form (CFPB000796-CFPB000798)
- Narrative Responses to January 7, 2013 Civil Investigative Demand Issued to Integrity Advance, LLC (CFPB035835-CFPB035850)
- Loan Application Forms, Loan #46340151 (CFPB002537-CFPB002553) (REDACTED)
- Loan Application Forms, Loan #50484872 (CFPB005658-CFPB005674) (REDACTED)
- Form # 1 Easy Application (CFPB000574- CFPB000575)
- Form #2 Loan Agreement – Faxless (CFPB000640-CFPB000645)
- Form #2b Faxless ACH Authorization (CFPB000796- CFPB000798)
- Better Business Bureau Complaints (CFPB036490-CFPB037833)
- Completed Consumer Loan Applications (CFPB001696- CFPB001710, CFPB002336- CFPB002350, CFPB002929- CFPB002943, CFPB003184- CFPB003200, CFPB003645- CFPB003661, CFPB004308- CFPB004322, CFPB004343- CFPB004357, CFPB004371- CFPB004387, CFPB004371- CFPB004387, CFPB004703- CFPB004717, CFPB004848-CFPB004862, CFPB005740- CFPB005756, CFPB006401- CFPB006415, CFPB006490- CFPB006506, CFPB006829- CFPB006845, CFPB030698- CFPB030707, CFPB033325-CFPB033331)

