

sion a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

It is further ordered, That the initial decision, as modified, be, and it hereby is, adopted as the decision of the Commission.

IN THE MATTER OF

FHA MOBILE HOME BROKERS, INC., ET AL.

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

Docket C-2324. Complaint, Nov. 30, 1972—Decision, Nov. 30, 1972

Consent order requiring a Hixson, Tennessee, retailer and distributor of mobile homes, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that FHA Mobile Home Brokers, Inc., a corporation and K. L. Ficken, James R. Whisnant, and James L. Stanley, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent FHA Mobile Home Brokers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with its principal office and place of business located at 5749 Highway 153, Hixson, Tennessee.

Respondents K. L. Ficken, James R. Whisnant, and James L. Stanley are officers of the corporate respondent. They formulate, direct and control the policy, acts and practices of the corporation, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the advertising, offering for sale and retail sale and distribution of mobile homes to the public.

PAR. 3. In the ordinary course of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures.

By and through use of the contract, respondents:

1. Fail to exclude from the "amount financed" and to include in the "finance charge" the cost of the credit investigation required by the respondents in connection with the credit sale, as required by Section 226.4(a)(4) of Regulation Z.

2. Fail to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

3. Include the charge for credit life insurance in the "amount financed" and fail, in certain instances, to secure a separately signed and dated credit life insurance authorization, as required by Section 226.4(a)(5) of Regulation Z.

PAR. 5. In the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their goods and services, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extensions of consumer credit in connection with the sale of these goods and services. By and through the use of the advertisements, respondents:

1. State the rate of finance charge without describing that rate as an "annual percentage rate," in violation of Section 226.10(d)(1) of Regulation Z.

2. State the amount of the downpayment required and the amount of monthly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

- (i) The cash price;
- (ii) The amount of the downpayment required or that no downpayment is required, as applicable;

(iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended.

(iv) The amount of the finance charge expressed as an annual percentage rate; and

(v) The deferred payment price.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of the rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent FHA Mobile Home Brokers, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Tennessee, with its office and principal place of business located at 5749 Highway 153, Hixson, Tennessee.

Respondents K. L. Ficken, James R. Whisnant and James L. Stanley are individuals and are corporate officers of FHA Mobile Home

Brokers, Inc. They direct, formulate, and control the acts and practices of the respondent corporation including the acts and practices under investigation.

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

ORDER

It is ordered, That respondents FHA Mobile Home Brokers, Inc., a corporation, its successors and assigns, and its officers, and K. L. Ficken, James R. Whisnant and James L. Stanley, individually and as officers of said corporation and respondents' agents, representatives and employees, directly or through any corporate, subsidiary, division or other device in connection with any extension of consumer credit or advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to exclude from the "amount financed" and to include in the "finance charge" the cost of the credit investigation required by the respondents in connection with the credit sale, as required by Section 226.4 (a) (4) of Regulation Z.

2. Failing to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8 (b) (2) of Regulation Z.

3. Failing, in any credit transaction in which the charge for credit life insurance is included in the "amount financed," to secure a signed and dated credit life insurance authorization, as required by Section 226.4 (a) (5) of Regulation Z.

4. Stating, in any advertisement, the rate of any finance charge unless respondents state the rate of that charge expressed as an "annual percentage rate," as required by Section 226.10 (d) (1) of Regulation Z.

5. Stating, in any advertisement, the amount of the downpayment required and the amount of monthly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 (d) (2) thereof:

(i) The cash price;

(ii) The amount of the downpayment required or that no downpayment is required, as applicable;

(iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended.

(iv) The amount of the finance charge expressed as an annual percentage rate; and

(v) The deferred payment price.

6. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution; assignment or sale, resulting in the emergence of a successor corporation; the creation or dissolution of subsidiaries; or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondents shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

COLMAN & RIDDELL, INC., ET AL.

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

Docket C-2325. Complaint, Nov. 30, 1972—Decision Nov. 30, 1972

Consent order requiring three Seattle, Washington, real estate agents, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Complaint

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COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Colman & Riddell, Inc., Cape George Village, Inc., corporations, and Birch Bay Investors, a limited partnership, and Howard G. Riddell and V. Keith Colman, individually, as officers of said corporations, and as general partners in Birch Bay Investors, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Colman & Riddell, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 333 Taylor North, Suite 201, Seattle, Washington.

Cape George Village, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 333 Taylor North, Suite 201, Seattle, Washington.

Birch Bay Investors is a limited partnership existing and doing business in the State of Washington. Its office and principal place of business is located at 333 Taylor North, Suite 201, Seattle, Washington.

Respondents Howard G. Riddell and V. Keith Colman are officers of the corporate respondents and are the only general partners in the respondent partnership Birch Bay Investors. They jointly formulate, direct and control the policies, acts and practices of the corporate respondents and the respondent partnership, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the sale to the public of parcels of land located within land developments and the advertising of same in various media.

PAR. 3. In the ordinary course of their business as aforesaid, respondents Colman & Riddell, Inc., Howard G. Riddell, and V. Keith Colman arrange and have arranged for the extension of consumer credit, as "consumer credit" and "arrange for the extension of consumer credit" are defined in Regulation Z, the implementing regula-

