

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

RALPH C. DARDEN,)
OTIS LEE IVORY, CORA J. IVORY,)
and all others similarly situated,)

Plaintiffs,)

v.)

FORD CONSUMER FINANCE)
COMPANY, INC., n/k/a ASSOCIATES)
HOME EQUITY SERVICES, INC., and)
ASSOCIATES FINANCIAL LIFE)
INSURANCE COMPANY,)

Defendants.)

CIVIL ACTION FILE

NO. E 62360

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release is entered into this 30th day of August, 2001, (1) by named Plaintiffs Ralph C. Darden, Otis Lee Ivory, and Cora J. Ivory, individually and on behalf of the Settlement Class, as defined herein, (collectively, "Plaintiffs") and (2) Associates Home Equity Services, Inc., f/k/a Ford Consumer Finance Company, Inc., and n/k/a CitiFinancial Mortgage Company, Inc., ("AHES") and Associates Financial Life Insurance Company ("AFLIC"). (Plaintiffs, AHES, and AFLIC are collectively referred to herein as the "Parties").

BACKGROUND

A. The above-styled action (the "Action") was brought by the named Plaintiffs, alleging, *inter alia*, that the credit life insurance they purchased in connection with loans they obtained from AHES, which insurance was issued by AFLIC, was illegal.

Exhibit 1

B. The Parties desire to enter into this Agreement to resolve the Action without further expense and delay. The Named Plaintiffs and their counsel are satisfied that the terms and conditions of this Agreement are fair, reasonable, and adequate, particularly due to the likelihood that continued litigation will be protracted and expensive and due to the risks and difficulties associated with establishing any right to recover on the part of the Class. AHES and AFLIC, while denying any and all liability to the Named Plaintiffs or to the Class, agree to this settlement to finally resolve the Action.

I. DEFINITIONS

“Action” means the above-styled action.

“AFLIC” means Associates Financial Life Insurance Company.

“Agreement” means this Settlement Agreement and Release.

“AHES” means Associates Home Equity Services, Inc., f/k/a Ford Consumer Finance Company, Inc., and n/k/a CitiFinancial Mortgage Company, Inc.

“Class” means the plaintiff class defined as follows: all Georgia residents who, since July 1, 1991, were sold credit life insurance contracts by AFLIC and AHES in connection with loans or other credit transactions of more than ten (10) years duration.

“Class Member” means a person included within the Class.

“Counsel for the Parties” means Plaintiffs’ Counsel and Defendants’ Counsel.

“Court” means the Superior Court of Fulton County, Georgia.

“Credit Accident and Health Insurance” means credit accident and health or disability insurance issued by AFLIC and obtained by a Class Member in connection with a loan or other credit transaction of more than ten (10) years duration taken out with AHES.

“Credit Insurance” means Credit Life Insurance and/or Credit Accident and Health Insurance.

“Credit Life Insurance” means credit life insurance issued by AFLIC and obtained by a Class Member in connection with a loan or other credit transaction of more than ten (10) years duration taken out with AHES.

“Defendants” means AHES and AFLIC.

“Defendants’ Counsel” means Herbert D. Shellhouse and A. William Loeffler, Troutman Sanders LLP, Atlanta, Georgia.

“Eligible Class Member” means a Settlement Class Member who is entitled to settlement proceeds under this Agreement in the event this settlement obtains Final Approval.

“Final Approval” of this settlement and this Agreement means the last date by which all of the following have occurred:

- (a) The Settlement Order and Judgment is entered;
- (b) The Court has made its final order awarding attorneys’ fees and costs, if any; and
- (c) The time for seeking appellate review of the Settlement Order and Judgment has expired; or, if appellate review is sought, the Settlement Order and Judgment has been affirmed in its entirety by the court of last resort in which such review has been sought, and such affirmance has become no longer subject to further appeal or review.

“Named Plaintiffs” means Ralph C. Darden, Otis Lee Ivory, and Cory J. Ivory.

“Plaintiffs” means the Named Plaintiffs and all members of the Class.

“Plaintiffs’ Counsel” means Howard Rothbloom, Marietta, Georgia; and Craig G. Harley, Chitwood & Harley, Atlanta, Georgia.

“Preliminary Approval” of this settlement and this Agreement occur when the Court enters the Preliminary Approval Order.

“Preliminary Approval Order” means an order entered by the Court preliminarily approving the terms and conditions of this Agreement (in the form of Exhibit “A” to this Agreement, without any modification not consented to by Counsel for the Parties in writing).

“Settlement Class” means all Class Members who do not timely and properly elect to be excluded from the Class.

“Settlement Class Member” means each person included within the Settlement Class.

“Settlement Order and Judgment” means a final order and judgment entered by the Court approving this settlement and this Agreement (in the form of Exhibit “D” to this Agreement, without any modification not consented to by Counsel for the Parties in writing).

As used herein, the plural of any defined term includes the singular thereof, and the singular of any defined term includes the plural thereof, as the case may be.

II. GENERAL SETTLEMENT TERMS

2.01. Class Certification. If this settlement becomes effective, then for settlement purposes only, the Parties agree to the certification of the Class, as defined herein, pursuant to O.C.G.A. § 9-11-23. Any Class Member may elect to opt-out of the Class, in the manner provided in the class notice and by the date specified in the notice (but which date shall be no later than thirty (30) days from the date of the notice), with the effect that each such Class Member’s rights shall not be affected by this settlement. Such opt-out rights may only be exercised individually by a class member and not in a representative capacity. Plaintiffs’ Counsel agree that they will not directly or indirectly suggest, urge, or advise any Class Members to exclude themselves from the Class.

2.02. Class Settlement Benefits For Eligible Class Members.

(a) Eligible Class Members are those Settlement Class Members who either (i) have in-force Credit Insurance on the date of Final Approval and who have timely and properly submitted a Claim Form to cancel their Credit Insurance as described in Section 3.03 of this Agreement, or (ii) have terminated their Credit Insurance prior to the date of Final Approval. Settlement Class Members are not Eligible Class Members if either (i) they have in-force Credit Insurance on the date of Final Approval and have not timely and properly submitted a Claim Form to cancel their Credit Insurance, or (ii) benefits have been paid under their Credit Insurance. Provided, however, that any Settlement Class Member who has had benefits paid under his or her Credit Accident and Health Insurance, but not under his or her Credit Life Insurance, is not rendered ineligible to receive settlement benefits as to the Credit Life Insurance. And, further provided that any Settlement Class Member who has had benefits paid under his or her Credit Life Insurance, but not under his or her Credit Accident and Health Insurance, shall be paid an amount equal to 30% of the Credit Accident & Health Insurance premium earned by AFLIC on his or her coverage.

(b) Upon Final Approval, Defendants, in the manner described in Section III of this Agreement, will provide the following benefits to Eligible Class Members:

(i) Eligible Class Members who have in-force Credit Insurance on the date of Final Approval and who have timely and properly submitted a Claim Form to cancel their Credit Insurance shall each be paid 100% of their total Credit Insurance premiums plus \$300. In addition, each such Eligible Class Member whose loan has been retained by AHES will receive a prospective reduction in the interest rate on his or her AHES loan of 50 basis points. This interest rate reduction will not affect the monthly payment amount on the affected loans. Each such Eligible Class Member whose loan has been sold by AHES

will receive an additional \$200, instead of any reduction to his or her interest rate. Any such Eligible Class Members who have Credit Accident and Health Insurance, regardless of whether their coverage period has expired, will receive 100% of their total Credit Insurance premiums, including their Credit Accident and Health Insurance premiums.

(ii) Each Eligible Class Member who has terminated his or her Credit Insurance prior to the date of Final Approval shall be paid an amount equal to 30% of the Credit Insurance premium earned by AFLIC on his or her coverage. For purposes of this subsection, expiration of the coverage period of the Credit Accident and Health Insurance does not constitute termination of such Insurance, and Settlement Class Members who have Credit Accident and Health Insurance as to which the coverage period has expired are not entitled to settlement benefits under this subsection.

2.03. Settlement Payments. Eligible Class Members with in-force coverage who elect to cancel their coverage, and whose loans have not been sold by AHES, shall have the right to elect to apply their settlement benefits to reduce the principal balance of their active AHES account or to receive a check. Those who fail to specify how settlement benefits are to be paid shall receive their settlement benefits in the form of a check. All other Eligible Class Members entitled to settlement benefits under this Agreement shall receive their settlement benefits in the form of a check.

2.04. Insurance Coverage. Each Eligible Class Member who has in-force Credit Insurance on the date of Final Approval and who timely and properly submits a Claim Form to cancel his or her Credit Insurance shall be deemed to have agreed to a cancellation of his or her Credit Insurance contract and coverage as of the date of Final Approval.

2.05. Settlement Administration. The settlement provided for herein shall be administered by Defendants. Defendants shall have the right, but no obligation, to retain any individual or entity of

their choosing to assist them in the administration of this settlement. Plaintiffs' Counsel shall have the right to audit implementation of this Agreement, subject to the provisions of Section 7.08 hereof.

2.06. Attorneys' Fees And Costs.

(a) Plaintiffs' Counsel shall petition the Court for an award of attorneys' fees and reimbursement of costs and expenses, to be paid by Defendants. Plaintiffs' Counsel will not seek an award that is greater than, and Defendants will not object to an award of or less than, \$315,000.00. The terms and conditions of this Agreement are in no way contingent upon the Court's award of attorneys' fees and expenses, whatever that award may be, provided that the Court not award more than \$315,000.00.

(b) Defendants shall pay all of the costs of administering the settlement and all costs of notice to the Class required by Section 5.03 hereof.

2.07. Class Representative Award. Plaintiffs' Counsel shall petition the Court for an award for the Named Plaintiffs as class representatives, to be paid by Defendants. Plaintiffs' Counsel and the Named Plaintiffs will not seek an award that is greater than, and Defendants will not object to an award of or less than, \$10,000 to Ralph C. Darden and \$35,000 jointly to Otis Lee Ivory and Cora J. Ivory.

III. SETTLEMENT DISTRIBUTIONS

3.01. Determination of Settlement Benefits. Unless otherwise authorized by Counsel for the Parties and ordered by the Court, Defendants will make and oversee the necessary calculations and distributions described in this Agreement. Defendants shall determine the settlement amounts due to each Eligible Class Member and will, as appropriate, either credit active accounts or send checks by United States mail. If issues arise in the implementation and administration of the Agreement, which issues are not addressed herein, Counsel for the Parties shall confer and use their best efforts to resolve any such issue among themselves, in accordance with the intent of this Agreement, and shall seek intervention by the Court only if they are unable to reach agreement.

3.02. Distribution of Attorneys' Fees and Expenses. Attorneys' fees and expenses, in an amount approved by the Court, shall be distributed to Plaintiffs' Counsel within fifteen (15) days of Final Approval.

3.03. Election To Cancel Coverage. To establish his or her entitlement to settlement benefits hereunder, each Eligible Class Member with in-force Credit Insurance who elects to cancel his or her Credit Insurance must complete and execute a Claim Form (that will be included with the notice of the proposed settlement described in Section 5.03 of this Agreement, along with an addressed postage paid envelope, and which form is attached hereto as Exhibit "C-1" and Exhibit "C-2") and must timely return the completed Claim Form to the address listed in the notice. To be valid, such Claim Forms must be received by Defendants by the date specified in the notice, which date shall be no later than sixty (60) days after the date such notice is first mailed. Within ten (10) business days after the due date for the Claim Forms, Defendants shall provide copies of all Claim Forms returned by the Settlement Class Members to Plaintiffs' Counsel. As to each such returned Claim Form, Defendants have the right to verify from their records and otherwise whether the

person returning the Claim Form is in fact an Eligible Class Member with in-force coverage and otherwise eligible for settlement benefits under this Agreement.

3.04. Distributions to Eligible Class Members. Credits shall be made to the active accounts of those Eligible Class Members due credits, and checks shall be sent to those Eligible Class Members due settlement proceeds, within thirty (30) days after Final Approval. Interest rate reductions shall be made to the active accounts of Eligible Class Members within thirty (30) days after Final Approval, effective as of the date of Final Approval. Any award due to the Named Plaintiffs as class representatives will be paid within fifteen (15) days after Final Approval.

3.05. Checks. Checks shall be issued to each Eligible Class Member in the name of the Eligible Class Member. Signing and returning a Claim Form, as well as endorsing any settlement check, shall constitute an affirmation that the signer is in fact the Eligible Class Member entitled to benefits under this settlement and shall reaffirm and ratify the releases provided in Section 6.02 hereof. Where accounts have or had joint obligors, settlement checks will be made payable to the joint obligors. Where a Claim Form must be submitted under this Agreement for entitlement to settlement benefits, absent extraordinary circumstances (which shall be considered on a case-by-case basis, with the involvement of Plaintiffs' counsel), each of the joint obligors must execute the Claim Form in order for such joint obligors to be deemed, collectively, an Eligible Class Member. Defendants shall have no obligation to distribute settlement benefits if a Claim Form is not properly executed by joint obligors. Defendants shall have no responsibility for the distribution of settlement benefits as between joint obligors.

3.06. Unclaimed Settlement Benefits. Class settlement benefits allocated for Eligible Class Members as described in Section 2.02(b)(ii) hereof which are unclaimed pursuant to Section 4.03 hereof shall be paid to a qualifying charity or legal support group(s) to be selected by Plaintiffs'

Counsel and approved by the Court from the following list: Atlanta Legal Aid Society, National Consumer Law Center, National Association of Consumer Advocates, Consumer Law Center of the South, Georgia Legal Watch, Congregation Shearith Israel Women's Night Shelter and Reynoldstown Revitalization Corporation. The amount(s) of such payment shall be proposed by Plaintiffs' Counsel and approved by the Court.

IV. ADMINISTRATION OF THE SETTLEMENT

4.01. Mailing of Class Notices. The class settlement notice shall be mailed to the last known address of each Class Member as ascertained by Defendants from their machine-readable database, which Defendants represent contains their most complete and accurate source for such information. If the notice mailed to a Class Member is returned by the United States Postal Service as undeliverable, Defendants shall forward such notice to any address provided by the United States Postal Service. With respect to any notices still undeliverable, Defendants shall attempt to obtain an address correction via a search of Equifax's Address Update File, or some similar database, for the primary obligor of such account and will re-send the notice and Claim Form to one (1) such subsequently obtained address, if any. Defendants shall have no further obligation to attempt to locate any Class Member.

4.02. Notices of Denied Claims. Defendants shall give appropriate written notice to all Class Members whose claims have been denied and to Plaintiffs' Counsel. Any Class Member whose claim has been denied, in whole or in part, must seek review of the denial by the Court by requesting such review within thirty (30) days of the date of notice of denial; otherwise, any such Class Member will be deemed to have waived any objection to Defendants' decision.

4.03. Unclaimed Benefits. Defendants shall have no obligation to make any payment to those Eligible Class Members to whom a check is mailed but not cashed within ninety (90) days after it is

issued or whose check is subsequently returned by the United States Postal Service as undeliverable.

4.04. Certification of Distribution of Settlement Benefits. Within thirty (30) days after completion of the final settlement distributions, Defendants shall provide Plaintiffs' Counsel with a computerized list of those Eligible Class Members to whom a check was mailed, along with the amount of each such check, and those Eligible Class Members to whom a credit was given against their active AHES account, along with the amount of each such credit. Within thirty (30) days after completion of the final settlement distributions, Defendants shall provide Plaintiffs' Counsel with a computerized list of those Eligible Class Members to whom an interest rate reduction was given, indicating the original and the reduced rate. Within thirty (30) days after completion of the final settlement distributions, Defendants shall certify to the Court by sworn affidavit that, to the best of their knowledge, information, and belief: 1) the proof of refunds of insurance premiums and the proof of payment of insurance claims presented to Plaintiffs' Counsel under Section 5.02 hereof are true and correct; 2) the calculation of settlement benefits required by this Agreement have all been made using true and correct data; and 3) the distributions and the interest rate reductions required by this Agreement have all been made. A copy of said certification simultaneously shall be served on Plaintiffs' counsel.

4.05. Distribution of Unclaimed Benefits. Within thirty (30) days after completion of the final settlement distributions, Defendants shall pay to Plaintiffs' counsel settlement benefits payable under Section 2.02(b)(ii) hereof that have not been distributed due to an inability to locate Settlement Class Members under Section 4.01 hereof. Within one hundred fifty (150) days after completion of the final settlement distributions, Defendants shall pay to Plaintiffs' counsel settlement benefits payable under Section 2.02(b)(ii) hereof that have not been claimed under

Section 4.03 hereof. Plaintiffs' Counsel shall hold these settlement benefits in trust for distribution pursuant to Section 3.06 hereof.

V. CLASS SETTLEMENT PROCEDURES

5.01. Preliminary Approval Order. As soon as practicable after execution of this Agreement by all Parties and Counsel for all Parties, the Parties shall jointly move, or any Party may separately move with the support of the other Parties at any time, for the entry of a Preliminary Approval Order in the exact form of Exhibit "A" hereto, which among other things, preliminarily approves this Agreement and this settlement as fair, just, reasonable, and adequate, preliminarily certifies the Class for settlement purposes, approves notice to the Class as described in Section 5.03 hereof, and sets a hearing to consider final approval of the settlement and any objections thereto. Any Settlement Class Member who objects to approval of the proposed settlement may appear at the final approval hearing in person or through counsel to state his or her objection only if that Settlement Class Member has filed with the Clerk of the Court and served on Counsel for the Parties a timely written objection and notice of intent to appear by the date specified in the notice provided for in Section 5.03 hereof, which date shall be no later than thirty (30) days from the date of the notice provided for in Section 5.03 hereof.

5.02. Proof of Premium Refunds and Policy Claims. Within fifteen (15) days of execution of this Agreement, Defendants will present to Plaintiffs' counsel proof of refunds of insurance premiums and of insurance claims paid. Defendants shall certify by sworn affidavit that, to the best of their knowledge, information, and belief, the proof of refunds of insurance premiums and the proof of payment of insurance claims presented to Plaintiffs' Counsel are true and correct.

5.03. Notice To Class. Subject to the Court's approval as set forth in Section 5.01 hereof, the Parties agree that, as soon as is reasonably and practicably possible after the entry of the

Preliminary Approval Order, but in no event more than thirty (30) days after the date of entry of the Preliminary Approval Order, Defendants shall send a notice of the proposed settlement and final approval hearing by first class United States mail to each Class Member whose name and last known address can be ascertained by Defendants from a machine readable database. The notice to be sent to Class Members who have in-force Credit Insurance on the date of Preliminary Approval and whose loans have been retained by AHES will be in the form of Exhibit B-1 attached hereto. The notice to be sent to Class Members who have in-force Credit Insurance on the date of Preliminary Approval and whose loans have been sold by AHES will be in the form of Exhibit B-2 attached hereto. The notice to be sent to Class Members who have terminated their Credit Insurance prior to the date of Preliminary Approval will be in the form of Exhibit B-3 attached hereto. The notice to be sent to Class Members who had only Credit Life Insurance and have had benefits paid under their Credit Life Insurance will be in the form of Exhibit B-4 attached hereto. The notice to be sent to Class Members who had both Credit Life Insurance and Credit Accident and Health Insurance and have had benefits paid under both their Credit Life Insurance and Credit Accident and Health Insurance will be in the form of Exhibit B-4 attached hereto. The notice shall state dates certain, agreed on by Plaintiffs' counsel and Defendants' counsel, for opting out of the Class, objecting to the settlement, and for returning the Claim Forms, where applicable. The notices shall be mailed in envelopes stamped on the front "IMPORTANT CLASS ACTION SETTLEMENT NOTICE: READ CAREFULLY" in large, bold, red ink letters. An addressed, postage paid return envelope shall be included with the notice. The notices will be reproduced substantially as they appear in Exhibits B-1, B-2, B-3, and B-4, with all pages fastened with a staple as one document.

5.04. List of Class Members' Addresses and Telephone Numbers. On or before the date that notice of the proposed settlement and final approval hearing is sent, Defendants shall provide Plaintiffs' counsel with a list of the last known address and telephone number of each Class Member as ascertained by Defendants from their machine-readable database, which Defendants represent contains their most complete and accurate source for such information. Defendants shall timely provide Plaintiffs' Counsel with any address or telephone number correction obtained via a search of Equifax's Address Update File, or some similar database, for the primary obligor of such account.

5.05. Settlement Order And Judgment. At or before the final approval hearing, the Parties shall jointly move, or any Party may separately move with the support of the other Parties, for a Settlement Order and Judgment, in the form of Exhibit "D" hereto, which, among other things, (i) grants final approval of this settlement and this Agreement as final, fair, reasonable, adequate, and binding on all Settlement Class Members, (ii) finally certifies the Class for settlement purposes; (iii) awards attorneys' fees and costs, (iv) orders the releases, injunctions, and other relief as set forth in Section VI of this Agreement, and (v) dismisses the Action with prejudice as to all claims asserted, or which could have been asserted, therein.

5.06. Termination. This Agreement is entered into only for purposes of this settlement. In the event that the proposed settlement as provided in the Agreement is not approved by the Court, or entry of a Settlement Order and Judgment as provided in the Agreement does not occur for any reason, or Final Approval of this settlement and this Agreement does not occur for any reason, then the Agreement, all drafts, negotiations, discussions, and documentation relating thereto, and all orders entered by the Court in connection therewith, shall become null and void, and shall not be used, referred to, or admissible for any purpose in this Action, or in any other proceeding. In such

event, the Agreement and all negotiations and proceedings relating thereto shall be withdrawn without prejudice to any of the rights of any of the Parties, who shall be restored to their respective positions as of the date of the execution of the Agreement. Without limiting the generality of the foregoing, in the event that Final Approval of the settlement and the Agreement does not occur for any reason, Defendants shall not be deemed to have waived any right to seek enforcement of any arbitration agreement with any Class Member or any other person. The Parties shall each have the right to terminate this Agreement, if at any time the Court disapproves any of the terms of this settlement or this Agreement without the written consent of the Parties. This settlement and this Agreement are further conditioned upon final affirmance and approval by any appellate court in which any appeal or other petition for review is filed or taken with respect to the Action.

VI. RELEASE AND INJUNCTION

6.01. Full and Final Disposition and Settlement of all Claims. The obligations incurred by Defendants pursuant to this Agreement shall be a full and final disposition and settlement of all claims, actions, suits, obligations, debts, demands, rights, causes of action, liabilities, controversies, defenses, costs, expenses, and attorneys' fees whatsoever that have been asserted, or that could have been asserted, in the Action by the Named Plaintiffs and the Settlement Class.

6.02. Release. Upon Final Approval, the Named Plaintiffs and all Settlement Class Members, regardless of whether such members are entitled to, have claimed, or have obtained proceeds pursuant to this Agreement, shall be deemed to have, and by operation of the Settlement Order and Judgment shall have, fully, finally, and forever, released, relinquished, and discharged Defendants, and each of the Defendants' present and former parent, subsidiary, and affiliated companies (specifically including, but not limited to, Citigroup Inc., CitiFinancial Credit Company, Associates Investment Company, Associates Corporation of North America, Associates First Capital

Corporation, and Associates Financial Services Company, Inc.), and each of their predecessors, successors, assigns, and former and current attorneys, accountants, representatives, officers, directors, shareholders, employees, and/or agents, from any claim, demand, defense, setoff, recoupment, action, cause of action, or liability of any nature, whether known or unknown, suspected or unsuspected, that they have, had, or might in the future have, which were raised in, or which could have been raised in, this Action, and which are based on, concern, arise out of, are related to, or connected with the Credit Insurance, including but not limited to those with respect to (a) any premiums paid for the insurance or the refunding of any such premiums, (b) any finance charges assessed in connection with the insurance, (c) commissions paid or credits given on account of the sale of the insurance, (d) any alleged violations of the Georgia Insurance Code, the Georgia RICO Act, and/or any other federal or state statute with respect to the insurance, (e) fraud, deceit, misrepresentation, suppression, concealment, or the like with respect to the insurance; (f) any alleged statements, representations, omissions, or conduct which conditioned an extension of credit upon the purchase of the insurance, (g) slander of credit, (h) unjust enrichment, conversion, money had and received, breach of a private and legal duty, and/or theft relating in any way to the insurance or the premiums therefor, and/or (i) the cancellation of the insurance pursuant to the terms and conditions of this Agreement. No Settlement Class Member will be deemed to have released Defendants as to violations of this Agreement or as to any claim not expressly released herein. Settlement Class Members who have not elected to cancel their Credit Insurance coverage will not be deemed to have released Defendants from their contractual obligations under the terms of their coverage. Upon Final Approval, Defendants and their present and former parent, subsidiary, and affiliated companies and counsel shall be deemed to have, and by operation of the Settlement Order and Judgment shall have, fully, finally, and forever, released, relinquished, and

discharged the Named Plaintiffs and Plaintiffs' Counsel from all claims based upon, arising out of, or in connection with, the institution, prosecution, assertion, settlement, or resolution of the Action or the claims asserted or that could have been asserted related to the Credit Insurance, except as to alleged violations of this Agreement.

6.03. No Admission. This Agreement reflects, among other things, the compromise and settlement of disputed claims, and neither this settlement, the Agreement, nor the releases given herein, nor any consideration therefor, nor any actions taken to carry out this Agreement, are intended to be, nor may they be deemed or construed to be, an admission or concession of liability, or the validity of any claim, or of any point of fact or law (including but not limited to the propriety of class certification), on the part of any Party. Defendants deny the allegations of the Complaint. Neither this Agreement nor any of the terms hereof shall be offered by the Parties in any proceeding (civil, criminal, or administrative), except proceedings for the enforcement of this Agreement and the Court's orders related hereto, which such exception includes, without limitation, proceedings to prohibit further claims by Settlement Class Members which have been settled and released hereunder.

6.04. No Release by Defendants. Except as specifically set forth in this Agreement, neither this settlement nor this Agreement in any way alters, merges, terminates, bars, waives, voids, satisfies, novates, abrogates, diminishes, releases, or discharges the indebtedness or other contractual obligations of any Class Member regarding the full, complete, and timely performance of any and all terms of any loan, note, mortgage, security deed, agreement, or contract, oral or written, between any of the Defendants and any of the Class Members.

6.05. Injunction. In connection with the Preliminary Approval Order and the Settlement Order and Judgment provided for herein, the Parties agree to the entry of the following injunction: that all

Settlement Class Members, and their agents, privies, servants, successors, assigns, attorneys, and representatives, are hereby preliminarily and permanently enjoined from making any claims or demands, and from commencing, continuing, participating or assisting in, or permitting to be prosecuted, any lawsuit, arbitration, mediation, other means of alternative dispute resolution, action, or cause of action, at law or in equity, in any forum or jurisdiction, against Defendants, or against any of the Defendants' present or former parent, subsidiary, or affiliated companies, or any of their current or former directors, officers, employees, attorneys, agents, or representatives, which is based on, concerns, arises out of, is related to, or connected with any claim or defense released pursuant to the terms of Section 6.02 above.

6.06. No Waiver of Rights Under Arbitration Agreements. By agreeing to settle the Action, Defendants do not waive or relinquish, and they shall not be deemed to have waived or relinquished, their rights under any arbitration agreement entered into with any Class Member or with any other person with respect to any claim not disposed of by this settlement and this Agreement.

VII. MISCELLANEOUS PROVISIONS

7.01. Best Efforts to Support Agreement. Counsel for the Parties shall use their best efforts to cause the Court to give Preliminary Approval to this Agreement as promptly as possible, to take all steps contemplated by this Agreement to effectuate the settlement on the stated terms and conditions, and to obtain Final Approval of this Agreement and this settlement.

7.02. Governing Law. This Agreement is intended to and shall be governed by the laws of the State of Georgia.

7.03. Complete and Exclusive Statement of Agreement. The terms and conditions set forth in this Agreement constitute the complete and exclusive statement of the settlement agreement

between the Parties relating to the subject matter of this Agreement, superseding all previous negotiations and understandings, and may not be contradicted by evidence of any prior or contemporaneous agreement; and no extrinsic evidence whatsoever may be introduced in any judicial proceeding, if any, involving this Agreement. Any modification of this Agreement must be in writing signed by the Named Plaintiffs, the Defendants, and Counsel for the Parties.

7.04. Presumption Regarding Ambiguities. The determination of the terms of, and the drafting of, this Agreement has been by mutual agreement after negotiation, with consideration by and participation of all Parties and their Counsel. Any presumption that ambiguities in a contract are interpreted against the party causing an ambiguity to exist is, therefore, inapplicable and, further, is hereby waived by all Parties.

7.05. Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the representative heirs, successors, and assigns of the Parties.

7.06. Limitation of Waiver. The waiver by one Party of any provision or breach of this Agreement shall not be deemed a waiver of any other provision or breach of this Agreement.

7.07. Execution of Agreement. This Agreement shall become effective upon its execution by all of the undersigned. The Parties may execute this Agreement in counterparts, and execution of counterparts shall have the same force and effect as if all Parties had signed the same instrument.

7.08. Confidentiality of Settlement Auditing Information. Plaintiffs' Counsel agree that information and documents provided to them for purposes of implementing and auditing this settlement and this Agreement are and shall be kept confidential. Plaintiffs' Counsel further agree not to use any such information or documents for any other purpose whatsoever.

7.09. Court Retains Jurisdiction. The Court shall retain jurisdiction over the interpretation, effectuation, and implementation of this Agreement until such time as the Court receives

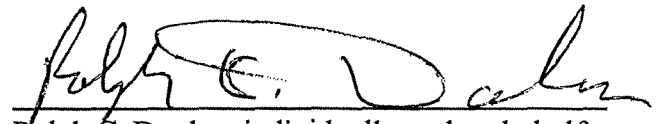
certification that all of the distributions have been fully made as provided in this Agreement and shall retain jurisdiction for purposes of enforcing this Agreement.

7.10. Representations by Plaintiffs' Counsel. By signing this Agreement, Plaintiffs' Counsel represent and warrant that they have discussed the terms and conditions of this settlement and Agreement with the Named Plaintiffs, that Plaintiffs' Counsel and the Named Plaintiffs believe those terms and conditions to be fair, reasonable, and adequate as to the Settlement Class, and that the Named Plaintiffs give their assent to the settlement and the Agreement on behalf of themselves and the Settlement Class and consent to be bound thereby.

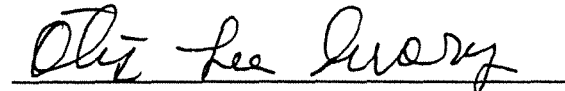
IN WITNESS HEREOF the undersigned, being duly authorized, have caused this Agreement to be executed on the dates shown below and agree that it shall take effect on the date it is executed by all of the undersigned.

(Signatures commence on the following page)

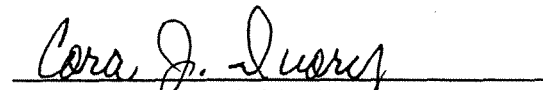
Dated: 8/10/01


Ralph C. Darden, individually and on behalf
of the Settlement Class

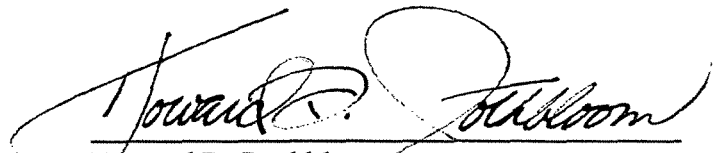
Dated: 8-10-01


Otis Lee Ivory, individually and on behalf
of the Settlement Class

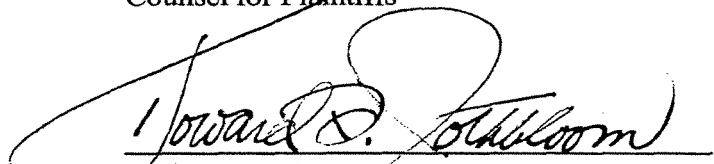
Dated: 8-10-01


Cora J. Ivory, individually and on behalf
of the Settlement Class

Dated: 8/10/01


Howard D. Rothbloom
Georgia Bar No. 915670
166 Anderson Street, Suite 225
Marietta, Georgia 30060
(770) 792-3636
Counsel for Plaintiffs

Dated: 8/10/01


Craig G. Harley
Georgia Bar No. 056110
Chitwood & Harley
1230 Peachtree Street, Suite 2900
Atlanta, Georgia 30309
(404) 873-3900
Counsel for Plaintiffs

(Signatures continued on the following page)

(Signatures continued from preceding page)


ASSOCIATES HOME EQUITY SERVICES, INC.,
n/k/a CITIFINANCIAL MORTGAGE
COMPANY, INC.

By 

Dated: 8-10-01

Its SVP

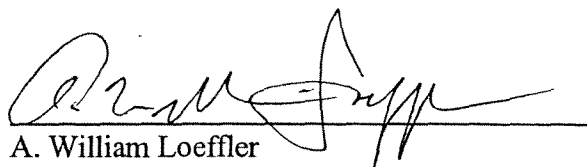
ASSOCIATES FINANCIAL LIFE
INSURANCE COMPANY

By 

Dated: 8-13-01

Its Vice President

Dated: 8/22/01



A. William Loeffler
Georgia Bar No. 755699

TROUTMAN SANDERS LLP
600 Peachtree Street, Suite 5200
Atlanta, Georgia 30308
(404) 885-3000

Counsel for Associates Home Equity
Services and Associates Financial
Life Insurance Company

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

RALPH C. DARDEN,)
OTIS LEE IVORY, CORA J. IVORY,)
and all others similarly situated,)

Plaintiffs,)

v.)

FORD CONSUMER FINANCE)
COMPANY, INC., n/k/a ASSOCIATES)
HOME EQUITY SERVICES, INC., and)
ASSOCIATES FINANCIAL LIFE)
INSURANCE COMPANY,)

Defendants.)

CIVIL ACTION FILE

NO. E 62360

PRELIMINARY APPROVAL ORDER

Plaintiffs Ralph C. Darden, Otis Lee Ivory, and Cora J. Ivory, on behalf of themselves and the Class, (collectively, "Plaintiffs") and Defendants Associates Home Equity Services, Inc., f/k/a Ford Consumer Finance Company, Inc., and n/k/a CitiFinancial Mortgage Company, Inc., ("AHES") and Associates Financial Life Insurance Company ("AFLIC"), having filed a joint motion for preliminary approval of a Settlement Agreement and Release (the "Agreement"),¹ and the Court having read and considered that motion and that Agreement and all documents and arguments of counsel presented in connection with that motion, and the Court, being fully advised in the premises and good cause appearing therefor, and subject to final determination by the Court as to the fairness, reasonableness, and adequacy

EXHIBIT A

¹ The defined terms in the Agreement have the same meaning in this Order, unless otherwise noted.

of the Agreement to be made at a later date, hereby finds and orders as follows:

1. A plaintiff Class is hereby preliminarily certified for settlement purposes only, pursuant to O.C.G.A. § 9-11-23, as follows: all Georgia residents who, since July 1, 1991, were sold Credit Life Insurance contracts by Defendants AHES and AFLIC in connection with loans or other credit transactions of more than ten (10) years duration (the "Class").

2. The Court makes the following preliminary findings of fact and conclusions of law:

- (a) The Class is so numerous that joinder of all Class Members is impracticable;
- (b) There are questions of law and/or fact common to the Class Members;
- (c) The claims of the Named Plaintiffs are typical of the claims of the Class Members;
- (d) The Named Plaintiffs will fairly and adequately represent and protect the interests of the Class Members;
- (e) The questions of law and/or fact common to the Class Members predominate over the questions affecting only individual Class Members;
and
- (f) Certification of the Class is superior to other available methods for the fair and efficient adjudication of this controversy.

3. Howard Rothbloom, Marietta, Georgia; and Craig G. Harley, Chitwood & Harley, Atlanta, Georgia, are hereby preliminarily approved as Class counsel. Plaintiffs Ralph C. Darden, Otis Lee Ivory, and Cora J. Ivory are preliminarily approved as Class representatives.

4. The Agreement and the settlement set forth therein are preliminarily approved as fair, just, reasonable, and adequate and, accordingly, shall be submitted to the Class Members for their consideration and for a hearing pursuant to O.C.G.A. § 9-11-23.

5. Defendants shall mail notice of the proposed settlement, of the hearing on final approval of the Agreement, and of the election procedure, in a form substantially similar to Exhibits B-1, B-2, B-3, and B-4 to the Agreement, as appropriate, along with the Claim Form, in a form substantially similar to Exhibit C-1 or C-2 to the Agreement, in the manner specified in Section 5.03 of the Agreement, within thirty (30) days of the date of entry of this Order. The costs and expenses of printing, preparing, and mailing the notice shall be paid by Defendants in accordance with the terms of the Agreement. The Court finds that the notice approved herein constitutes the best notice practicable under the circumstances and sufficient notice to all Class Members to satisfy the requirements of due process and O.C.G.A. § 9-11-23.

6. A final approval hearing shall be held by this Court on _____, 200__, at ____:____.m., to consider and finally determine, among other things:

- (a) whether the Agreement should be finally approved as fair, reasonable, and adequate;
- (b) whether and in what amount attorneys' fees and expenses should be awarded to Plaintiffs' Counsel; and
- (c) the merits of any objections made to the Agreement or any of its terms.

The Final Approval hearing described in this paragraph may be postponed, adjourned, or continued by order of the Court without further notice to the Class.

7. Any person who wishes to opt out of or exclude themselves from the Class must do so in writing on or before _____, 2001, in the manner provided in the notices to the Class approved above. All persons who timely and validly exclude themselves from the Class shall have no rights with respect to the settlement and shall not be entitled to any benefits under the settlement. The names and addresses of all such individuals shall be attached as an exhibit to the Final Settlement Order and Judgment.

8. Any Class Member who has not requested exclusion from the Class and who objects to approval of the proposed settlement may appear at the final approval hearing in person or through counsel to show cause why the proposed settlement should not be approved as fair, reasonable, and adequate. However, no person (other than the Named Plaintiffs, Counsel for the Parties, and representatives, witnesses, and experts of the Parties) may be heard at the final approval hearing, or file papers or briefs, unless on or before _____, 2001 such person files with the Clerk of the Court and serves on Counsel for the Parties a timely written objection and notice of intent to appear, in accordance with the procedures specified in the Agreement and the notice to the Class. An objector must state the name and number of this action and the basis for the objection. Any Class Member who does not make his or her objection to the settlement in the manner provided herein shall be deemed to have waived any such objection and shall be precluded from presenting or prosecuting any such objection by appeal, collateral attack, or otherwise.

9. If the Agreement is finally approved, the Court shall enter a Settlement Order and Judgment approving the Agreement, which shall be fully binding with respect to all Settlement Class Members, in substantially the form attached as Exhibit D to the Agreement.

10. All discovery and other pretrial proceedings in this Action are stayed and suspended until further order of this Court, except such actions as may be necessary to implement the Agreement and this Order.

11. In the event that the proposed settlement as provided in the Agreement is not approved by the Court, or entry of a Settlement Order and Judgment as provided in the Agreement does not occur for any reason, or Final Approval of this settlement and this Agreement does not occur for any reason, then the Agreement, all drafts, negotiations, discussions, and documentation relating thereto, and all orders entered by the Court in connection therewith, including the instant

order, shall become null and void and shall not be used, referred to, or admissible for any purpose in this Action, or in any other proceeding. In such event, the Agreement and all negotiations and proceedings relating thereto shall be withdrawn without prejudice to any of the rights of any of the Parties, who shall be restored to their respective positions as of the date of the execution of the Agreement. Without limiting the generality of the foregoing, in the event that Final Approval of the settlement and the Agreement does not occur for any reason, Defendants shall not be deemed to have waived any right to seek enforcement of any arbitration agreement with any Class Member or any other person.

12. All Class Members, and their agents, privies, servants, successors, assigns, attorneys, and representatives, are hereby preliminarily enjoined from making any claims or demands, and from commencing, continuing, participating or assisting in, or permitting to be prosecuted, any lawsuit, arbitration, mediation, other means of alternative dispute resolution, action, or cause of action, at law or in equity, in any forum or jurisdiction, raising any claims or demands against Defendants, or against any of the Defendants' present or former parent, subsidiary, or affiliated companies, or any of their current or former directors, officers, employees, attorneys, agents, or representatives, which were raised in, or which could have been raised in, this Action, and which are based on, concern, arise out of, are related to, or connected with the Credit Insurance, including but not limited to those with respect to (a) any premiums paid for the insurance or the refunding of any such premiums, (b) any finance charges assessed in connection with the insurance, (c) commissions paid or credits given on account of the sale of the insurance, (d) any alleged violations of the Georgia Insurance Code, the Georgia RICO Act, and/or any other federal or state statute with respect to the insurance, (e) fraud, deceit, misrepresentation, suppression, concealment, or the like with respect to the insurance; (f) any alleged statements, representations, omissions, or

conduct which conditioned an extension of credit upon the purchase of the insurance, (g) slander of credit, (h) unjust enrichment, conversion, money had and received, breach of a private and legal duty, and/or theft relating in any way to the insurance or the premiums therefor, and/or (i) the cancellation of the insurance pursuant to the terms and conditions of this Agreement. Class Members are not enjoined from asserting any claim other than those expressly set out above. Class Members who do not elect to cancel their Credit Insurance coverage are not enjoined from enforcing Defendants' contractual obligations under the terms of their coverage.

So Ordered, this the ____ day of _____, 2001.

Judge Bensonetta Tipton Lane
Superior Court of Fulton County, Georgia

[Name and Address]

Re: Associates Home Equity Services, Inc. Account Number
_____.*

Dear _____:

This letter is to inform you of the settlement of a class action lawsuit filed against Associates Home Equity Services, Inc. and Associates Financial Life Insurance Company ("Associates") alleging the illegal sale of credit insurance.

You paid \$_____ for credit insurance when you got your mortgage with Associates. If you purchased credit accident and health insurance with your loan, then this amount includes the premium for both credit life insurance and credit accident and health insurance. This amount was financed in with your loan balance.

As a result of the settlement, by completing, signing, and returning the attached Claim Form, you may now choose to cancel your credit insurance and receive a refund of \$_____, plus an additional \$300.00, plus a one-half percent interest rate reduction on your mortgage going forward. (For example, an 11% interest rate will be reduced to 10.5%) If you had credit accident and health insurance and a claim was paid under that insurance, then the amount of the refund will not include the premium you paid for the credit accident and health insurance.

You may instead choose to keep your credit insurance by doing nothing.

Enclosed is a list of "Frequently Asked Questions" which addresses questions that you may have. If you have additional questions and would like to discuss this matter with a person approved by the attorneys representing you in this case, call toll free 1-8_____.

* Associates Home Equity Services, Inc. is now named CitiFinancial Mortgage Company, Inc.

EXHIBIT B-1

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

RALPH C. DARDEN,)
OTIS LEE IVORY, CORA J. IVORY,)
and all others similarly situated,)
)
Plaintiffs,)
)
v.) CIVIL ACTION FILE
) NO. E 62360
)
FORD CONSUMER FINANCE)
COMPANY, INC., n/k/a ASSOCIATES)
HOME EQUITY SERVICES, INC., and)
ASSOCIATES FINANCIAL LIFE)
INSURANCE COMPANY,)
)
Defendants.)

FREQUENTLY ASKED QUESTIONS

1. What is a "class action" lawsuit?

A class action lawsuit is a lawsuit where several people, in this case Ralph C. Darden, Otis Lee Ivory and Cora J. Ivory, sue companies on behalf of themselves and a group of people who have similar claims against those companies. These three people have, or have had, a mortgage with Associates, now called CitiFinancial Mortgage Company, Inc., just like you have, or have had. They also purchased credit insurance just like you did. These three people hired attorneys to represent them and the group. The judge in this case approved Mr. Darden and Mr. and Mrs. Ivory and their attorneys to represent the group's interests.

2. What do Mr. Darden and Mr. and Mrs. Ivory say that Associates did wrong?

They claim that the credit insurance that they purchased from Associates is illegal.

3. Does Associates agree with Mr. Darden's and Mr. and Mrs. Ivory's claims?

No. Though Associates has expressly denied their claims, Associates has nonetheless agreed to settle their claims and those of the group.

4. What is "credit life insurance"?

Credit life insurance is insurance that pays off all or a part of your mortgage when you die.

5. What is "credit accident and health insurance"?

Credit accident and health insurance is insurance that pays your monthly mortgage payments when you are unable to do so because of an accident or illness.

6. Are you sure I purchased credit insurance?

Yes, we are sure. Associates has searched its database and has determined that you did pay for credit life insurance when you got your mortgage with them. You may also have paid for credit accident and health insurance.

7. What "settlement benefits" are being offered to the group?

People who currently have in-force credit life insurance and who choose to cancel their credit insurance by completing and returning the enclosed Claim Form are being offered a refund of the premium that they paid, plus an additional \$300.00 and a one-half percent interest rate reduction on their mortgage in the future, or an additional \$500.00 without an interest rate reduction if the loan has been sold by Associates. People who currently have in-force credit accident and health insurance with their loans are being offered a refund of the premium that they paid for that insurance as well.

Others who previously terminated their credit life insurance and credit accident and health insurance and received a partial refund of the premiums will be paid 30% of the premium not already refunded by Associates.

People who have had a credit life insurance claim paid will not be paid a refund of the credit life insurance premium that they paid. Similarly, people who have had a credit accident and health insurance claim paid will not be paid a refund of the credit accident and health insurance premium that they paid.

8. Exactly what amount will my settlement benefit be?

The amount of your settlement benefit, should you choose to cancel your credit insurance by completing and returning the enclosed Claim Form, is specified in the enclosed cover letter. You currently have in-force credit life insurance (and, if applicable, credit accident and health insurance). Your settlement benefit will be the amount specified in the enclosed cover letter as the premium(s) that you paid, plus an additional \$300.00, plus a one-half percent interest rate reduction on your mortgage in the future.

If you cancel your credit insurance other than by returning the enclosed Claim Form before the date the settlement is finally approved by the Court, then you will instead be paid 30% of the premiums not already refunded to you by Associates.

If the person insured dies and a claim is paid under the credit life insurance before the date the settlement is finally approved by the Court, then no settlement benefits will be paid with respect to the credit life insurance. Similarly, if you have credit accident and health insurance and should a claim be paid under that insurance before the date the settlement is finally approved by the Court, then no

settlement benefits will be paid with respect to the credit accident and health insurance.

9. If I get an interest rate reduction on my loan in the future, will my monthly payments go down?

No. Your monthly payments will remain the same. The lower interest will cause your loan to pay off a little sooner than it otherwise would have.

10. If I claim settlement benefits, do I have to cancel my credit life insurance coverage?

Yes, by claiming your benefits, you will be canceling your credit life insurance (and, if applicable, your credit accident and health insurance).

11. May I cancel my credit life insurance but keep my credit accident and health insurance?

No. If you choose to cancel your credit life insurance, and if you also purchased credit accident and health insurance, your credit accident and health insurance will also be canceled.

Note: The term of coverage for credit accident and health insurance was no longer than 36 months. If your loan was made more than 36 months ago, the term of coverage for your credit accident and health insurance has likely expired and there would be no reason for you to choose to keep your accident and health insurance.

12. How do I claim settlement benefits?

The Claim Form is enclosed. You need to complete and sign the Claim Form and return it to claim your settlement benefits and to cancel your credit insurance. The Claim Form absolutely must be signed by each person for whom there is a signature line. Be sure to include your Social Security Number.

13. Do I have to keep this credit insurance in order to keep my loan?

No. If you choose to cancel your credit insurance and accept the benefits being offered to you in this settlement, your dealings with Associates will in no way be negatively affected.

14. I may have received another notice similar to this one. Why?

If you have refinanced your loan with Associates in the past, you may be paid more than one benefit. In all likelihood, only this notice, however, has a Claim Form enclosed. The other, therefore, would not require that you return a Claim Form in order to receive benefits.

15. Can my settlement benefits be applied to my loan balance rather than being paid to me by check?

Yes. You merely have to mark your Claim Form to request that the settlement benefits be applied to reduce the principal balance on your

loan, rather than being paid to you by check. If your Claim Form fails to specify how you want your settlement benefits paid, you will receive your settlement benefits by check.

16. What if I want to keep my credit life insurance?

If you want to keep your credit life insurance (and, if applicable, your credit accident and health insurance), you do not have to do anything. If you do nothing, your credit insurance will remain legally enforceable and the insurance company will continue to provide you with coverage.

17. Is this settlement final?

Not yet. Though the judge in the case has preliminarily approved the proposed Settlement Agreement and Release, she has scheduled a hearing to consider any objections that may be filed before issuing a final approval.

A hearing will be held on _____, 2001, at __:__.m., before the Honorable Bensonetta Tipton Lane, in the Fulton County Superior Court, Atlanta, Georgia, to consider whether the proposed settlement should be approved as fair, reasonable, and adequate. YOU ARE NOT REQUIRED TO ATTEND THE HEARING.

Your claim will be null and void if the settlement is not given final approval by the Court.

18. When will my settlement benefits be paid?

If the judge approves the settlement at the hearing, and no complications occur, we are hopeful that the benefits will be paid by February 2002.

19. Will I have to pay attorneys' fees for the legal services provided in this case?

No. The amount disclosed in the enclosed cover letter is the amount of the settlement benefit you will actually receive. The attorneys who represented the group in this case have applied to the judge to require Associates to pay the attorneys their fees and reimburse actual out-of-pocket costs and expenses. The attorneys' fees, costs and expenses are estimated to be no greater than approximately 33% of the potential amount payable under the settlement.

20. Who is paying to administer this settlement?

Associates.

21. What relationship does CitiFinancial have with Associates?

Citigroup Inc. recently acquired a group of companies including the Associates. Associates' name has been changed to CitiFinancial Mortgage Company, Inc. CitiFinancial now services your Associates loan.

22. Will this settlement prohibit me from suing Associates and its affiliates in the future over credit insurance or any other claim that was or could have been raised in this case?

Yes. You will not, however, be prohibited from suing Associates over other claims you may have or in order to enforce your credit life insurance contract (and, if applicable, your credit accident and health insurance contract) should you choose not to cancel your coverage.

23. May I inspect the complete Settlement Agreement and Release filed in this case?

Yes. The description of the settlement contained in this list of Frequently Asked Questions is only a summary of the highlights of the Settlement Agreement and Release. You may inspect the complete Settlement Agreement and Release, the Complaint, and other papers filed in this lawsuit during the hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, at the office of the Clerk of Court, Superior Court of Fulton County, Atlanta, Georgia.

24. What do I need to do if I don't want to participate in this lawsuit or settlement?

If you wish to "opt out" (or exclude) yourself from this settlement, you must file a written "opt out notice" with the Court. ANY SUCH OPT OUT NOTICE MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any opt out notice must begin with the following statement: "I opt out of the class in Ralph C. Darden, et al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All opt out notices must be in writing and state the person's name, address, and Associates account number(s). Objections should be sent to:

Clerk of the Superior Court
Fulton County Court House
136 Pryor Street, SW
Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Room C104

Howard D. Rothbloom
Attorney for Plaintiffs
166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

25. What do I need to do if I want to object to this settlement?

You may file a written objection with the Court. ANY SUCH OBJECTION MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any objection to the settlement must begin with the following

statement: "I object to the proposed settlement in Ralph C. Darden, et al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All objections must be in writing and state the objector's name, address, and Associates account number(s), and must state in detail the factual basis and legal grounds for the objection. Objections should be sent to:

Clerk of the Superior Court
Fulton County Court House
136 Pryor Street, SW
Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Rm. C104

Howard D. Rothbloom
Attorney for Plaintiffs
166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

and, if mailed, must be posted in time to be received by _____, 2001.

If you file a timely written objection, you may appear at the hearing, in person or through an attorney retained at your own expense. If you wish to appear at the hearing to object to the settlement, you must notify the Clerk of the Court and the attorneys for the parties of your intention to do so along with your written objection filed as described above.

26. Who can I contact if I have questions about this settlement?

Call toll free 1-8_____ to speak with a person approved by the attorneys representing you in this case.

Do not call or personally contact the Judge, the Clerk of the Court, the Defendants, or the attorneys for the Defendants about this case.

[Name and Address]

Re: Associates Home Equity Services, Inc. Account Number
_____.*

Dear _____:

This letter is to inform you of the settlement of a class action lawsuit filed against Associates Home Equity Services, Inc. and Associates Financial Life Insurance Company ("Associates") alleging the illegal sale of credit insurance.

You paid \$_____ for credit insurance when you got your mortgage with Associates. If you purchased credit accident and health insurance with your loan, then this amount includes the premium for both credit life insurance and credit accident and health insurance. This amount was financed in with your loan balance.

As a result of the settlement, by completing, signing, and returning the attached Claim Form, you may now choose to cancel your credit insurance and receive a refund of \$_____, plus an additional \$500.00. If you had credit accident and health insurance and a claim was paid under that insurance, then the amount of the refund will not include the premium you paid for the credit accident and health insurance.

You may instead choose to keep your credit insurance by doing nothing.

Enclosed is a list of "Frequently Asked Questions" which addresses questions that you may have. If you have additional questions and would like to discuss this matter with a person approved by the attorneys representing you in this case, call toll free 1-8_____.

* Associates Home Equity Services, Inc. is now named CitiFinancial Mortgage Company, Inc.

EXHIBIT B-2

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

RALPH C. DARDEN,)
OTIS LEE IVORY, CORA J. IVORY,)
and all others similarly situated,)
)
Plaintiffs,)
) CIVIL ACTION FILE
v.)
) NO. E 62360
FORD CONSUMER FINANCE)
COMPANY, INC., n/k/a ASSOCIATES)
HOME EQUITY SERVICES, INC., and)
ASSOCIATES FINANCIAL LIFE)
INSURANCE COMPANY,)
)
Defendants.)

FREQUENTLY ASKED QUESTIONS

1. What is a "class action" lawsuit?

A class action lawsuit is a lawsuit where several people, in this case Ralph C. Darden, Otis Lee Ivory and Cora J. Ivory, sue companies on behalf of themselves and a group of people who have similar claims against those companies. These three people have, or have had, a mortgage with Associates, now called CitiFinancial Mortgage Company, Inc., just like you have, or have had. They also purchased credit insurance just like you did. These three people hired attorneys to represent them and the group. The judge in this case approved Mr. Darden and Mr. and Mrs. Ivory and their attorneys to represent the group's interests.

2. What do Mr. Darden and Mr. and Mrs. Ivory say that Associates did wrong?

They claim that the credit insurance that they purchased from Associates is illegal.

3. Does Associates agree with Mr. Darden's and Mr. and Mrs. Ivory's claims?

No. Though Associates has expressly denied their claims, Associates has nonetheless agreed to settle their claims and those of the group.

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Credit life insurance is insurance that pays off all or a part of your mortgage when you die.

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Credit accident and health insurance is insurance that pays your monthly mortgage payments when you are unable to do so because of an accident or illness.

6. Are you sure I purchased credit insurance?

Yes, we are sure. Associates has searched its database and has determined that you did pay for credit life insurance when you got your mortgage with them. You may also have paid for credit accident and health insurance.

7. What "settlement benefits" are being offered to the group?

People who currently have in-force credit life insurance and who choose to cancel their credit insurance by completing and returning the enclosed Claim Form are being offered a refund of the premium that they paid, plus an additional \$300.00 and a one-half percent interest rate reduction on their mortgage in the future, or an additional \$500.00 without an interest rate reduction if the loan has been sold by Associates. People who currently have in-force credit accident and health insurance with their loans are being offered a refund of the premium that they paid for that insurance as well.

Others who previously terminated their credit life insurance and credit accident and health insurance and received a partial refund of the premiums will be paid 30% of the premium not already refunded by Associates.

People who have had a credit life insurance claim paid will not be paid a refund of the credit life insurance premium that they paid. Similarly, people who have had a credit accident and health insurance claim paid will not be paid a refund of the credit accident and health insurance premium that they paid.

8. Exactly what amount will my settlement benefit be?

The amount of your settlement benefit, should you choose to cancel your credit insurance by completing and returning the enclosed Claim Form, is specified in the enclosed cover letter. You currently have in-force credit life insurance (and, if applicable, credit accident and health insurance) and your loan has been sold by Associates. Your settlement benefit will be the amount specified in the enclosed cover letter as the premium(s) that you paid, plus an additional \$500.00.

If you cancel your credit insurance other than by returning the enclosed Claim Form before the date the settlement is finally approved by the Court, then you will instead be paid 30% of the premiums not already refunded to you by Associates.

If the person insured dies and a claim is paid under the credit life insurance before the date the settlement is finally approved by the Court, then no settlement benefits will be paid with respect to the credit life insurance. Similarly, if you have credit accident and health insurance and should a claim be paid under that insurance before the date the settlement is finally approved by the Court, then no

settlement benefits will be paid with respect to the credit accident and health insurance.

9. If I get an interest rate reduction on my loan in the future, will my monthly payments go down?

No. Your monthly payments will remain the same. The lower interest will cause your loan to pay off a little sooner than it otherwise would have.

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Yes, by claiming your benefits, you will be canceling your credit life insurance (and, if applicable, your credit accident and health insurance).

11. May I cancel my credit life insurance but keep my credit accident and health insurance?

No. If you choose to cancel your credit life insurance, and if you also purchased credit accident and health insurance, your credit accident and health insurance will also be canceled.

Note: The term of coverage for credit accident and health insurance was no longer than 36 months. If your loan was made more than 36 months ago, the term of coverage for your credit accident and health insurance has likely expired and there would be no reason for you to choose to keep your accident and health insurance.

12. How do I claim settlement benefits?

The Claim Form is enclosed. You need to complete and sign the Claim Form and return it to claim your settlement benefits and to cancel your credit insurance. The Claim Form absolutely must be signed by each person for whom there is a signature line. Be sure to include your Social Security Number.

13. Do I have to keep this credit insurance in order to keep my loan?

No. If you choose to cancel your credit insurance and accept the benefits being offered to you in this settlement, your dealings with Associates will in no way be negatively affected.

14. I may have received another notice similar to this one. Why?

If you have refinanced your loan with Associates in the past, you may be paid more than one benefit. In all likelihood, only this notice, however, has a Claim Form enclosed. The other, therefore, would not require that you return a Claim Form in order to receive benefits.

15. Can my settlement benefits be applied to my loan balance rather than being paid to me by check?

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loan, rather than being paid to you by check. If your Claim Form fails to specify how you want your settlement benefits paid, you will receive your settlement benefits by check.

16. What if I want to keep my credit life insurance?

If you want to keep your credit life insurance (and, if applicable, your credit accident and health insurance), you do not have to do anything. If you do nothing, your credit insurance will remain legally enforceable and the insurance company will continue to provide you with coverage.

17. Is this settlement final?

Not yet. Though the judge in the case has preliminarily approved the proposed Settlement Agreement and Release, she has scheduled a hearing to consider any objections that may be filed before issuing a final approval.

A hearing will be held on _____, 2001, at __:__ .m., before the Honorable Bensonetta Tipton Lane, in the Fulton County Superior Court, Atlanta, Georgia, to consider whether the proposed settlement should be approved as fair, reasonable, and adequate. YOU ARE NOT REQUIRED TO ATTEND THE HEARING.

Your claim will be null and void if the settlement is not given final approval by the Court.

18. When will my settlement benefits be paid?

If the judge approves the settlement at the hearing, and no complications occur, we are hopeful that the benefits will be paid by February 2002.

19. Will I have to pay attorneys' fees for the legal services provided in this case?

No. The amount disclosed in the enclosed cover letter is the amount of the settlement benefit you will actually receive. The attorneys who represented the group in this case have applied to the judge to require Associates to pay the attorneys their fees and reimburse actual out-of-pocket costs and expenses. The attorneys' fees, costs and expenses are estimated to be no greater than approximately 33% of the potential amount payable under the settlement.

20. Who is paying to administer this settlement?

Associates.

21. What relationship does CitiFinancial have with Associates?

Citigroup Inc. recently acquired a group of companies including the Associates. Associates' name has been changed to CitiFinancial Mortgage Company, Inc. CitiFinancial now services your Associates loan.

22. Will this settlement prohibit me from suing Associates and its affiliates in the future over credit insurance or any other claim that was or could have been raised in this case?

Yes. You will not, however, be prohibited from suing Associates over other claims you may have or in order to enforce your credit life insurance contract (and, if applicable, your credit accident and health insurance contract) should you choose not to cancel your coverage.

23. May I inspect the complete Settlement Agreement and Release filed in this case?

Yes. The description of the settlement contained in this list of Frequently Asked Questions is only a summary of the highlights of the Settlement Agreement and Release. You may inspect the complete Settlement Agreement and Release, the Complaint, and other papers filed in this lawsuit during the hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, at the office of the Clerk of Court, Superior Court of Fulton County, Atlanta, Georgia.

24. What do I need to do if I don't want to participate in this lawsuit and settlement?

If you wish to "opt out" (or exclude) yourself from this settlement, you must file a written "opt out notice" with the Court. ANY SUCH OPT OUT NOTICE MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any opt out notice must begin with the following statement: "I opt out of the class in Ralph C. Darden, et al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All opt out notices must be in writing and state the person's name, address, and Associates account number(s). Objections should be sent to:

Clerk of the Superior Court
Fulton County Court House
136 Pryor Street, SW
Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Room C104

Howard D. Rothbloom
Attorney for Plaintiffs
166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

25. What do I need to do if I want to object to this settlement?

You may file a written objection with the Court. ANY SUCH OBJECTION MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any objection to the settlement must begin with the following statement: "I object to the proposed settlement in Ralph C. Darden, et

al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All objections must be in writing and state the objector's name, address, and Associates account number(s), and must state in detail the factual basis and legal grounds for the objection. Objections should be sent to:

Clerk of the Superior Court
Fulton County Court House
136 Pryor Street, SW
Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Rm. C104

Howard D. Rothbloom
Attorney for Plaintiffs
166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

and, if mailed, must be posted in time to be received by _____, 2001.

If you file a timely written objection, you may appear at the hearing, in person or through an attorney retained at your own expense. If you wish to appear at the hearing to object to the settlement, you must notify the Clerk of the Court and the attorneys for the parties of your intention to do so along with your written objection filed as described above.

26. Who can I contact if I have questions about this settlement?

Call toll free 1-8_____ to speak with a person approved by the attorneys representing you in this case.

Do not call or personally contact the Judge, the Clerk of the Court, the Defendants, or the attorneys for the Defendants about this case.

[Name and Address]

Re: Associates Home Equity Services, Inc. Account Number

_____.*

Dear _____:

This letter is to inform you of the settlement of a class action lawsuit filed against Associates Home Equity Services, Inc. and Associates Financial Life Insurance Company ("Associates") alleging the illegal sale of credit insurance.

You paid \$_____ for credit insurance when you got your mortgage with Associates. If you purchased credit accident and health insurance with your loan, then this amount includes the premium for both credit life insurance and credit accident and health insurance. This amount was financed in with your loan balance.

As a result of the settlement, you will receive a cash refund of \$_____.

Your check will be mailed to you at this address. You do not need to do anything to receive this money.

Enclosed is a list of "Frequently Asked Questions" which addresses questions that you may have. If you have additional questions and would like to discuss this matter with a person approved by the attorneys representing you in this case, call toll free 1-8_____.

* Associates Home Equity Services, Inc. is now named CitiFinancial Mortgage Company, Inc.

EXHIBIT B-3

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

RALPH C. DARDEN,)
OTIS LEE IVORY, CORA J. IVORY,)
and all others similarly situated,)
)
Plaintiffs,)
) CIVIL ACTION FILE
v.)
) NO. E 62360
FORD CONSUMER FINANCE)
COMPANY, INC., n/k/a ASSOCIATES)
HOME EQUITY SERVICES, INC., and)
ASSOCIATES FINANCIAL LIFE)
INSURANCE COMPANY,)
)
Defendants.)

FREQUENTLY ASKED QUESTIONS

1. What is a "class action" lawsuit?

A class action lawsuit is a lawsuit where several people, in this case Ralph C. Darden, Otis Lee Ivory and Cora J. Ivory, sue companies on behalf of themselves and a group of people who have similar claims against those companies. These three people have, or have had, a mortgage with Associates, now called CitiFinancial Mortgage Company, Inc., just like you have, or have had. They also purchased credit insurance just like you did. These three people hired attorneys to represent them and the group. The judge in this case approved Mr. Darden and Mr. and Mrs. Ivory and their attorneys to represent the group's interests.

2. What do Mr. Darden and Mr. and Mrs. Ivory say that Associates did wrong?

They claim that the credit insurance that they purchased from Associates is illegal.

3. Does Associates agree with Mr. Darden's and Mr. and Mrs. Ivory's claims?

No. Though Associates has expressly denied their claims, Associates has nonetheless agreed to settle their claims and those of the group.

4. What is "credit life insurance"?

Credit life insurance is insurance that pays off all or a part of your mortgage when you die.

5. What is "credit accident and health insurance"?

Credit accident and health insurance is insurance that pays your monthly mortgage payments when you are unable to do so because of an accident or illness.

6. Are you sure I purchased credit insurance?

Yes, we are sure. Associates has searched its database and has determined that you did pay for credit life insurance when you got your mortgage with them. You may also have paid for credit accident and health insurance.

7. What "settlement benefits" are being offered to the group?

People who currently have in-force credit life insurance and who choose to cancel their credit insurance by completing and returning the enclosed Claim Form are being offered a refund of the premium that they paid, plus an additional \$300.00 and a one-half percent interest rate reduction on their mortgage in the future, or an additional \$500.00 without an interest rate reduction if the loan has been sold by Associates. People who currently have in-force credit accident and health insurance with their loans are being offered a refund of the premium that they paid for that insurance as well.

Others who previously terminated their credit life insurance and credit accident and health insurance and received a partial refund of the premiums will be paid 30% of the premium not already refunded by Associates.

People who have had a credit life insurance claim paid will not be paid a refund of the credit life insurance premium that they paid. Similarly, people who have had a credit accident and health insurance claim paid will not be paid a refund of the credit accident and health insurance premium that they paid.

8. Exactly what amount will my settlement benefit be?

The amount of your settlement benefit is specified in the enclosed cover letter. You previously terminated your credit life insurance (and, if applicable, your credit accident and health insurance) and received a partial refund of the premium(s). The refund was applied to your account. The amount specified in the enclosed cover letter is 30% of the premium not already refunded by Associates.

9. How do I claim settlement benefits?

Your check will be mailed to you at the address referenced in the cover letter. You do not need to do anything to receive this money.

10. I may have received another notice similar to this one. Why?

If you have refinanced your loan with Associates in the past, you may be paid more than one benefit. The other notice may contain a Claim Form that you would be required to return in order to receive benefits.

11. Is this settlement final?

Not yet. Though the judge in the case has preliminarily approved the proposed Settlement Agreement and Release, she has scheduled a hearing to consider any objections that may be filed before issuing a final approval.

A hearing will be held on _____, 2001, at __:__.m., before the Honorable Bensonetta Tipton Lane, in the Fulton County Superior Court, Atlanta, Georgia, to consider whether the proposed settlement should be approved as fair, reasonable, and adequate. YOU ARE NOT REQUIRED TO ATTEND THE HEARING.

Your claim will be null and void if the settlement is not given final approval by the Court.

12. When will my settlement benefits be paid?

If the judge approves the settlement at the hearing, and no complications occur, we are hopeful that the benefits will be paid by February 2002.

13. Will I have to pay attorneys' fees for the legal services provided in this case?

No. The amount disclosed in the enclosed cover letter is the amount of the settlement benefit you will actually receive. The attorneys who represented the group in this case have applied to the judge to require Associates to pay the attorneys their fees and reimburse actual out-of-pocket costs and expenses. The attorneys' fees, costs and expenses are estimated to be no greater than approximately 33% of the potential amount payable under the settlement.

14. Who is paying to administer this settlement?

Associates.

15. What relationship does CitiFinancial have with Associates?

Citigroup Inc. recently acquired a group of companies including the Associates. Associates' name has been changed to CitiFinancial Mortgage Company, Inc. CitiFinancial now services your Associates loan.

16. Will this settlement prohibit me from suing Associates and its affiliates in the future over credit insurance or any other claim which was or could have been raised in this case?

Yes. You will not, however, be prohibited from suing Associates over other claims you may have.

17. May I inspect the complete Settlement Agreement and Release filed in this case?

Yes. The description of the settlement contained in this list of Frequently Asked Questions is only a summary of the highlights of the Settlement Agreement and Release. You may inspect the complete Settlement Agreement and Release, the Complaint, and other papers filed in this lawsuit during the hours of 9:00 a.m. to 5:00 p.m., Monday

through Friday, at the office of the Clerk of Court, Superior Court of Fulton County, Atlanta, Georgia.

18. What do I need to do if I don't want to participate in this lawsuit or settlement?

If you wish to "opt out" (or exclude) yourself from this settlement, you must file a written "opt out notice" with the Court. ANY SUCH OPT OUT NOTICE MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any opt out notice must begin with the following statement: "I opt out of the class in Ralph C. Darden, et al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All opt out notices must be in writing and state the person's name, address, and Associates account number(s). Objections should be sent to:

Clerk of the Superior Court
Fulton County Court House
136 Pryor Street, SW
Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Room C104

Howard D. Rothbloom
Attorney for Plaintiffs
166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

19. What do I need to do if I want to object to this settlement?

You may file a written objection with the Court. ANY SUCH OBJECTION MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any objection to the settlement must begin with the following statement: "I object to the proposed settlement in Ralph C. Darden, et al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All objections must be in writing and state the objector's name, address, and Associates account number(s), and must state in detail the factual basis and legal grounds for the objection. Objections should be sent to:

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Fulton County Court House
136 Pryor Street, SW
Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Room C104

Howard D. Rothbloom
Attorney for Plaintiffs

166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

and, if mailed, must be posted in time to be received by _____, 2001.

If you file a timely written objection, you may appear at the hearing, in person or through an attorney retained at your own expense. If you wish to appear at the hearing to object to the settlement, you must notify the Clerk of the Court and the attorneys for the parties of your intention to do so along with your written objection filed as described above.

20. Who can I contact if I have questions about this settlement?

Call toll free 1-8_____ to speak with a person approved by the attorneys representing you in this case.

Do not call or personally contact the Judge, the Clerk of the Court, the Defendants, or the attorneys for the Defendants about this case.

[Name and Address]

Re: Associates Home Equity Services, Inc. Account Number
_____.*

Dear _____:

This letter is to inform you of the settlement of a class action lawsuit filed against Associates Home Equity Services, Inc. and Associates Financial Life Insurance Company ("Associates") alleging the illegal sale of credit insurance.

You purchased credit life insurance when you got a mortgage with Associates. You may also have purchased credit accident and health insurance with your loan. The premiums for your credit insurance were financed in with your loan balance.

You have had a credit life insurance claim paid. If you also purchased credit accident and health insurance, you have had a claim paid under that insurance as well. Therefore, you will not receive a benefit under this settlement.

You do not have to return the money paid under the credit insurance claim(s).

Attached is a list of "Frequently Asked Questions" which addresses questions that you may have. If you have additional questions and would like to discuss this matter with a person approved by the attorneys representing you in this case, toll free call 1-8_____.

* Associates Home Equity Services, Inc. is now named CitiFinancial Mortgage Company, Inc.

EXHIBIT B-4

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

RALPH C. DARDEN,)
OTIS LEE IVORY, CORA J. IVORY,)
and all others similarly situated,)

Plaintiffs,)

v.)

FORD CONSUMER FINANCE)
COMPANY, INC., n/k/a ASSOCIATES)
HOME EQUITY SERVICES, INC., and)
ASSOCIATES FINANCIAL LIFE)
INSURANCE COMPANY,)

Defendants.)

CIVIL ACTION FILE

NO. E 62360

FREQUENTLY ASKED QUESTIONS

1. What is a "class action" lawsuit?

A class action lawsuit is a lawsuit where one person, in this case Ralph C. Darden, Otis Lee Ivory and Cora J. Ivory, sue companies on behalf of themselves and a group of people who have similar claims against those companies. These three people have, or have had, a mortgage with Associates, now called CitiFinancial Mortgage Company, Inc., just like you have, or have had. They also purchased credit insurance just like you did. These three people hired attorneys to represent them and the group. The judge in this case approved Mr. Darden and Mr. and Mrs. Ivory and their attorneys to represent the group's interests.

2. What do Mr. Darden and Mr. and Mrs. Ivory say that Associates did wrong?

They claim that the credit insurance that they purchased from Associates is illegal.

3. Does Associates agree with Mr. Darden's and Mr. and Mrs. Ivory's claims?

No. Though Associates has expressly denied their claims, Associates has nonetheless agreed to settle their claims and those of the group.

4. What is "credit life insurance"?

Credit life insurance is insurance that pays off all or a part of your mortgage when you die.

5. What is "credit accident and health insurance"?

Credit accident and health insurance is insurance that pays your monthly mortgage payments when you are unable to do so because of an accident or illness.

6. What "settlement benefits" are being offered to the group?

People who currently have in-force credit life insurance and who choose to cancel their credit insurance by completing and returning the enclosed Claim Form are being offered a refund of the premium that they paid, plus an additional \$300.00 and a one-half percent interest rate reduction on their mortgage in the future, or an additional \$500.00 without an interest rate reduction if the loan has been sold by Associates. People who currently have in-force credit accident and health insurance with their loans are being offered a refund of the premium that they paid for that insurance as well.

Others who previously terminated their credit life insurance and credit accident and health insurance and received a partial refund of the premiums will be paid 30% of the premium not already refunded by Associates.

People who have had a credit life insurance claim paid will not be paid a refund of the credit life insurance premium that they paid. Similarly, people who have had a credit accident and health insurance claim paid will not be paid a refund of the credit accident and health insurance premium that they paid.

7. Exactly what amount will my settlement benefit be?

You have had a credit life insurance claim paid. If you also had credit accident and health insurance, you have had a claim paid under that insurance as well. Therefore, you will not receive a benefit under this settlement.

8. Do I have to return the money paid under the credit life insurance claim?

No.

9. I may have received another notice similar to this one. Why?

If you have refinanced your loan with Associates in the past, you may be paid a benefit for another loan.

10. Is this settlement final?

Not yet. Though the judge in the case has preliminarily approved the proposed Settlement Agreement and Release, she has scheduled a hearing to consider any objections that may be filed before issuing a final approval.

A hearing will be held on _____, 2001, at ___:___ .m., before the Honorable Bensonetta Tipton Lane, in the Fulton County Superior Court, Atlanta, Georgia, to consider whether the proposed settlement should be approved as fair, reasonable, and adequate. YOU ARE NOT REQUIRED TO ATTEND THE HEARING.

11. Will I have to pay attorneys' fees for the legal services provided in this case?

No. The amount disclosed in the enclosed cover letter is the amount of the settlement benefit you will actually receive. The attorneys who represented the group in this case have applied to the judge to require Associates to pay the attorneys their fees and reimburse actual out-of-pocket costs and expenses. The attorneys' fees, costs and expenses are estimated to be no greater than approximately 33% of the potential amount payable under the settlement.

12. Who is paying to administer this settlement?

Associates.

13. What relationship does CitiFinancial have with Associates?

Citigroup Inc. recently acquired a group of companies including the Associates. Associates' name has been changed to CitiFinancial Mortgage Company, Inc. CitiFinancial now services your Associates loan.

14. Will this settlement prohibit me from suing Associates and its affiliates in the future over credit insurance or any other claim which was or could have been raised in this case?

Yes. You will not, however, be prohibited from suing Associates over other claims you may have.

15. May I inspect the complete Settlement Agreement and Release filed in this case?

Yes. The description of the settlement contained in this list of Frequently Asked Questions is only a summary of the highlights of the Settlement Agreement and Release. You may inspect the complete Settlement Agreement and Release, the Complaint, and other papers filed in this lawsuit during the hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, at the office of the Clerk of Court, Superior Court of Cobb County, Atlanta, Georgia.

16. What do I need to do if I don't want to participate in this lawsuit or settlement?

If you wish to "opt out" (or exclude) yourself from this settlement, you must file a written "opt out notice" with the Court. ANY SUCH OPT OUT NOTICE MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any opt out notice must begin with the following statement: "I opt out of the class in Ralph C. Darden, et al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All opt out notices must be in writing and state the person's name, address, and Associates account number(s). Objections should be sent to:

Clerk of the Superior Court
Fulton County Court House
136 Pryor Street, SW

Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Room C104

Howard D. Rothbloom
Attorney for Plaintiffs
166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

17. What do I need to do if I want to object to this settlement?

You may file a written objection with the Court. ANY SUCH OBJECTION MUST BE RECEIVED BY THE CLERK OF THE COURT AND BY THE ATTORNEYS FOR THE PARTIES AT THE ADDRESSES LISTED BELOW ON OR BEFORE _____, 2001. Any objection to the settlement must begin with the following statement: "I object to the proposed settlement in Ralph C. Darden, et al. v. Ford Consumer Finance Company, Inc., et al., Superior Court of Fulton County, Georgia, No. E 62360." All objections must be in writing and state the objector's name, address, and Associates account number(s), and must state in detail the factual basis and legal grounds for the objection. Objections should be sent to:

Clerk of the Superior Court
Fulton County Court House
136 Pryor Street, SW
Atlanta, GA 30303
Attention: Civil Docket Filing Desk, Room C104

Howard D. Rothbloom
Attorney for Plaintiffs
166 Anderson Street, Suite 225
Marietta, GA 30060

A. William Loeffler
Troutman Sanders LLP
Attorneys for Defendants
5200 Bank of America Plaza
600 Peachtree Street
Atlanta, GA 30308

and, if mailed, must be posted in time to be received by _____, 2001.

If you file a timely written objection, you may appear at the hearing, in person or through an attorney retained at your own expense. If you wish to appear at the hearing to object to the settlement, you must notify the Clerk of the Court and the attorneys for the parties of your intention to do so along with your written objection filed as described above.

18. Who can I contact if I have questions about this settlement?

Call toll free 1-8_____ to speak with a person approved by the attorneys representing you in this case.

Do not call or personally contact the Judge, the Clerk of the Court, the Defendants, or the attorneys for the Defendants about this case.

[Name and Address]

Re: Associates Home Equity Services, Inc. Account Number
_____.

CLAIM FORM

**(Note: Mail Completed and Signed Claim Form in the enclosed envelope
and postmark by _____, 2001.)**

Cancel my credit life insurance (and, if applicable, my credit accident and health insurance) issued by Associates Financial Life Insurance Company on my mortgage with Associates Home Equity Services, Inc. I am claiming a refund of the premiums that I paid, plus an additional \$300.00, plus a one-half percent interest rate reduction on my mortgage in the future.

I would like the premium refund, plus the additional \$300.00:

- Sent to me by check; or
 Applied to my mortgage balance.

Signed:

Name:

[Name to be inserted by Defendants]

Address:

Social Security

Number:

* If spouse is also covered under the Credit Insurance, he or she must sign below:

Signed:

Name:

Address:

Social Security

Number:

Return this completed and signed Claim Form in the enclosed envelope to:

ClaimTrack Services Group
210 North Ridgecrest Lane
Suite 100
Jacksonville, FL 32259
Attention: Darden v. Associates

EXHIBIT C-1

[Name and Address]

Re: Associates Home Equity Services, Inc. Account Number

CLAIM FORM

**(Note: Mail Completed and Signed Claim Form in the enclosed envelope
and postmark by _____, 2001.)**

Cancel my credit life insurance (and, if applicable, my credit accident and health insurance) issued by Associates Financial Life Insurance Company on my mortgage with Associates Home Equity Services, Inc. I am claiming a refund of the premiums that I paid, plus an additional \$500.00.

I would like the premium refund, plus the additional \$500.00:

Signed: _____
Name: [Name to be inserted by Defendants]
Address: _____

**Social Security
Number:** _____

* If spouse is also covered under the Credit Insurance, he or she must sign below:

Signed: _____
Name: _____
Address: _____

**Social Security
Number:** _____

Return this completed and signed Claim Form in the enclosed envelope to:

ClaimTrack Services Group
210 North Ridgecrest Lane
Suite 100
Jacksonville, FL 32259
Attention: Darden v. Associates

EXHIBIT C-2

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

RALPH C. DARDEN,)
OTIS LEE IVORY, CORA J. IVORY,)
and all others similarly situated,)

Plaintiffs,)

v.)

FORD CONSUMER FINANCE)
COMPANY, INC., n/k/a ASSOCIATES)
HOME EQUITY SERVICES, INC., and)
ASSOCIATES FINANCIAL LIFE)
INSURANCE COMPANY,)

Defendants.)

CIVIL ACTION FILE

NO. E 62360

SETTLEMENT ORDER AND JUDGMENT

This action was heard on _____, 2001, before the undersigned, pursuant to the Preliminary Approval Order entered on _____, 2001, for the purposes of determining: (i) whether to finally certify the Class for settlement purposes; (ii) whether the settlement of the action, on the terms and conditions set forth in the Settlement Agreement and Release previously submitted to the Court (the "Agreement"), should be finally approved as fair, just, reasonable, and adequate; (iii) the amount of attorneys' fees and expenses to award Plaintiffs' Counsel; and (iv) whether a final Settlement Order and Judgment should be entered.¹ The Court having considered the record in this action,

EXHIBIT D

¹ The defined terms in the Settlement Agreement and Release have the same meaning in this Order, unless otherwise noted.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

1. A plaintiff Class is hereby finally certified for settlement purposes only, pursuant to O.C.G.A. § 9-11-23, as follows: all Georgia residents who, since July 1, 1991, were sold Credit Life Insurance contracts by Defendants AHES and AFLIC in connection with loans or other credit transactions of more than ten (10) years duration (the "Class"). The names and addresses of all persons who timely and validly opted to exclude themselves from the Class are attached to this Order as Exhibit "A" as provided in Paragraph 7 of the Court's Preliminary Approval Order dated _____, 2001.

2. The Court makes the following final findings of fact and conclusions of law:

- (a) The Class is so numerous that joinder of all Class Members is impracticable;
- (b) There are questions of law and/or fact common to the Class Members;
- (c) The claims of the Named Plaintiffs are typical of the claims of the Class Members;
- (d) The Named Plaintiffs have fairly and adequately represented and protected the interests of the Class Members;
- (e) The questions of law and/or fact common to the Class Members predominate over the questions affecting only individual Class Members;
- (f) Certification of the Class is superior to other available methods for the fair and efficient adjudication of this controversy; and
- (g) All prerequisites and requirements of O.C.G.A. § 9-11-23 have been met.

3. Howard Rothbloom, Marietta, Georgia; and Craig G. Harley, Chitwood & Harley, Atlanta, Georgia, are hereby finally approved as Class counsel. Plaintiffs Ralph C. Darden, Otis Lee Ivory, and Cora J. Ivory are finally approved as class representatives for the Class.

4. The Agreement and the settlement set forth therein are hereby determined to be fair, just, reasonable, and adequate. Accordingly, the Agreement, including each of its respective terms and conditions, is hereby finally approved and adopted as part of this Settlement Order and Judgment.

5. The Court finds that notice has been properly given to the Class pursuant to the Preliminary Approval Order. The Court further finds that such notice was the best notice practicable under the circumstances; provided the Class Members with fair and adequate notice of the final approval hearing and information concerning the hearing, certification of the Class, their right to be excluded from the Class, the settlement, and Plaintiffs' Counsel's right to apply for an award of attorneys' fees and expenses; and provided sufficient notice to all Class Members to satisfy the requirements of due process and O.C.G.A. § 9-11-23.

6. This Action is hereby DISMISSED WITH PREJUDICE, on the merits, as to the Defendants, their privies, successors, and assigns, as to any and all claims, demands, actions, and causes of action of any kind or nature whatsoever, which were alleged, or which could have been alleged, in this Action by the Named Plaintiffs, on behalf of themselves or the Class. Such dismissal is without costs to any party, except as specified in the Agreement. Except as set forth in the Agreement, this Settlement Order and Judgment shall have no preclusive effect against Defendants on any claim or issue.

7. The Named Plaintiffs and all Settlement Class Members, regardless of whether such members are entitled to, have claimed, or have obtained proceeds pursuant to this Agreement, are hereby deemed to have, and by operation of this Settlement Order and Judgment have, fully, finally, and forever, released, relinquished, and discharged Defendants, and each of the Defendants' present and former parent, subsidiary, and affiliated companies (specifically including, but not

limited to, Citigroup Inc., CitiFinancial Credit Company, Associates Investment Company, Associates Corporation of North America, Associates First Capital Corporation, and Associates Financial Services Company, Inc.), and each of their predecessors, successors, assigns, and former and current attorneys, accountants, representatives, officers, directors, shareholders, employees, and/or agents, from any claim, demand, defense, setoff, recoupment, action, cause of action, or liability of any nature, whether known or unknown, suspected or unsuspected, that they have, had, or might in the future have, which were raised in, or which could have been raised in, this Action, and which are based on, concern, arise out of, are related to, or connected with the Credit Insurance, including but not limited to those with respect to (a) any premiums paid for the insurance or the refunding of any such premiums, (b) any finance charges assessed in connection with the insurance, (c) commissions paid or credits given on account of the sale of the insurance, (d) any alleged violations of the Georgia Insurance Code, the Georgia RICO Act, and/or any other federal or state statute with respect to the insurance, (e) fraud, deceit, misrepresentation, suppression, concealment, or the like with respect to the insurance; (f) any alleged statements, representations, omissions, or conduct which conditioned an extension of credit upon the purchase of the insurance, (g) slander of credit, (h) unjust enrichment, conversion, money had and received, breach of a private and legal duty, and/or theft relating in any way to the insurance or the premiums therefor, and/or (i) the cancellation of the insurance pursuant to the terms and conditions of this Agreement. Settlement Class Members are not deemed to have released Defendants as to violations of the Agreement or as to any claim not expressly released herein. Settlement Class Members who have not elected to cancel their Credit Insurance coverage are not deemed to have released Defendants from their contractual obligations under the terms of their coverage. Defendants and their present and former parent, subsidiary, and affiliated companies, and counsel are hereby deemed to have, and by

operation of this Settlement Order and Judgment have, fully, finally, and forever, released, relinquished, and discharged the Named Plaintiffs and Plaintiffs' Counsel from all claims based upon, arising out of, or in connection with, the institution, prosecution, assertion, settlement, or resolution of the Action or the claims asserted or that could have been asserted related to the Credit Insurance, except as to alleged violations of this Agreement.

8. Each Eligible Class Member who has in-force Credit Insurance on the date of Final Approval of the Agreement and who has timely and properly submitted a Claim Form to cancel his or her Credit Insurance shall be deemed to have agreed to a cancellation of his or her Credit Insurance contract and coverage.

9. All Settlement Class Members, and their agents, privies, servants, successors, assigns, attorneys, and representatives, are hereby permanently enjoined from making any claim or demand, and from commencing, continuing, participating or assisting in, or permitting to be prosecuted, any lawsuit, arbitration, mediation, other means of alternative dispute resolution, action, or cause of action, at law or in equity, in any forum or jurisdiction, against Defendants, or against any of the Defendants' present or former parent, subsidiary, or affiliated companies, or any of their current or former directors, officers, employees, attorneys, agents, or representatives, which is based on, concerns, arises out of, is related to, or connected with any claim or defense deemed to be released pursuant to paragraph 7 above.

10. Except as expressly set forth in the Agreement, neither the settlement, the Agreement, nor this Settlement Order and Judgment in any way alters, merges, terminates, bars, waives, voids, satisfies, novates, abrogates, diminishes, releases, or discharges the indebtedness or other contractual obligations of any Class Member regarding the full, complete, and timely

performance of any and all terms of any loan, note, mortgage, security deed, agreement, or contract, oral or written, between any of the Defendants and any of the Class Members.

11. In the event that Final Approval of this settlement and this Agreement does not occur for any reason, then the Agreement, all drafts, negotiations, discussions, and documentation relating thereto, and all orders entered by the Court in connection therewith, including the instant order, shall become null and void, and shall not be used, referred to, or admissible for any purpose in this Action, or in any other proceeding. In such event, the Agreement and all negotiations and proceedings relating thereto shall be withdrawn without prejudice to any of the rights of any of the Parties, who shall be restored to their respective positions as of the date of the execution of the Agreement. Without limiting the generality of the foregoing, in the event that Final Approval of the settlement and the Agreement does not occur for any reason, Defendants shall not be deemed to have waived any right to seek enforcement of any arbitration agreement with any Class Member or any other person.

12. Plaintiffs' Counsel are hereby awarded \$ _____ to cover their fees for legal services and all of their costs, disbursements, out-of-pocket expenses, and other expenditures in connection with this Action. Ralph C. Darden, as class representative, is hereby awarded \$ _____. Otis Lee Ivory and Cora J. Ivory, as class representatives, are hereby jointly awarded \$ _____.

13. Without affecting the finality of this Settlement Order and Judgment in any way, the Court retains jurisdiction over: (1) the implementation and enforcement of the Agreement until each and every act agreed to be performed by the Parties to the Agreement shall have been performed; (2) any other action necessary to conclude the settlement and to implement the Agreement; and (3) the enforcement, construction, and interpretation of the Agreement.

14. Neither this Settlement Order and Judgment, nor the Agreement, nor the fact of settlement, nor the settlement proceedings, nor the settlement negotiations, nor any related document or draft of a document, shall be used as an admission of any act or omission by Defendants, or be offered or received in evidence as an admission, concession, presumption, or inference of wrongdoing in any proceeding, other than such proceedings as may be necessary to consummate or enforce the Agreement.

15. By agreeing to settle the Action, Defendants shall not be deemed to have waived or relinquished their rights under any arbitration agreement entered into with any Class Member or with any other person with respect to any claim not disposed of by this settlement and the Agreement.

This the ____ day of _____, 200__.


Judge Bensonetta Tipton Lane
Superior Court of Fulton County, Georgia

Certificate of Service

It is hereby certified that a true and correct copy of the within and foregoing Memorandum of Law in Support of Motion for Preliminary Approval of Proposed Class Action Settlement was this day served upon the following counsel of record by placing same in the United States mail in an envelope with adequate postage affixed to ensure delivery, addressed as follows:

Herbert D. Shellhouse
A. William Loeffler
Troutman Sanders LLP
Bank of America Plaza
600 Peachtree Street, NE
Suite 5200
Atlanta, GA 30308-2216

This 22nd day of August 2001.


Howard D. Rothbloom
Georgia Bar No. 915670
Attorney for Plaintiffs