INSTRUCTIONS FOR APPLICATION FOR DISTRIBUTION FROM THE FUND FOR CONSUMER PROTECTION AND EDUCATION
Applicant Grant Cycle for Year 2026

Pursuant to a series of nationwide settlements obtained by the Attorneys General of the fifty states, the Attorneys General established the "Consumer Fund Account." The Consumer Fund Account is held in trust for purposes of funding consumer protection and education initiatives. Applications for distribution from the annual interest generated by the Fund are reviewed by a Special Committee comprised of representatives of the Attorneys General of California, Massachusetts and a third rotating state. Funding decisions are finalized by the Attorneys General of those states. Applicants should scan and submit their applications to the Special Committee, c/o Lois Martin, Fund Administrator, by e-mail at: Lois.Martin@Mass.Gov.

Schedule for Applications and Distributions

Applications for distributions in the 2026 Grant cycle must be scanned and e-mailed by ***Friday, December 18, 2026*** to the Special Committee, c/o Lois Martin, Fund Administrator, at: Lois.Martin@Mass.Gov.

Distribution from the Consumer Fund Account: Purpose and Scope

Pursuant to the Court Order governing the fund, the monies in the Consumer Fund Account shall be used for consumer education and/or consumer protection purposes. The Special Committee shall give special consideration to those requests for distribution that serve to further consumer education and/or consumer protection purposes in the context of consumer credit and individual bankruptcy. However, the Special Committee may distribute funds to any program that serves the purpose of consumer education and/or consumer protection, including payment of costs and expenses incurred by multistate consumer protection efforts, which may include the costs of experts, consultants, investigators, and auditors.

Distributions from the Consumer Fund Account may be made to offices of the State Attorneys General or state consumer affairs agencies, other governmental agencies related to consumer education, consumer protection, and/or bankruptcy (including the Office of the United States Trustee), or associations of such governmental authorities, including the National Association of Attorneys General. The Special Committee shall give *primary consideration* to applications from the State Attorneys General (or other state agencies with primary responsibility for enforcing consumer protection laws) or organizations representing the State Attorneys General. Although Attorneys General and other governmental entities may apply individually or jointly, special consideration shall be given to applicants who have obtained the joint written support of two Attorneys General for their request (these letters should come from the Attorneys General of the recommending states, *not* from a staff person).

Distributions made to non-profit entities that have current section 501(c)(3) status evidenced by a "final letter" from the Internal Revenue Service, acting either independently or jointly with a governmental authority, provided that applications for distribution from such non-profit corporations or entities are accompanied by the joint written support of two Attorneys General for their request. Further, distributions to non-profit entities may be made only where

the Special Committee determines, from information provided by such applicant, that the non-profit entity (or its principals if the entity has not existed for three years) has successfully operated consumer protection and/or consumer education programs for at least three years.

Distributions may be used to augment, but not supplant, the budget of the distribution recipient. All distribution requests must be accompanied by a written representation that the budget of the applicant will not be reduced by reason of approval of the application for distribution.

Staff and Travel Expenses Rarely Funded

The Special Committee assumes applicants will devote the staff needed to make the application-project succeed. Grants from the Consumer Fund Account are for materials, outside experts, etc., and as a general matter are not intended to pay for applicant staff. Absent extraordinary circumstances, ***funds may not be used to pay for staff salary, benefits, or other compensation.*** An application that fails to clearly demonstrate the availability of sufficient staff to complete the proposed project without staff funding from the Consumer Fund Account will almost certainly be denied. Similarly, barring exceptional circumstances, the Special Committee is disinclined to grant requests seeking payment for travel expenses.

Factors that May Be Considered by the Special Committee

The Special Committee may consider the following factors, in addition to those considerations described above and others which the Special Committee deems relevant, in acting upon a request for distribution:

a) the intended purpose of the grant;

b) the specificity of the proposal, including the use of funds, expected costs and expenses, materials and personnel to be used, the services or goods to be provided through the grant (in addition, if the application is for a video, brochure, or instruction unit, it is extremely helpful for the applicant to provide a draft of the text or a detailed description of the contents). *Please note that an application may be denied based solely on the lack of specificity, including the absence of a sufficiently detailed itemization of expenses as requested in paragraph III F of the application form*;

c) competing requests for grant funding;

d) the financial ability of the intended grant recipient to obtain the requested goods, services or funding assistance without grant funds;

e) the anticipated public benefits to be served by approving the grant;

f) the ability of the Special Committee to audit the use of the grant to ensure that the grant is used solely for purposes authorized hereunder;

g) the amount of previous grants made to a particular grant recipient and the use of previous grants in accordance with the terms of the Judgment and the relevant Order;

h) the ability of the grant recipient to provide the Special Committee with a report regarding the actual results obtained as a result of any grant;

i) the experience and ability of the grant recipient to accomplish the objectives of the grant request;

j) the extent to which the proposed grant project will likely provide significant benefits to consumers generally and to groups of consumers whose needs have been relatively underserved;

k) the degree to which the proposed grant will likely encourage innovative but practical means of providing consumer education, including education regarding consumer rights and obligations in bankruptcy, debt collection, and personal debt management;

l) the likelihood for the production of high-quality materials that may be replicated and used by the applicant, the Special Committee, and others after the term of the grant has expired; and

m) the extent to which the recipient proposes to use grant monies for expenses involving staff, travel and lodging, food and refreshments, and prizes and awards. *As stated above, grant requests to fund these expenses are disfavored.*

Conditions on Grants

The Special Committee will require each grant recipient, prior to receiving any grant, to agree in writing to:

a) comply with each and every order of the Court in connection with the Consumer Fund Account and the grant received;

b) provide quarterly and other requested reports as well as a final report specifying how grant monies were used and how the grant furthered the purposes of consumer education and/or protection (grant recipients that fail to file such reports not only will be in violation of the grant requirements, but also will not be considered for any continuation funding during the subsequent grant cycle);

c) permit the Special Committee or its designee to conduct an unrestricted audit, review, examination or inquiry concerning the grant and the use of grant funds, and cooperate with any such inquiry by the Special Committee or its designee;

d) vigilantly safeguard the monies granted hereunder and maintain financial controls sufficient to protect such monies and ensure that the use of monies fully comports with the recipient's application for the grant, and provide detailed written description of such financial controls upon request by the Special Committee;

e) in the case of a non-profit entity requesting a grant must provide satisfactory evidence that the grantee maintains insurance indemnifying against loss related to any defalcation, misuse, or improper expenditure of grant funds. Insurance coverage should at least be

equal to the amount of the grant requested;

f) use the grant monies solely for the purposes set forth in the grant application and return to the Consumer Fund Account, within ten days of the conclusion of the grant period, any monies not so used.

The Special Committee may designate, and require completion of, forms to satisfy these requirements.

The Special Committee may attach additional written conditions to the award of any grant from the Consumer Fund Account. For instance, should distributions be made to fund litigation, or investigations that may generate litigation, the Special Committee may require applicants, as a condition of a grant, to provide reimbursement of the grant amount from any settlement or recovery (as permitted by law).

The Special Committee shall (except in extraordinary circumstances) condition funding the production of any materials on the applicant's agreement to permit the Attorneys General to use those materials without restriction for consumer education purposes.

Distributions shall be made on an annual basis only, although applicants may seek distribution for ongoing programs for consecutive or multiple years.

Distribution Decisions

The affirmative vote of two or more of the members of the Special Committee shall be required to recommend any distribution from the Consumer Fund Account.

Upon determining proposed distributions from the Consumer Fund Account for a given year, the Special Committee shall provide to the Attorneys General represented on the Special Committee, for their approval, a list of proposed annual distributions, together with a list of applications for distributions. The list of distributions must be approved by each of the Attorneys General represented on the Special Committee. Where proposed distributions have been delivered to an Attorney General for approval and have not been acted upon for 30 days, the proposed distributions shall be deemed approved.

The decisions of the Special Committee, as approved by the Attorneys General represented on the Special Committee, shall be final and non-appealable.