

IN THE SUPREME COURT OF THE STATE OF NEVADA

TITLEMAX OF NEVADA, INC. and  
TITLEBUCKS d/b/a  
TITLEMAX, a Nevada corporation,

Respondent(s),  
v.

STATE OF NEVADA,  
DEPARTMENT OF BUSINESS  
AND INDUSTRY FINANCIAL  
INSTITUTIONS DIVISION,

Appellant(s).

Electronically Filed  
Apr 19 2018 11:52 a.m.  
Elizabeth A. Brown  
Clerk of Supreme Court

Case No. 74335

District Court No. A-16-743134-J

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APPELLANT'S APPENDIX

VOLUME 61 of 75

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*Attorneys for Respondent*

<b>DOCUMENT</b>	<b>VOL.</b>	<b>BATES NO.</b>
Petition for Judicial Review, September 8, 2016	1	000001 - 000023
Notice of Intent to Participate, September 19, 2016	1	000024 - 000026
Summons, September 20, 2016	1	000027 - 000030
Appendix to Exhibits to Motion for Partial Stay, September 29, 2016	1	000031 - 000183
Declaration of Patrick Reilly In Support of Motion, September 29, 2016	1	000184 - 000187
Motion for Partial Stay of Administrative Order, September 29, 2016	1	000188 - 000218
Declaration of Rickisha Hightower-Singletary, October 3, 2016	1	000219 - 000222
Motion to Vacate Order Shortening Time, October 3, 2016	2	000223 - 000295
Opposition to Motion for Partial Stay, October 5, 2016	2 - 4	000296 - 000704
Reply Memorandum in Support of Motion for Partial Stay, October 10, 2016	4	000705 - 000790
Errata to TitleMax's Memorandum in Support of Motion for Partial Stay, October 18, 2016	4	000791 - 000793
Petitioner's Notice of Transmittal of Record of Proceedings, October 18, 2016	4 - 8	000794 - 001588

<b>DOCUMENT</b>	<b>VOL.</b>	<b>BATES NO.</b>
Transmittal of Record on Appeal, October 26, 2016	8 - 72	001589 - 017090
Notice of Filing Administrative Record, October 31, 2016	73	017090 - 017098
Errata to Opposition to Motion for Partial Stay, November 3, 2016	73	017099 - 017104
Order Granting Motion for Partial Stay of Administrative Order, November 22, 2016	73	017105 - 017108
Notice of Entry of Order Granting Motion for Partial Stay of Administrative Order, November 23, 2016	73	017109 - 017115
Memorandum of Points and Authorities in Support of Petition for Judicial Review, December 15, 2016	73	017116 - 017175
Notice of Entry of Stipulation and Order to Extend Time for Filing Answering Brief, December 20, 2016	73	017176 - 017183
Errata to Transmittal of Record on Appeal, January 27, 2017	73	017184 - 017187
Respondent's Answering Brief, February 6, 2017	73	017188 - 017214
Reply in Support of Memorandum of Points and Authorities in Support of Petition for Judicial Review, March 6, 2017	73	017215 - 017243
Request for Hearing, March 17, 2017	73	017244 - 017246
Supplemental Authorities, March 24, 2017	73	017247 - 017260
Errata to Opposition to Motion to Extend Partial Stay, April 4, 2017	73	017261 - 017264

<b>DOCUMENT</b>	<b>VOL.</b>	<b>BATES NO.</b>
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Opposition to Renewed Motion to Extend Partial Stay, May 5, 2017	73	017301 - 017321
Reply in Support of Renewed Motion to Extend Partial Stay, May 11, 2017	73	017322 - 017332
Reply to Opposition to Supplemental Authorities, May 11, 2017	73, 74	017333 - 017354
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Declaration of Stephen Michael Paris Regarding Procedures to Safeguard Accounting and Loan Docs, May 31, 2017	74	017366 - 017369
Notice of Entry of Order Regarding Hearing and Briefing Schedule, June 1, 2017	74	017370 - 017375

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Supplement to Supplemental Authorities, June 16, 2017	74	017383 - 017398
Response to Petitioner's Supplement to its Supplemental Authorities, July 20, 2017	74	017399 - 017403
Notice of Entry of Order Reversing ALJ, September 22, 2017	74	017404 - 017428
Motion for Supplemental Relief, October 2, 2017	74	017429 - 017436
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Case Appeal Statement, October 19, 2017	74	017487 - 017491
Stipulation and Order to Change Hearing Date for Motion for Supplemental Relief, October 31, 2017	74	017492 - 017494
Notice of Entry of Stipulation and Order to Change Hearing Date for Motion for Supplemental Relief, October 31, 2017	74	017495 - 017501
Reply in Support of Motion for Supplemental Relief, November 7, 2017	74	017507 - 017522
Recorder's Transcript of August 3, 2017 Proceedings, December 11, 2017	74, 75	017523 – 017587

<b>DOCUMENT</b>	<b>VOL.</b>	<b>BATES NO.</b>
Order Granting in Part and Denying in Part Motion for Supplemental Relief, January 10, 2018	75	017588 - 017591
Notice of Entry of Order Granting in Part and Denying in Part Motion for Supplemental Relief, January 11, 2018	75	017582 - 07599

## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014274  
ROA 009597  
TMX 50 - 00003

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days, which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;





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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	0	0	#DIV/0!
Delinquent Loans	0	0	#DIV/0!
Closed Loans	0	0	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	0	0	0.00%

During this follow-up examination, this location does not underwrite loans.

### PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

There were no previous violations cited.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner  
Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

No violations of applicable Nevada Revised Statutes and/or the Nevada Administrative Code were observed during the scope of this annual examination.

#### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

#### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Satisfactory."



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014278  
ROA 009601  
PMX 50 - 00007

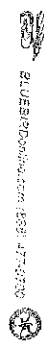
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## EXAMINATION COMMENTS AND CONCLUSIONS

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A rating of **"Satisfactory"** indicates that the licensee and the management of the licensee have demonstrated substantial compliance with applicable laws and regulations and that any deficiencies noted in the report made by the examiner pursuant to state and federal laws and regulations can be corrected by the licensee with a minimum of regulatory supervision. A rating of "Satisfactory" may be given if there is more than one minor violation or deficiency, but only if the licensee and management take immediate action towards correcting the violations or deficiencies and the action taken by the licensee is likely to prevent future violations or deficiencies.





APP 014280  
ROA 009603



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
4741 E. CHARLESTON BLVD.,  
LAS VEGAS, NV 89104  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 4, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	12.50	Examination Number:	67886

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014281  
ROA 009604  
TMX 51 - 00001

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 4741 E. Charleston Boulevard, Las Vegas, NV 89104 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
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TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
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TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014283  
ROA 008606  
11/15/11 00003



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014285  
ROA 009608  
IMX SP- 00005

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	358	5	1.40%
Delinquent Loans	85	5	5.88%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	<b>443</b>	<b>15</b>	<b>3.39%</b>

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014287  
ROA 009610  
IMX 51 - 00007

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



## EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
13669-012262	O. Arechiga	\$734.40	\$818.97	\$84.57

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
13669-0138255	A. Ayala	\$5,346.61	\$6,557.76	\$1,211.15
13669-0130882	J. De-Alba	\$6,560.02	\$7,956.60	\$1,396.58
13669-0136713	R. Lim	\$4,193.31	\$5,128.72	\$935.41
13669-0136679	J. Magana-Godinez	\$8,197.37	\$9,766.55	\$1,569.18
13669-0132510	M. Webber	\$8,939.87	\$10,651.20	\$1,711.33



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014289  
ROA 009612  
PMX 31- 00009

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
13669-0131593	H. Palacios	\$5,079.66	\$6,188.83	\$1,109.17
669-0146874	L. Vasquez	\$5,416.07	\$6,598.69	\$1,182.62

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



APP 014291  
ROA 009614





BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
**FINANCIAL INSTITUTIONS DIVISION**

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

**CHAPTER 604A**  
**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.**  
**DBA: TITLEMAX**  
**1225 E. CHARLESTON BLVD.**  
**LAS VEGAS, NV 89104**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 15, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	11.0	<b>Examination Number:</b>	67873

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014292  
ROA 008615  
IMX 52 00001

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 1225 E. Charleston Boulevard, Las Vegas, NV 89104 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014294  
ROA 009617  
PMX 92 00003

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.

### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
-----------------	-------------

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	742	5	0.67%
Delinquent Loans	118	5	4.24%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	860	15	1.74%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

- 2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.**

The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner  
Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014298  
ROA 008621  
IMX 52- 00007

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

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- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

The text of the Amended Agreement provides:

"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."





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## EXAMINATION COMMENTS AND CONCLUSIONS

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This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
12269-0134093	L. Rasmussen	\$4,600.01	\$5,517.90	\$917.89
12269-0129451	S. Grable	\$7,454.83	\$8,881.90	\$1,427.07
12269-0129515	K. Goldman	\$2,355.05	\$2,889.89	\$534.84
12269-0139049	A. Timmons	\$10,424.89	\$12,420.50	\$1,995.61
12269-0149897	B. Williams	\$7,454.83	\$8,881.90	\$1,427.07
12269-0132384	P. Demadmo-Romero	\$3,812.10	\$4,662.46	\$850.36
12269-0141659	H. Reyna-Hernandez	\$2,287.30	\$2,797.49	\$510.19
12269-0141904	K. Mahoney	\$7,425.17	\$8,846.50	\$1,421.33
12269-0136907	L. Rodrigues	\$1,689.14	\$2,078.57	\$389.43

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014300  
ROA 000623-00009

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## EXAMINATION COMMENTS AND CONCLUSIONS

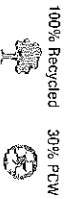
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### SUMMARY

Each licensee, upon completion of an examination, is rated “Satisfactory,” “Needs Improvement,” or “Unsatisfactory,” based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is “Unsatisfactory.”

A rating of “**Unsatisfactory**” indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of “Unsatisfactory” may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division’s findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.





APP 014302  
ROA 009625



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
4077 W. CHARLESTON BLVD.,  
LAS VEGAS, NV 89102  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 4, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	13.50	Examination Number:	67887

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014303  
ROA 009626  
TMX 53 - 00001

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 4077 W. Charleston Blvd., Las Vegas, NV 89102 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014305  
ROA 009628  
TMX 33 - 00003

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.

### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014307  
ROA 009630  
IMX 53 - 00005



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	358	5	1.40%
Delinquent Loans	85	5	5.88%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	443	15	3.39%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

- 2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.**

The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner  
Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014309  
ROA 009632  
IMX 53- 00007

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

- 3. The original term of a title loan may be up to 210 days if:**
  - (a) The loan provides for payments in installments;**
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
  - (c) The loan is not subject to any extension; and**
  - (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

The text of the Amended Agreement provides:

"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."



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## EXAMINATION COMMENTS AND CONCLUSIONS

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This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
12069-0130189	A.P. Phanhayaseng	\$3,500.21	\$4,281.00	\$780.79
12069-0146073	R. Boudreaux Jr.	\$14,582.97	\$17,374.54	\$2,791.57
12069-014123	D. Ruiz	\$3,211.42	\$3,940.74	\$729.32
12069-0141955	J. Tannenbau,	\$5,078.79	\$6,051.02	\$972.23
12069-0140866	E. Duarte	\$3,465.55	\$4,238.60	\$773.05
12069-0138466	S. Grigsby	\$6,723.23	\$8,154.73	\$1,431.50

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014311  
ROA 009634

IMX 53- 00009

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### SUMMARY

Each licensee, upon completion of an examination, is rated “Satisfactory,” “Needs Improvement,” or “Unsatisfactory,” based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is “Unsatisfactory.”

A rating of “Unsatisfactory” indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of “Unsatisfactory” may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division’s findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.







BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
4811 W. CRAIG ROAD  
LAS VEGAS, NV 89130  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 26, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	12.50	Examination Number:	67854

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014314  
ROA 0096374 - 00001

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 4811 W. Craig Road, Las Vegas, NV 89130 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014315  
ROA 009638  
TMX 54 - 00002



## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014316  
ROA 009839 - 00003

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014317  
ROA 009640  
TX 34-00004

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014318  
ROA 009641

TX 54 - 00005

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	866	5	0.58%
Delinquent Loans	212	5	2.36%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	1078	15	1.39%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014319  
ROA 009642  
TMX 54 - 00006

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014320  
ROA 009843 - 00007

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014321  
ROA-009644  
TMX 54-00008

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### **PAID OFF ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
10769-0137407	B. Hymas	\$3,465.55	\$3,760.84	\$295.29
10769-0125142	S. Artis	\$6,560.02	\$6,575.78	\$15.76

### **OPEN ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
10769-0137425	P. Cronin	\$7,215.56	\$8,530.50	\$1,314.94
10769-0150577	D. Ledesma	\$13,440.47	\$15,593.00	\$2,152.53
10769-0135074	M. Bocheva	\$13,440.47	\$15,593.00	\$2,152.53
10769-0117356	V. Dimick	\$14,373.64	\$16,993.00	\$2,619.36



## EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
10769-0123414	S. Taylor	\$8,976.34	\$10,612.16	\$1,635.82
10769-0123430	S. Taylor	\$5,397.30	\$6,380.84	\$983.54
10769-0128997	C. Leeper	\$7,212.73	\$8,748.52	\$1,535.79

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

**NAC 604A.160** Translation of documents written in language other than English. **(NRS 604A.300)**

Y. A licensee who uses a form or standard loan agreement written in Spanish as required by **NRS 604A.410**, notice of opportunity to enter into a repayment plan written in Spanish as required by **NRS 604A.475**, or other form or standard document written in a language other than English shall cause the document to be translated into English and maintain together a copy of the document and its English translation.

**NRS 604A.410** Written loan agreement required; contents.

Y. Before making any loan to a customer, a licensee shall provide to the customer a written loan agreement which may be kept by the customer and which must be written in:

Y. English, if the transaction is conducted in English; or  
(b) Spanish, if the transaction is conducted in Spanish.

The loan accounts itemized in the table below indicated that the language used is not consistent with the initial language used in the loan application and the loan disclosure agreement and other documentation used during the term of the loan:

Loan Number	Customer Name	Language Used In Loan Disclosure	Language Used in Repayment Plan Agreement/Grace Period Payments Deferment Agreement	Language Used In Loan Application And Affidavit
10769-0130240	J. Cardoza-Cordora	Spanish	English	English



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014323  
ROA 009646

TMX 54 - 00010



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## EXAMINATION COMMENTS AND CONCLUSIONS

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*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



APP 014325  
ROA 009648



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A

REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
6436 N. DECATUR BLVD., SUITE 115  
LAS VEGAS, NV 89131  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 26, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	11.50	Examination Number:	67868

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014326  
ROA 009649  
PMX 35 - 00001

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6436 N. Decatur Boulevard, Suite 115, Las Vegas, NV 89131 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014327  
ROA 009650  
TMX 55 - 00002

## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014328  
ROA 009651  
NIX 55 - 00003

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014329  
ROA 009652

TMX 55 - 00004

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015		
	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	433	5	1.15%
Delinquent Loans	86	5	5.81%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	519	15	2.89%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014331  
ROA 009654  
PMX 33-00006



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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445** Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210** Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014333  
ROA 009656  
TMX 55 - 00008

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
11369-0130655	N. Tatum	\$3,211.42	\$3,282.40	\$70.98

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
11369-0129211	K. Frank	\$14,850.26	\$17,693.00	\$2,842.74
11369-0150040	F. Thompson	\$14,850.26	\$17,693.00	\$2,842.74
11369-0154631	K. Brown-Zitz	\$6,468.15	\$7,646.85	\$1,178.70
11369-0118805	Z. Caval	\$11,167.42	\$13,305.15	\$2,137.73
11369-0133703	J. Hollenbeck	\$5,778.20	\$6,831.20	\$1,053.00



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
11369-0127635	G. Richardson	\$5,920.69	\$7,213.48	\$1,292.79
1369-0144281	N. Brown	\$6,560.02	\$7,956.80	\$1,396.78
11369-0142250	B. Sanchez	\$5,749.47	\$6,797.20	\$1,047.73

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014335  
ROA 009658

TMX 55 - 00010



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APP 014336  
ROA 009659



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

**CHAPTER 604A**

**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
6530 S. DECATUR BLVD., SUITE 100  
LAS VEGAS, NV 89118  
WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 20, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	12.50	<b>Examination Number:</b>	67876

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014337  
ROA 009660  
TMX 56 - 00001

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6530 S. Decatur Blvd., Suite 100, Las Vegas, NV 89118 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014338  
ROA 009661

IMX 56 - 00002

## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014339  
ROA 000662  
MAX 56 - 00003



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014340  
ROA-009663  
TMX 58-00004

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the manager's questionnaire, it is the licensee's policy to maintain all records for five years. The receipt for the partial payment of the loan for Reginald Johnson under loan number 11269-0159609 on May 16, 2015 was not on file and could not be re-printed. As such, the licensee is not in compliance with NAC 604A.200. This branch was unable to provide the partial payment receipt for review during the examination process. Please refer to the State violation section of the report for additional details.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	320	5	1.56%
Delinquent Loans	97	5	5.15%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	417	15	3.60%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

- 2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.**

The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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NAC 604A.230 Prohibited acts: Miscellaneous acts.

NRS 604A.105 "Title loan" defined.

NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.

NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

1. Any fees for granting such a grace period; or
2. Any additional fees or additional interest on the outstanding loan during such a grace period.

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner  
Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014343  
ROA 009666

TMX 56 - 00007

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS STATE

#### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
11269-0143320	P. Pukpayat	\$10,090.33	\$10,280.76	\$190.43

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
11269-0125647	A. Maheu	\$8,624.19	\$10,195.80	\$1,571.61
11269-0151495	R. Benavidez	\$14,373.64	\$16,993.00	\$2,619.36
11269-0127343	S/ Damon	\$7,186.82	\$8,496.50	\$1,309.68
11269-0143887	C. Rinehart	\$14,402.38	\$17,027.00	\$2,624.62
11269-0128285	L. Scott	\$5,749.47	\$6,797.20	\$1,047.73



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
11269-0122060	L. Scott	\$7,215.56	\$8,530.50	\$1,314.94
11269-0122695	N. Davis	\$7,215.56	\$8,530.50	\$1,314.94
11269-0133373	J. Brown	\$7,186.82	\$8,496.50	\$1,309.68

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

**NAC 604A.200 Maintenance of books and records. (NRS 604A.300)**

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 years the original or a copy of each account, book, paper, written or electronic record or other document that concerns each loan or other transaction involving a customer in this State.

**NRS 604A.470 Partial payment on loan.**

2. If a customer makes such a partial payment, the licensee shall give to the customer a receipt with the following information:

- (a) The name and address of the licensee;
- (b) The identification number assigned to the loan agreement or other information that identifies the loan;
- (c) The date of the payment;
- (d) The amount paid;
- (e) An itemization of interest, charges and fees;
- (f) The balance due on the loan; and
- (g) If more than one loan made by the licensee to the customer was outstanding at the time the payment was made, a statement indicating to which loan the payment was applied.

The receipt for the partial payment of loan for Reginald Johnson under loan number 11269-0159609 on May 16, 2015 is not on file and could not be re-printed. As such, the licensee is not in compliance with the above Statutes. This branch was unable to provide the partial payment receipt for review during the examination process.

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### NRS 604A.475 Repayment plan.

1. Before a licensee attempts to collect the outstanding balance on a loan in default by commencing any civil action or process of alternative dispute resolution or repossessing a vehicle, the licensee shall offer the customer an opportunity to enter into a repayment plan. The licensee:

(a) Is required to make the offer available to the customer for a period of at least 30 days after the date of default; and

(b) Is not required to make such an offer more than once for each loan.

2. If the licensee intends to commence any civil action or process of alternative dispute resolution or repossess a vehicle in an effort to collect a defaulted loan, the licensee shall deliver to the customer, not later than 15 days after the date of default, or not later than 5 days after a check is not paid upon presentment or an electronic transfer of money fails, whichever is later, written notice of the opportunity to enter into a repayment plan.

On November 28, 2014, the licensee mailed the opportunity to enter into a Repayment Plan to Michael Sage under loan number 11269-0133388. The initial payment was due on December 3, 2014. The loan was underwritten on November 3, 2014. The loan was not even past due when the repayment plan offer was mailed out.

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.



STATE OF NEVADA  
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REPORT OF EXAMINATION

APP 014347  
ROA 009670  
MX 96 - 00011



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an **administrative hearing regarding the Division's findings of deficiencies and violations**. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014348  
ROA 009671

TMX 56 - 00012

APP 014349  
ROA 009672



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

**CHAPTER 604A**

**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.**  
**DBA: TITLEMAX**  
**7150 S. DURANGO DRIVE, SUITE 190**  
**LAS VEGAS, NV 89113**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 20, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	10.75	<b>Examination Number:</b>	67864

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014350  
ROA 0090737 - 00001

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 7150 S. Durango Drive, Suite 190, Las Vegas, NV 89113 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014352  
ROA 009675 - 00003

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	230	5	2.17%
Delinquent Loans	57	5	8.77%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	287	15	5.23%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014356  
ROA 009679 - 00007

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS STATE

#### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

**APP 014357**  
**ROA 009680**  
**TMX 57 - 00008**

## EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

**"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."**

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
10269-0121148	M. Snoeberger	\$2,239.95	\$2,338.57	\$98.62
10269-0125218	M. Espinoza	\$4,340.85	\$4,343.22	\$2.37

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
10269-0128101	B. Cruz	\$7,215.56	\$8,530.50	\$1,314.94
10269-0123073	J. Villaraza	\$6,048.21	\$7,018.85	\$970.64
10269-0117775	K. Barnes	\$14,373.64	\$16,993.00	\$2,619.36
10269-0146602	S. Soto	\$6,272.68	\$7,671.88	\$1,399.20
10269-0151912	S. Sidhom	\$5,267.66	\$6,442.70	\$1,175.04



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014358  
ROA 0096817 - 00009

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## EXAMINATION COMMENTS AND CONCLUSIONS

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*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

NAC 604A.160 Translation of documents written in language other than English. (NRS 604A.300)

- Y. A licensee who uses a form or standard loan agreement written in Spanish as required by NRS 604A.410, notice of opportunity to enter into a repayment plan written in Spanish as required by NRS 604A.475, or other form or standard document written in a language other than English shall cause the document to be translated into English and maintain together a copy of the document and its English translation.

NRS 604A.410 Written loan agreement required; contents.

- Y. Before making any loan to a customer, a licensee shall provide to the customer a written loan agreement which may be kept by the customer and which must be written in:
- Y. English, if the transaction is conducted in English; or
- (b) Spanish, if the transaction is conducted in Spanish.

The loan application and affidavit of Pascacio Ramirez Rosales under loan number 10269-0133216 was written in English while the loan disclosure agreement, receipts and the repayment plan documents were underwritten in Spanish. As such, the licensee is not in compliance with the above Statutes.

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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REPORT OF EXAMINATION

APP 014360  
ROA 0096837 - 00011

SLUJEB/PDoms.com (SSS) 477-0700

APP 014361  
ROA 009684



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
2550 S. EASTERN AVE.,  
LAS VEGAS, NV 89169  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 18, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	14.0	Examination Number:	67878

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 58 - 00001

APP 014362  
ROA 009685

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 2550 S. Eastern Avenue, Las Vegas, NV 89169 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 58 - 00002  
**APP 014363**  
ROA 009686



## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 58 - 00003

APP 014364  
ROA 009687

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 58 - 00004  
**APP 014365**  
ROA 009688

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 58 - 00005

APP 014366  
ROA 009689

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	549	5	0.91%
Delinquent Loans	105	5	4.76%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	654	15	2.29%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. **Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.**



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 58 - 00006  
**APP 014367**  
ROA 009690

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 58 - 00007

APP 014368  
ROA 009691

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 58 - 00008  
**APP 014369**  
ROA 009692

## EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
10669-0119541	S. Fierro-Alba	\$2,533.45	\$3,156.59	\$623.14

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
10669-0134659	O. Cano-Martinez	\$9,355.69	\$11,146.59	\$1,790.90
10669-0160440	D. Caballero	\$10,395.18	\$12,385.10	\$1,989.92
10669-0141548	V. Jordan	\$10,090.33	\$11,929.10	\$1,838.77
10669-0131268	A. Diaz Torres	\$7,454.83	\$8,881.90	\$1,427.07
10669-0142495	M. Yadao	\$14,373.64	\$16,993.00	\$2,619.36
10669-0154453	C. Woods	\$3,465.55	\$4,238.60	\$773.05

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 58 - 00009

APP 014370  
ROA 009693

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
10669-0149741	F. Martinez-Padron	\$5,079.66	\$6,188.83	\$1,109.17
10669-0152961	L. Akiki	\$7,215.86	\$8,530.50	\$1,314.64
10669-0128694	S. Gojo	\$7,454.83	\$8,881.90	\$1,427.07

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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REPORT OF EXAMINATION

TMX 58 - 00010  
**APP 014371**  
ROA 009694







BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
7380 S. EASTERN AVENUE, SUITE 126  
LAS VEGAS, NV 89123  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 18, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	13.0	Examination Number:	67861

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 59 - 00001

APP 014373  
ROA 009696

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 7380 S. Eastern Avenue, Suite 126, Las Vegas, NV 89123 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 59 - 00002

APP 014374  
ROA 009697

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 59 - 00003

APP 014375  
ROA 009698

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 59 - 00004

APP 014376  
ROA 009699

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 59 - 00005

APP 014377  
ROA 009700

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	399	5	1.25%
Delinquent Loans	76	5	6.58%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	<b>475</b>	<b>15</b>	<b>3.16%</b>

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 59 - 00006

APP 014378  
ROA 009701

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 59 - 00007

APP 014379  
ROA 009702



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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TMX 59 - 00008

APP 014380  
ROA 009703

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
11069-0126622	M. Tolentino	\$2,711.85	\$2,846.90	\$135.05

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
11069-0128642	C. Ko	\$6,527.41	\$7,917.20	\$1,389.79
11069-0153019	D. Thomas	\$4,886.45	\$5,976.44	\$1,089.99
11069-0118522	R. Burrell	\$6,170.89	\$7,446.27	\$1,275.38
11069-0130731	A. Howard	\$6,527.41	\$7,917.20	\$1,389.79
11069-0119869	D. Glover	\$7,826.10	\$9,324.19	\$1,498.09



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 59 - 00009

APP 014381  
ROA 009704

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## EXAMINATION COMMENTS AND CONCLUSIONS

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*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 59 - 00010

APP 014382  
ROA 009705

APP 014383  
ROA 009706



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
9555 S. EASTERN AVE., SUITE 105  
LAS VEGAS, NV 89123  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 15, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	14.50	Examination Number:	67879

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 60 - 00001

APP 014384  
ROA 009707

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 9555 S. Eastern Avenue, Suite 105, Las Vegas, NV 89123 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 60 - 00002

APP 014385  
ROA 009708

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 60 - 00003

APP 014386  
ROA 009709

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 60 - 00004

APP 014387  
ROA 009710



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 60 - 00005

APP 014388  
ROA 009711

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	464	5	1.08%
Delinquent Loans	100	5	5.00%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	<b>564</b>	<b>15</b>	<b>2.66%</b>

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 60 - 00006

APP 014389  
ROA 009712

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 60 - 00007

APP 014390  
ROA 009713

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**  
Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period.** The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 60 - 00008

APP 014391  
ROA 009714

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### **OPEN ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
10469-0158994	D. Belanus	\$7,454.83	\$8,881.90	\$1,427.07
10469-0152194	M. Dominguez	\$10,424.89	\$12,420.50	\$1,995.61
10469-0159649	D. Ramirez	\$11,909.92	\$14,189.80	\$2,279.88
10469-0141674	J. Andrew	\$10,061.56	\$11,895.10	\$1,833.54
10469-0151826	R. Wiedner	\$10,090.33	\$11,929.10	\$1,838.77
10469-0142531	M. Woollard	\$14,850.26	\$17,693.00	\$2,842.74

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 60 - 00009

APP 014392  
ROA 009715

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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REPORT OF EXAMINATION

TMX 60 - 00010

APP 014393  
ROA 009716

APP 014394  
ROA 009717



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
**FINANCIAL INSTITUTIONS DIVISION**

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

**CHAPTER 604A**  
**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.**  
**DBA: TITLEMAX**  
**8414 W. FARM ROAD, SUITE 130**  
**LAS VEGAS, NV 89131**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 20, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	12.50	<b>Examination Number:</b>	67871

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 61 - 00001

APP 014395  
ROA 009718



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 8414 W. Farm Road, Suite 130, Las Vegas, NV 89131 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 61 - 00002

APP 014396  
ROA 009719

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 61 - 00003

APP 014397  
ROA 009720

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 61 - 00004

APP 014398  
ROA 009721

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 61 - 00005

APP 014399  
ROA 009722

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	411	5	1.22%
Delinquent Loans	122	5	4.10%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	<b>533</b>	<b>15</b>	<b>2.81%</b>

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 61 - 00006

APP 014400  
ROA 009723

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. This is still apparent during the current examination and is cited as a repeat violation.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 61 - 00007

APP 014401  
ROA 009724

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445** Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210** Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 61 - 00008

APP 014402  
ROA 009725

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

**"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."**

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### **PAID OFF ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
12569-0120365	J. Lott	\$2,354.84	\$2,869.02	\$514.18

### **OPEN ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
12569-0135845	A. Ruiz	\$5,174.51	\$6,117.48	\$942.97
12569-0129849	C. Collins	\$5,462.00	\$6,457.34	\$995.34
12569-0137379	R. Russell	\$14,850.26	\$17,693.00	\$2,842.74
12569-0152730	R. Brown	\$6,468.15	\$7,646.85	\$1,178.70
12569-0138894	C. Taylor	\$2,533.45	\$3,108.82	\$575.37



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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## EXAMINATION COMMENTS AND CONCLUSIONS

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Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
12569-0148778	T. Oliver	\$6,037.84	\$7,323.41	\$1,285.57

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### **REPEAT VIOLATION**

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**1. A licensee shall not:**

**(a) Require or accept a guarantor to a transaction entered into with a customer.**

**NRS 604A.105 "Title loan" defined.**

**1. "Title loan" means a loan made to a customer pursuant to a loan agreement which, under its original terms**

**(b) Requires the customer to secure the loan by either:**

**(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee or any agent, affiliate or subsidiary of the licensee.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

Julie Palmer was added as a co-borrower on the loan account of Brandie Palmer under loan number 12569-0156389 and the co-borrower's name is not on the title of the vehicle.

### **FEDERAL**

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 61 - 00010

APP 014404  
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## EXAMINATION COMMENTS AND CONCLUSIONS

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### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 61 - 00011

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APP 014406  
ROA 009729



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
3365 E. FLAMINGO ROAD, SUITE 1  
LAS VEGAS, NV 89121  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 15, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	12.50	Examination Number:	67857

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 62 - 00001

APP 014407  
ROA 009730

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 3365 E. Flamingo, Road, Suite 1, Las Vegas, NV 89121 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



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## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 62 - 00003

APP 014409  
ROA 009732

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	267	5	1.87%
Delinquent Loans	45	5	11.11%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	312	15	4.81%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



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DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 62 - 00006

APP 014412  
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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 62 - 00007

APP 014413  
ROA 009736

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



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DEPARTMENT OF BUSINESS AND INDUSTRY  
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TMX 62 - 00008

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## EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
12669-0139747	R. Cano-Laija	\$3,341.31	\$3,444.66	\$103.35

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
12669-0120762	C. Vela de la Cruz	\$7,454.83	\$8,881.90	\$1,427.07
12669-0129909	G. Mochizuki	\$3,449.68	\$4,078.32	\$628.64
12669-0145915	J. Lewis	\$3,500.21	\$4,281.00	\$780.79
12669-0147253	C. Whitson	\$2,599.18	\$3,178.95	\$579.77
12669-0152368	S. Gucci	\$2,999.75	\$3,574.00	\$574.25



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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TMX 62 - 00009

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
126669-013346	J. Thomas	\$13,394.97	\$15,959.10	\$2,564.13
12669-0136785	D. Maher	\$3,247.09	\$3,984.54	\$737.45

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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REPORT OF EXAMINATION

TMX 62 - 00010

APP 014416  
ROA 009739

STUBBINS COMPANY 1953 47-0700

APP 014417  
ROA 009740



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
6820 W. FLAMINGO ROAD, SUITE F AND G  
LAS VEGAS, NV 89103  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 19, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	10.75	Examination Number:	67877

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 63 - 0000

APP 014418  
ROA 009741

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6820 W. Flamingo Road, Suite F and G, Las Vegas, NV 89103 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 63 - 00002  
APP 014419  
ROA 009742



## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 63 - 00003

APP 014420  
ROA 009743

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 63 - 00004  
**APP 014421**  
ROA 009744

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 63 - 00005

APP 014422  
ROA 009745

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	494	5	1.01%
Delinquent Loans	127	5	3.94%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	621	15	2.42%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 63 - 00006  
**APP 014423**  
ROA 009746

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 63 - 00007

APP 014424  
ROA 009747

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 63 - 00008

APP 014425  
ROA 009748

## EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
10869-0121750	S. Nankin	\$2,711.85	\$2,914.80	\$202.95

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
10869-0155074	D. Igayac	\$6,682.82	\$7,961.85	\$1,279.03
101869-014604	M. Lontoc	\$3,593.43	\$4,248.25	\$654.82
10869-0140562	j. Mitchell	\$3,521.53	\$4,163.32	\$641.79
10869-0156595	D. Betts	\$5,887.03	\$7,172.55	\$1,285.52
10869-0142919	S. Child	\$8,652.95	\$10,229.80	\$1,576.85
10869-0148788	A. Workneh	\$10,424.89	\$12,420.50	\$1,995.61

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 63 - 00009

**APP 014426**  
ROA 009749

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## EXAMINATION COMMENTS AND CONCLUSIONS

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*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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REPORT OF EXAMINATION

TMX 63 - 00010  
APP 014427  
ROA 009750



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APP 014428  
ROA 009751



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
3525 S. FT APACHE ROAD, SUITE 160  
LAS VEGAS, NV 89147  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 26, 2015	Examination Closed:	June 30, 2015
Total Exam Hours:	10.50	Examination Number:	67875

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 64 - 00001

APP 014429  
ROA 009752

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 3525 S. Fort Apache Road, Suite 160, Las Vegas, NV 89147 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 64 - 00002

APP 014430  
ROA 009753

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 64 - 00003

APP 014431  
ROA 009754

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 64 - 00004

APP 014432  
ROA 009755

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 64 - 00005

APP 014433  
ROA 009756

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 26, 2015
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	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	817	5	0.61%
Delinquent Loans	205	5	2.44%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	1022	15	1.47%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan.** A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 64 - 00006

APP 014434  
ROA 009757

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 64 - 00007

APP 014435  
ROA 009758



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 64 - 00008

APP 014436  
ROA 009759

## EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
11569-0136059	D. Gleason	\$734.44	\$798.38	\$63.94

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
11569-0134456	J. Wayne	\$8,939.87	\$10,651.20	\$1,711.33
11569-0130550	D. Ferraro	\$12,474.32	\$14,617.99	\$2,143.67
11569-0125164	S.Tavdidishvili	\$14,373.64	\$16,993.00	\$2,619.36
11569-0151406	G. Fanning	\$7,186.82	\$8,496.50	\$1,309.68
11569-0136419	S. Belluschi	\$14,373.64	\$16,993.00	\$2,619.36



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 64 - 00009

APP 014437  
ROA 009760

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## EXAMINATION COMMENTS AND CONCLUSIONS

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*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 64 - 00010

APP 014438  
ROA 009761

APP 014439  
ROA 009762



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
5060 S. FORT APACHE ROAD, SUITE 140  
LAS VEGAS, NV 89148  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 26, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	11.0	Examination Number:	67850

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 65 - 00001

APP 014440  
ROA 009763

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 5060 S. Ft. Apache Road, Suite 140, Las Vegas, NV 89148 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 65 - 00002

APP 014441  
ROA 009764

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 65 - 00003

APP 014442  
ROA 009765

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 65 - 00004

APP 014443  
ROA 009766



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the manager's questionnaire, it is the licensee's policy to maintain all records for five years. The proof of mailing was on file but the repayment plan offer was not on file and was not presented for review for the loan of Kevin Gibson, loan number 13869-0158203. The licensee is not in compliance with NRS 604A.700 and NAC 604A.200. Please refer to the State violation section of the report for additional details.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 65 - 00005

APP 014444  
ROA 009767

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	133	5	3.76%
Delinquent Loans	28	5	17.86%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	161	15	9.32%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 65 - 00006

APP 014445  
ROA 009768

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 65 - 00007

APP 014446  
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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445** Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210** Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 65 - 00008

APP 014447  
ROA 009770

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
13869-0132527	D, Robertson	\$4,300.96	\$4,333.51	\$32.55

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
13869-0133269	L. Latona	\$4,887.05	\$5,777.62	\$890.57
13869-0138539	M. Morales	\$7,454.83	\$8,881.90	\$1,427.07
13869-0139380	T. Sargent	\$7,186.62	\$8,496.50	\$1,309.88
13869-0133225	J. Herrera-Ramirez	\$3,322.80	\$4,009.53	\$686.73



STATE OF NEVADA  
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REPORT OF EXAMINATION

TMX 65 - 00009

APP 014448  
ROA 009771

## EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
13869-0131812	R. Kim	\$2,176.60	\$2,670.96	\$494.36
13869-0148870	B. Ephram	\$4,455.08	\$5,307.90	\$852.82
13869-0146864	B. Ephram	\$10,395.18	\$12,385.10	\$1,989.92

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### **NRS 604A.700 Required books and records.**

1. Each licensee shall keep and use in his business such books and accounting records as are in accord with generally accepted accounting practices.
3. Each licensee shall preserve all such books and accounting records for at least 2 years after making the final entry therein.

### **NAC 604A.200 Maintenance of books and records. (NRS 604A.300)**

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 years the original or a copy of each account, book, paper, written or electronic record or other document that concerns each loan or other transaction involving a customer in this State.
2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a place of business in this State designated by the licensee.

The proof of mailing was on file but the repayment plan offer was not on file and was not presented for review for the loan of Kevin Gibson, loan number 13869-0158203. The licensee is not in compliance with the above Statutes.

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 65 - 00010

APP 014449  
ROA 009772

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



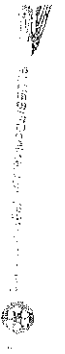
STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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REPORT OF EXAMINATION

TMX 65 - 00011

APP 014450  
ROA 009773



APP 014451  
ROA 009774





BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
**FINANCIAL INSTITUTIONS DIVISION**

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

**CHAPTER 604A**  
**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.**  
**DBA: TITLEMAX**  
**6525 S. FORT APACHE ROAD, SUITE 110**  
**LAS VEGAS, NV 89148**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 26, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	10.75	<b>Examination Number:</b>	67860

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 66 - 00001

APP 014452  
ROA 009775

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6525 S. Ft. Apache Road, Suite 110, Las Vegas, NV 89148 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 66 - 00002

APP 014453  
ROA 009776

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 66 - 00003

APP 014454  
ROA 009777

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 66 - 00004

APP 014455  
ROA 009778

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 66 - 00005

APP 014456  
ROA 009779

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	380	5	1.32%
Delinquent Loans	80	5	6.25%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	460	15	3.26%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 66 - 00006

APP 014457  
ROA 009780

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445** Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210** Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
11469-0122263	J. Yim	\$1,285.20	\$1,413.80	\$128.60

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
11469-0133170	A. Quassani	\$7,454.83	\$8,881.90	\$1,427.07
11469-0138488	N. Martinez	\$7,186.82	\$8,496.50	\$1,309.68
11469-0133430	S. Francis	\$7,934.23	\$9,380.15	\$1,445.92
11469-0133733	T. Killgore	\$4,193.31	\$5,128.72	\$935.41
11469-0151584	M. McMillan	\$11,464.42	\$13,659.01	\$2,194.59
11469-0135853	R. Balogh	\$5,893.18	\$6,967.13	\$1,073.95



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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## EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
11469+0119048	B. Freeburg	\$10,573.39	\$12,597.43	\$2,024.04

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
16 W. HORIZON RIDGE PKWY., SUITE 160  
HENDERSON, NV 89012  
WWW/TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 22, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	13.0	Examination Number:	67882

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

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## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 16 W. Horizon Ridge Parkway, Suite 160, Henderson, NV 89012 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

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DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.

### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	510	5	0.98%
Delinquent Loans	122	5	4.10%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	632	15	2.37%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan.** A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 67 - 00006

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## EXAMINATION COMMENTS AND CONCLUSIONS

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**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Games, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner  
Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 67 - 00007

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ROA 009792

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445** Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210** Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

The text of the Amended Agreement provides:

"Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect."

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 67 - 00008

APP 014470  
ROA 009793

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## EXAMINATION COMMENTS AND CONCLUSIONS

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This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### **OPEN ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
11769-0125150	I. Brassell	\$3,500.21	\$4,281.00	\$780.79
11769-0158424	L. Jersey	\$6,886.41	\$8,352.66	\$1,466.25
11769-0132112	T. Wadding	\$5,079.66	\$6,188.83	\$1,109.17
11769-0146853	V. Esguerra	\$8,613.16	\$10,261.94	\$1,648.78

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### **FEDERAL**

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 67 - 00009

APP 014471  
ROA 009794

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of **"Unsatisfactory"** indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.

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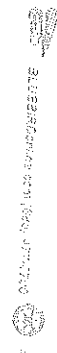
REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 67 - 00010

APP 014472  
ROA 009795



APP 014473  
ROA 009796



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
**FINANCIAL INSTITUTIONS DIVISION**

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

**CHAPTER 604A**  
**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.**  
**DBA: TITLEMAX**  
**5871 E. LAKE MEAD BLVD.,**  
**LAS VEGAS, NV 89156**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 22, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	12.0	<b>Examination Number:</b>	66958

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 68 - 00001

APP 014474  
ROA 009797

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 5871 E. Lake Mead Blvd., Las Vegas, NV 89156 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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ROA 009798



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



STATE OF NEVADA  
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FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 68 - 00003

APP 014476  
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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A 750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



STATE OF NEVADA  
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ROA 009800

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

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ROA 009801

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	70	5	7.14%
Delinquent Loans	17	5	29.41%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	87	15	17.24%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 68 - 00006

APP 014479  
ROA 009802

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Games, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 68 - 00007

APP 014480  
ROA 009803

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445** Title loans: Restrictions on duration of loan and periods of extension.  
Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210** Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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TMX 68 - 00008

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ROA 009804

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

**“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”**

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### **OPEN ACCOUNTS**

<b>Loan Number</b>	<b>Customer Name</b>	<b>Total Amount to be Paid Under the Original Loan Agreement</b>	<b>Total Amount to be Paid under the “Amended Loan Agreement”</b>	<b>Overage</b>
14569-0155085	M. Scanlan	\$1,819.80	\$2,233.10	\$413.30
14569-0155120	J. Cronin	\$5,079.66	\$6,188.83	\$1,109.17
14569-0160496	Q. Jackson	\$1,819.80	\$2,233.10	\$413.30
14569-0164135	O. Morris	\$3,465.55	\$4,238.60	\$773.05
14569-0149622	L. Lopez-Verdin	\$3,500.21	\$4,281.00	\$780.79
14569-0153006	N. Richmond	\$2,176.60	\$2,670.96	\$494.36

**Management Response:** *Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 68 - 00009

APP 014482  
ROA 009805

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of **"Unsatisfactory"** indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of **"Unsatisfactory"** may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an **administrative hearing regarding the Division's findings of deficiencies and violations**. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 68 - 00010

APP 014483  
ROA 009806







BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
**FINANCIAL INSTITUTIONS DIVISION**

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

**CHAPTER 604A**  
**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.**  
**DBA: TITLEMAX**  
**4750 W. LAKE MEAD BLVD., SUITE 102**  
**LAS VEGAS, NV 89108**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 21, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	11.50	<b>Examination Number:</b>	67888

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 69 - 00001

**APP 014485**  
**ROA 009808**

## EXAMINATION COMMENTS AND CONCLUSIONS

### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 4750 W. Lake Mead Boulevard, Suite 102, Las Vegas, NV 89108 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 69 - 00002

APP 014486  
ROA 009809

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 69 - 00003

APP 014487  
ROA 009810

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 69 - 00004

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ROA 009811

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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 69 - 00005

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ROA 009812

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	689	5	0.73%
Delinquent Loans	180	5	2.78%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	869	15	1.73%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan.** A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



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DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 69 - 00006

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ROA 009813

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 69 - 00007

APP 014491  
ROA 009814



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**  
Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



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DEPARTMENT OF BUSINESS AND INDUSTRY  
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REPORT OF EXAMINATION

TMX 69 - 00008

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### **OPEN ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
12169-0154386	S. Munoz	\$3,397.69	\$4,139.60	\$741.91
12169-0128523	O. Lemus	\$4,484.58	\$5,301.83	\$817.25
12169-0129025	R. Ward	\$5,030.77	\$5,947.55	\$916.78
12169-0131724	A. Batey	\$2,203.24	\$2,711.16	\$507.92
12169-0150926	D.Salgado-Ortiz	\$5,030.77	\$5,947.55	\$916.78
12169-0137467	E. Brambilla	\$7,697.33	\$9,233.23	\$1,535.90
12169-0119115	M. Bernal	\$5,030.77	\$5,947.55	\$916.78

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 69 - 00009

APP 014493  
ROA 009816

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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REPORT OF EXAMINATION

TMX 69 - 00010

APP 014494  
ROA 009817



APP 014495  
ROA 009818



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
6450 W. LAKE MEAD PKWY., SUITE 150  
LAS VEGAS, NV 89108  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 21, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	12.0	Examination Number:	67869

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

TMX 70 - 00001

APP 014496  
ROA 009819

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6450 W. Lake Mead Parkway, Suite 150, Las Vegas, NV 89108 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 70 - 00002  
**APP 014497**  
ROA 009820

## EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
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TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
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TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
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TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 70 - 00003

APP 014498  
ROA 009821

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 70 - 00004  
**APP 014499**  
ROA 009822



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014500  
ROA 009823

TMX 70 - 00005

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	561	5	0.89%
Delinquent Loans	136	5	3.68%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	697	15	2.15%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 70 - 00006  
**APP 014501**  
ROA 009824

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 70 - 00007

APP 014502  
ROA 009825

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 70 - 00008

APP 014503  
ROA 009826

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### **PAID OFF ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
10069-0120952	M. Avent	\$11,880.22	\$14,133.17	\$2,252.95

### **OPEN ACCOUNTS**

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
10069-0145198	A. Bermudez	\$3,164.55	\$3,818.60	\$654.05
10069-0138726	J. Casey	\$8,624.19	\$10,195.80	\$1,571.61
10069-0133077	R. Gomez	\$7,454.83	\$8,881.90	\$1,427.07
10069-0119884	E. Dotton	\$4,366.58	\$5,340.65	\$974.07
10069-0128094	M. Martinez	\$4,136.74	\$4,890.57	\$753.83



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 70 - 00009

APP 014504  
ROA 009827

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## EXAMINATION COMMENTS AND CONCLUSIONS

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Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
10069-0139023	J. Brown	\$8,939.87	\$10,651.20	\$1,711.33
0069-0142990	M. White	\$7,425.17	\$8,846.50	\$1,421.33
10069-0152357	C. Hernandez-Corrales	\$7,454.83	\$8,881.90	\$1,427.07
10069-0141667	C. Murphy	\$6,527.41	\$7,917.20	\$1,389.79
10069-0155858	J. Mendoza	\$7,186.82	\$8,496.50	\$1,309.68
10069-0134612	L. Taylor	\$12,617.17	\$14,916.44	\$2,299.27

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

TMX 70 - 00010  
**APP 014505**  
ROA 009828

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

TMX 70 - 00011  
**APP 014506**  
ROA 009829







BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.  
DBA: TITLEMAX  
4001 N. LAS VEGAS BLVD.,  
LAS VEGAS, NV 89115  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 19, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	13.0	Examination Number:	67885

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee as licensed under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014508  
ROA 009831  
TMX 71 - 00001

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 4001 N. Las Vegas Blvd., Las Vegas, NV 89115 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website [www.titlemax.com](http://www.titlemax.com) is used to advertise the various products and services it currently offers. Customers can start the application process online but must visit the branch location to process the loan.

As of the examination date, TitleMax currently has 42 licensed locations in the State of Nevada and all the locations were visited during the process of this examination. The corporate office located at 15 Bull St., Suite 200, Savannah Georgia 31401 is also licensed under NRS 604A. This location does not underwrite loans and is used for administrative purposes only. All licensed locations are listed in the table below:

Store	Address	City	State	Zip
TitleBucks	7150 S. DURANGO DRIVE, #190	LAS VEGAS	NV	89113
TitleMax	6820 W. FLAMINGO RD, SUITE F & G	LAS VEGAS	NV	89103
TitleMax	6525 S. FORT APACHE ROAD, STE 110	LAS VEGAS	NV	89148
TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
TitleMax	4700 SPRING MOUNTAIN ROAD	LAS VEGAS	NV	89102
TitleMax	3575 W. TROPICANA AVENUE	LAS VEGAS	NV	89103
TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
TitleMax	7615 S. RAINBOW BLVD, STE 100	LAS VEGAS	NV	89139
TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
TitleMax	6530 S. DECATUR BLVD, #100	LAS VEGAS	NV	89118
TitleMax	9555 S. EASTERN AVE, SUITE 105	LAS VEGAS	NV	89123
TitleMax	3391 E. TROPICANA AVENUE, STE 1	LAS VEGAS	NV	89121
TitleMax	3547 S. MARYLAND PKWY	LAS VEGAS	NV	89169
TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Store	Address	City	State	Zip
TitleBucks	4150 BOULDER HIGHWAY, SUITE 105	LAS VEGAS	NV	89121
TitleMax	2400 N. BUFFALO DRIVE #140	LAS VEGAS	NV	89128
TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
TitleMax	4811 WEST CRAIG ROAD	LAS VEGAS	NV	89130
TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
TitleMax	2020 E. WILLIAMS STREET	CARSON CITY	NV	89701
TitleMax	1995 W. WILLIAMS AVENUE	FALLON	NV	89406
TitleMax	900 W. FIFTH STREET	RENO	NV	89503
TitleMax	1600 N. NELLIS BLVD, SUITE 102	LAS VEGAS	NV	89115
TitleMax	1225 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

As of the examination date, the store located at 6060 Boulder Hwy., Suite 5 and 6, Las Vegas, NV 89122 was just opened for business and has not started underwriting title loans yet. As such, loan review was not part of the scope of the examination for this location.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS Chapter 604A and Nevada Administrative Code (NAC) Chapter 604A. The examination consisted of a review of active, paid, delinquent and declined loans, a review of surety bond terms, completion of the manager's and statutory compliance questionnaires, and a review of the company's policies and procedures and forms used in the operation of the business. Appropriate licenses and fee-related postings were also examined. Emphasis was placed on compliance with State regulations as well as the Truth in Lending Act (Regulation Z).

The current examination mainly focused on the prior violations that were cited which resulted in a less than satisfactory rating.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Annual Report

The Annual Report of Operations was received by the FID on March 24, 2015. The licensee is in compliance with NRS 604A.750.

### Surety Bond

The Surety Bond is sufficient. It is currently posted at \$265,000.00, with Capitol Indemnity Corporation under Surety Bond number 60088894 and is due for renewal on February 15, 2016. The licensee is in compliance with NRS 604A.610.

### Internal / External Review

Aside from the Nevada State examination, there was no written documentation provided for internal or external reviews at the time of the examination.

### Financial Audit / CPA

The CPA of the Financial Institutions Division reviewed the key financial figures submitted along with the licensee's Annual Report of Operations. There are no weaknesses identified in the business operations.

### Internal Routine and Control

During the previous examination, the licensee was utilizing CashWise Financial Services Software for its loan operations. However, at the start of the examination process, the licensee was in the process of converting its Software Program from CashWise Financial Services to TLX Software Program.

The Title loan underwriting process includes:

- Loan application form
- Income and obligations
- Government issued photo identification
- Valid phone number
- Title of the vehicle
- Proof of insurance
- Current registration
- Affidavit stating the customer's ability to repay the loan

As of the examination date, the licensee offers title loans with the original term of 210 days which parallel NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;



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## EXAMINATION COMMENTS AND CONCLUSIONS

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- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

The licensee is still in the process of collecting on old loans that were underwritten with an original term of 30 days which were underwritten prior to the last examination date.

As observed during the prior examination, the licensee is still utilizing the "Grace Period Payments Deferment Agreement." Some of the branch locations visited had pre-printed copies of the grace period payments deferment agreement in the customer files. The employees are also encouraging the customers to enter into this grace period payment deferment agreement.

This grace period payments deferment agreement consists of separating the interest and principal from the original amortized schedule payments and prolonging the payment of principal until the full interest is paid. This agreement has a schedule of 14 payments, which for the first seven payments the customer pays only interest. For the remaining seven payments, the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The "Grace Period Payments Deferment Agreement" offered by TitleMax clearly contradicts with NRS 604A.445 (3). Please refer to the State violation section of the report for additional details.

### Training

TitleMax provides periodic training to all employees. New employees are trained upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of overseeing that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously by the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is in compliance with, NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

As stated in the managers questionnaire, it is the licensee's policy to maintain all records for five years, which is in compliance with NRS 604A.700 and NAC 604A.200.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Collection Agency Utilized by the Licensee

As of examination date, the licensee does not utilize a collection agency for accounts in default. The licensee's internal collections department currently handles these accounts.

### FDCPA

TitleMax employees are required to be certified on an annual basis. All collection employees are required a minimum score of 80 percent to obtain the FDCPA certification. The store managers monitor all contact with debtors to ensure that policies and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The FID complaint database was verified and it indicates that there were three (3) complaints filed against the licensee since the last examination. Out of the three, one complaint was still open as of the close date of the examination. The complaint of Esther Vasquez under complaint number 68670 was still open.

### Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	120	5	4.17%
Delinquent Loans	426	5	1.17%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	546	15	2.75%

During this follow-up examination, declined loans were not reviewed.

## PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

### REPEAT VIOLATION

**NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:**

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, including the customer's current and expected income, obligations and employment.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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The licensee was previously cited for underwriting loans without regard to the customer's ability to repay the title loan. This is no longer apparent since the licensee started underwriting loans with an original term of 210 days; therefore, this violation is deemed rectified.

**NAC 604A.230 Prohibited acts: Miscellaneous acts.**

**NRS 604A.105 "Title loan" defined.**

**NRS 604A.115 "Title to a vehicle" or "title" defined. "Title to a vehicle" or "title" means a certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

During the previous examination, the licensee was cited for allowing co-borrowers to be co-signors on the title loan where the co-borrower's name was not in the vehicle title. No such instance was found at this location. As such, this is deemed rectified.

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445 (3). The current examination showed that Titlemax's original loan agreement complies with NRS 604A.445 (3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210. This is still apparent during the current examination and is cited as a repeat violation.

### EXIT MEETING

The exit meeting was held telephonically on June 17, 2015. TitleMax was represented by the following:

Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria Newman, Compliance and Corporate Counsel  
Stephen Paris, Senior Regulatory Compliance Manager  
Ted Helgeson, Divisional Vice President of Operations  
Coleman Gaines, Senior Vice President of Operations-West  
Melissa Ardis, Director of Compliance  
Nicole Lovelock, Outside Counsel from Holland and Hart

The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



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## EXAMINATION COMMENTS AND CONCLUSIONS

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Christopher Eccles, Attorney  
Ma. Theresa Dihiansan, Examiner-In-Charge  
Dean Ventura, Examiner  
Kelvin Lam, Examiner

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

**NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.**

**Notwithstanding any other provision of this chapter to the contrary:**

**3. The original term of a title loan may be up to 210 days if:**

- (a) The loan provides for payments in installments;**
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;**
- (c) The loan is not subject to any extension; and**
- (d) The loan does not require a balloon payment of any kind.**

**NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:**

- 1. Any fees for granting such a grace period; or**
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.**

During the current examination, TitleMax underwrites title loans with an original term of 210 days which mirrors NRS 604A.445 (3). It was also apparent during the examination that Titlemax continued to offer the amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax currently offers the customers an amendment to the original loan agreement called the "Grace Period Payments Deferment Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferment agreement prior to default if the customer chooses to make lower monthly payments although the total amount owed by the customer in the amended agreement will be higher than the total amount owed under the original loan agreement.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014515  
ROA 000838-00008



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## EXAMINATION COMMENTS AND CONCLUSIONS

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The text of the Amended Agreement provides:

“Because this is only an amendment and modification of the loan agreement in which we are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provision remain in full force and effect.”

This statement shows an intent to avoid compliance with NRS 604A.445 (3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are interest payments only and last seven payments are principal payments. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

### PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
13469-0130260	C. Rodriguez	\$1,321.92	\$1,396.58	\$74.66

### OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
13469-0128246	C. Hutchison	\$5,920.69	\$7,213.48	\$1,292.79
13469-0143388	M. Villela-Mejia	\$8,191.88	\$9,936.10	\$1,744.22
13469-0127396	M.Reyes	\$2,355.05	\$2,889.89	\$534.84
13469-0138130	J. Sainz-Torres	\$11,909.92	\$14,189.80	\$2,279.88



## EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
13469-0147341	K. Obrien	\$1,427.29	\$1,751.44	\$324.15
13469-0145163	K. Obrien	\$1,819.80	\$2,233.10	\$413.30

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*

**NAC 604A.160 Translation of documents written in language other than English. (NRS 604A.300)**

Y. A licensee who uses a form or standard loan agreement written in Spanish as required by NRS 604A.410, notice of opportunity to enter into a repayment plan written in Spanish as required by NRS 604A.475, or other form or standard document written in a language other than English shall cause the document to be translated into English and maintain together a copy of the document and its English translation.

**NRS 604A.410 Written loan agreement required; contents.**

- Y. Before making any loan to a customer, a licensee shall provide to the customer a written loan agreement which may be kept by the customer and which must be written in:
  - Y. English, if the transaction is conducted in English; or
  - (b) Spanish, if the transaction is conducted in Spanish.

The loan accounts itemized in the table below indicated that the language used is not consistent with the initial language used in the loan application and the loan disclosure agreement and other documentation used during the term of the loan:

Loan Number	Customer Name	Language Used In Loan Disclosure	Language Used in Repayment Plan Agreement/Grace Period Payments Deferment Agreement	Language Used In Loan Application And Affidavit
13469-0155922	A. Martinez	Spanish	English	English
13469-0130260	C. Rodriguez	Spanish	Spanish	English

*Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee would respond in writing upon receipt of the written report of examination for all locations.*



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated "Satisfactory," "Needs Improvement," or "Unsatisfactory," based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is "Unsatisfactory."

A rating of "Unsatisfactory" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to NRS and NAC. A rating of "Unsatisfactory" may be given if there were minor violations or deficiencies from a previous examination that were not corrected. Be advised that you may be subject to disciplinary action due to the nature of the violations. You may request an administrative hearing regarding the Division's findings of deficiencies and violations. If you do wish to request an administrative hearing, please state so in your response letter. A written response to the examination is required within 30 days outlining the actions that will be taken to correct all deficiencies and violations noted in the report. The Financial Institutions Division may conduct a follow up examination within three (3) months to ensure corrective actions have been implemented.

