

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 11:53 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 62 of 75

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<b>DOCUMENT</b>	<b>VOL.</b>	<b>BATES NO.</b>
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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
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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

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APP 014519  
ROA 009842



BRIAN SANDOVAL  
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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**  
**3547 S. MARYLAND PKWY.,**  
**LAS VEGAS, NV 89169**  
**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>	14.0	<b>Examination Number:</b>	67891

**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 014520  
ROA-009843  
TMAX 72-00001

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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 3547 S. Maryland Parkway, 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



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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 15, 2015		
	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	285	5	1.75%
Delinquent Loans	58	5	8.62%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	<b>343</b>	<b>15</b>	<b>4.37%</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



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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 014527  
ROA 009850-00008

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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
12469-0159162	L. Laface	\$3,263.70	\$3,956.60	\$692.90
12469-0154314	G. Gacia	\$2,176.60	\$2,670.96	\$494.36
12469-0150716	R. Williams III	\$5,079.66	\$6,188.83	\$1,109.17
12469-0154162	W. Ciro	\$5,079.66	\$6,188.83	\$1,109.17
12469-0139453	B. Pickett	\$10,780.25	\$12,744.75	\$1,964.50
12469-0129635	D. Dennis	\$7,503.07	\$8,870.36	\$1,367.29
12469-0152352	H. Shelly	\$7,454.83	\$8,881.90	\$1,427.07

### 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 014528  
ROA0098510009

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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 014530  
ROA 009853



BRIAN SANDOVAL  
Governor

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

BRUCE BRESLOW  
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**CHAPTER 604A**  
**REPORT OF EXAMINATION**

**TITLEMAX OF NEVADA INC.**  
**DBA: TITLEMAX**  
**4749 S. MARYLAND PKWY.**  
**LAS VEGAS, NV 89119**  
**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>	13.25	<b>Examination Number:</b>	67883

**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 014531  
ROA 0098540001

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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 4749 S. Maryland Parkway, Las Vegas, NV 89119 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
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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.



STATE OF NEVADA  
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ROA10098560003

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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	254	5	1.97%
Delinquent Loans	39	5	12.82%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	293	15	5.12%

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  
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APP 014536  
ROA 000859-00006

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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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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
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APP 014537  
ROA0098600007

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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  
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APP 014538  
ROA 009861 - 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
12969-0122418	K. Hernandez-Mendoza	\$734.44	\$770.33	\$35.89
12969-0133691	B. Mooneyham	\$1,819.80	\$2,009.87	\$190.07

### 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
12969-0155562	R. Estrada-Hernandez	\$5,887.03	\$7,172.55	\$1,285.52
12969-0130373	K. Lee	\$5,778.20	\$6,831.20	\$1,053.00



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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APP 014539  
ROA 0098620009

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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
12969-0137311	J. Jennings	\$9,342.86	\$11,045.45	\$1,702.59
12969-0118956	S. Lou	\$8,939.87	\$10,651.20	\$1,711.33
12969-0120036	E. Salvador	\$6,560.02	\$7,956.80	\$1,396.78
12969-0113144	C. Francovich	\$11,464.42	\$13,659.01	\$2,194.59
12969-0147073	J. Kucan	\$6,560.02	\$7,956.80	\$1,396.78

*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.*

**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 the affidavit of Juan Lopez-Sanchez under loan number 12969-0153925 was written in English while the loan disclosure agreement and the receipts were written 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.*

**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:

1. Make a title loan that exceeds the fair market value of the vehicle securing the title loan.

The total loan amount of \$11,464.42 for Calton Francovich, loan number 12969-0113144, exceeds the fair market value of the vehicle, \$10,850.00.



STATE OF NEVADA  
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REPORT OF EXAMINATION

APP 014540  
ROA 000863-00010

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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.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014541  
ROA0098640011

APP 014542  
ROA 009865



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\**  
**1600 N. NELLIS BLVD., SUITE 102**  
**LAS VEGAS, NV 89115**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 19, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	12.50	<b>Examination Number:</b>	67872

**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.

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

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014543  
ROA-009866  
TMX 74-00001

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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 1600 N. Nellis Boulevard, Suite 102, 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
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TitleMax	3525 S. FORT APACHE ROAD, SUITE 160	LAS VEGAS	NV	89147
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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
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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
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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
<b>LOAN TYPES:</b>			
Active Loans	530	5	0.94%
Delinquent Loans	98	5	5.10%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	<b>628</b>	<b>15</b>	<b>2.39%</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



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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 014550  
ROA 000873-00008

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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
11969-0134997	M. Montes	\$6,353.16	\$7,510.92	\$1,157.76
11969-0145370	L. Timmons	\$5,969.82	\$7,112.60	\$1,142.78
11969-0153448	L. Lee	\$14,373.64	\$16,993.00	\$2,619.36
11969-0148095	N. Danila	\$5,778.20	\$6,831.20	\$1,053.00
11969-0116317	F. Cardenas-Valencia	\$7,813.82	\$9,156.61	\$1,342.79
11969-0131645	M. Montes	\$5,778.20	\$6,831.20	\$1,053.00
11969-0133698	M. Layadi	\$4,340.85	\$5,131.90	\$791.05
11969-0153727	M. Cobb	\$5,079.66	\$6,188.83	\$1,109.17
11969-0128946	G. Koller	\$5,079.66	\$6,188.83	\$1,109.17
11969-0128727	U. Young	\$5,778.20	\$6,831.20	\$1,053.00

**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

APP 014551  
ROA 009874  
TAX 74-00009

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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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APP 014553  
ROA 009876



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**  
**7615 S. RAINBOW BLVD., SUITE 100**  
**LAS VEGAS, NV 89139**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 19, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	10.75	<b>Examination Number:</b>	67863

**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 014554  
ROA 009877  
TAX 15-00001

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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 7615 S. Rainbow Boulevard, Suite 100, Las Vegas, NV 89139 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
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TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
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TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
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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	444	5	1.13%
Delinquent Loans	80	5	6.25%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	524	15	2.86%

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 014560  
ROA 009883  
TAX 78 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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## 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
10369-0132492	W. Woo	\$4,895.57	\$5,937.90	\$1,042.33
10369-0132380	J. English	\$14,820.58	\$17,657.60	\$2,837.02
10369-0128093	H. Ceballos	\$7,905.50	\$9,346.15	\$1,440.65
10369-0137646	M. Manankil	\$5,462.00	\$6,457.34	\$995.34
10369-0143658	S. Wallin	\$7,215.56	\$8,530.50	\$1,314.94
10369-0132554	T. Bridges	\$3,465.55	\$4,238.60	\$773.05
10369-0132938	C. White	\$14,373.64	\$16,993.00	\$2,619.36
10369-0133455	R. Ramos	\$3,247.09	\$3,984.54	\$737.45
10369-0139094	M. Lasen-Perez	\$3,500.21	\$4,281.00	\$780.79

**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.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FEDERAL

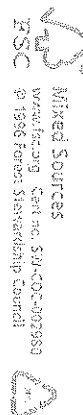
No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### 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.





**Stewart A. Cooper Co.** [www.sicooder.com](http://www.sicooder.com)  
Los Angeles 800-421-8703 Atlanta 800-325-7880

APP 014564  
ROA 009887



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**  
**3900 W. SAHARA AVENUE**  
**LAS VEGAS, NV 89102**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 13, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	12.75	<b>Examination Number:</b>	67870

**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 014565**  
**ROA-009888**  
TMX 78-00001

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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 3900 W. Sahara Avenue, 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.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014567  
ROA 00989000003

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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	309	5	1.62%
Delinquent Loans	73	5	6.85%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	382	15	3.93%

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 014572  
ROA 00895-00008

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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
10169-0121920	J. Montes-Llamas	\$1,819.80	\$2,050.54	\$230.74
10169-0121672	J. Vazques-Murillo	\$5,079.66	\$5,826.74	\$747.08

### 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
10169-0117199	Z. Garcia-Caceres	\$4,312.10	\$5,097.90	\$785.80
10169-0154374	M. Draling	\$7,454.83	\$8,881.90	\$1,427.07



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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
10169-0154367	Y. Walker	\$6,527.41	\$7,917.20	\$1,389.79
10169-0159325	C. Hickman	\$4,340.85	\$5,131.90	\$791.05
10169-0142822	B. Rafter	\$6,518.46	\$7,706.35	\$1,187.89
10169-0143048	K. Tolbert	\$4,340.85	\$5,131.90	\$791.05
10169-0313955	C. Aguirre	\$4,312.10	\$5,097.90	\$785.80

*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 014574  
ROA 000897-00010

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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."

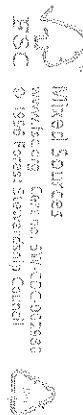
A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report 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 014575  
ROA-009898  
TMX 76 00011



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APP 014576  
ROA 009899



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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  
4700 SPRING MOUNTAIN ROAD  
LAS VEGAS, NV 89102  
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>	67884

**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 014577  
ROA 009900  
TX 77 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 4700 Spring Mountain Road, 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.

REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014579  
ROA0099020003

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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 014580  
ROA 000903-00004

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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 account of James Galinato under loan number 13169-0124774 defaulted on April 6, 2015. There was no proof of mailing and the offer to enter into the repayment plan was not on file, and the branch was not able to present it for review. The licensee is not in compliance with NRS 604A.700 and NAC 604A.200. Please refer to the current 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	232	5	2.16%
Delinquent Loans	77	5	6.49%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	309	15	4.85%

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

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014583  
ROA0099060007

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## EXAMINATION COMMENTS AND CONCLUSIONS

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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 014584  
ROA 009907-00008

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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**

<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>
13169-0124774	J. Galinato	\$7,215.56	\$8,530.50	\$1,314.94
13169-0156426	D. Nguyen	\$14,373.64	\$16,993.00	\$2,619.36
13169-0124100	D. Badoyen	\$14,850.26	\$17,693.00	\$2,842.74
13169-0138275	J. Fralick	\$7,215.56	\$8,530.50	\$1,314.94
13169-0134470	S. Lim	\$14,373.64	\$16,993.00	\$2,619.36
13169-0133504	J. Amato	\$3,500.21	\$4,281.00	\$780.79
13169-0126224	J. Rivera Carrera	\$8,624.19	\$10,195.80	\$1,571.61
13169-0126651	S. Lach	\$8,624.19	\$10,195.80	\$1,571.61
13169-0153755	D. Eusebio	\$3,018.46	\$3,568.53	\$550.07
13169-0153970	K. Hor	\$4,366.58	\$5,340.65	\$974.07

***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.***



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014585  
ROA0099080009

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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.

NAC 604A.170 Delivery to customer of notice of opportunity to enter into repayment plan. (NRS 604A.300, 604A.475)

1. A licensee who is required to provide a customer with written notice of the opportunity to enter into a repayment plan pursuant to NRS 604A.475 may deliver the written notice to the customer using any method of delivery that generates a record of the delivery.

2. A person who delivers a notice to a customer in person must execute an affidavit of delivery.

NAC 604A.170 Delivery to customer of notice of opportunity to enter into repayment plan. (NRS 604A.300, 604A.475)

1. A licensee who is required to provide a customer with written notice of the opportunity to enter into a repayment plan pursuant to NRS 604A.475 may deliver the written notice to the customer using any method of delivery that generates a record of the delivery.

2. A person who delivers a notice to a customer in person must execute an affidavit of delivery.

### 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.



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## EXAMINATION COMMENTS AND CONCLUSIONS

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James Galinato under loan number 13169-0124774 defaulted on April 6, 2015. There was no proof of mailing and the offer to enter into the repayment plan was not on file and the branch was not able to present it for review.

*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."

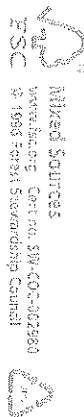
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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014587  
ROA 0099100011



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APP 014588  
ROA 009911



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  
4650 E. SUNSET ROAD, SUITE C  
HENDERSON, NV 89014  
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:	12.50	Examination Number:	67881

**THIS REPORT IS STRICTLY CONFIDENTIAL**

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

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014589  
ROA 009912  
TAX 98120001

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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 4650 E. Sunset Road, Suite C, Henderson, NV 89014 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
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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
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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
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TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
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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.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014591  
ROA 0099140003

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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	476	5	1.05%
Delinquent Loans	101	5	4.95%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	577	15	2.60%

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.



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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 014595  
ROA 0099180007

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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
11669-0112962	G. Tobin	\$3,500.21	\$4,219.84	\$719.63

### **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
11669-0128448	C. Canales	\$3,500.21	\$4,281.00	\$780.79
11669-0128815	M. Pease	\$3,465.55	\$4,238.60	\$773.05
11669-0133679	L. Galvin	\$5,174.51	\$6,117.48	\$942.97
11669-0128993	J. Rudolph	\$5,079.66	\$6,188.83	\$1,109.17
11669-0128320	M. Dunworth	\$5,361.36	\$6,338.41	\$977.05



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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
11669-0144141	A. Stephens	\$4,193.31	\$5,128.72	\$935.41
11669-0147963	M. Solis	\$3,465.55	\$4,238.60	\$773.05
11669-0112674	T. Sharp	\$7,454.83	\$8,881.90	\$1,427.07
11669-0143637	C. Chairsell Jr.	\$7,454.83	\$8,881.90	\$1,427.07
11669-0148076	C. Chairsell Jr.	\$4,083.83	\$4,865.54	\$781.71

*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 014598  
ROA 009921 - 00010

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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 014599  
ROAT0099220011



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APP 014600  
ROA 009923



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  
3391 E. TROPICANA AVE, SUITE 1  
LAS VEGAS, NV 89121  
WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 18, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	13.50	<b>Examination Number:</b>	67862

**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 014601  
ROA 0099240001

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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 3391 E. Tropicana Avenue, 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:

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## EXAMINATION COMMENTS AND CONCLUSIONS

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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 014603  
ROA 0099260003

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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 18, 2015		
	Population	Sample Size	Penetration
<b>LOAN TYPES:</b>			
Active Loans	538	5	0.93%
Delinquent Loans	132	5	3.79%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	670	15	2.24%

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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## 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

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014607  
ROA 009930 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

**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 mirrored 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 Deferral Agreement" (hereinafter, the "Amended Agreement") during the term of the loan. The customer may enter into the grace period payments deferral 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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APP 014608  
ROA 009931 - 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
10569-0145499	E. Melendez	\$7,973.32	\$9,564.29	\$1,590.97
10569-0140652	V. Orpilla	\$8,910.17	\$10,615.80	\$1,705.63
10569-0141991	L. Juarez-Verdin	\$5,887.03	\$7,172.55	\$1,285.52
10569-0137914	J. Tripp	\$5,403.06	\$6,268.40	\$865.34
10569-0145917	Y. Rodriguez-Diaz	\$5,920.69	\$7,213.48	\$1,292.79
10569-0146239	I. Beverly	\$3,465.55	\$4,238.60	\$773.05

*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.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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APP 014609  
ROA 10099320009

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### 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.

Loan Number 10569-0152547 was underwritten in favor of Stacy Lee with a co-borrower's name, Marnie Lee. The title of the vehicle is under the name of Marnie Lee only and Stacy Lee's name is not on the vehicle title. 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.*

### 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
10569-0106634	M. Alberto Gonzalez	Spanish	English	English
10569-0154241	O. Carraxzana-Barcelo	Spanish		English
10569-0145917	Y. Rodriguez-Diaz	Spanish	English	English
10569-0152745	J. Tejeda	Spanish		English



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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."

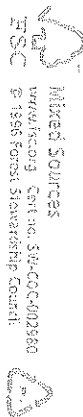
A rating of "**Unsatisfactory**" indicates that the licensee and the management of the licensee have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report 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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APP 014611  
ROA 009934 00011



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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  
3575 W. TROPICANA AVE.,  
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:	10.50	Examination Number:	67867

**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 014613  
ROA 009936 0001

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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 3575 W. Tropicana Avenue, 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



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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

APP 014615  
ROA 009938  
TX 00 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  
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APP 014616  
ROA 009939 - 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
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	190	5	2.63%
Delinquent Loans	42	5	11.90%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	232	15	6.47%

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.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

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APP 014618  
ROA 009941 - 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 014619  
ROA 0099420007

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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 014620  
ROA 009943 - 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
13769-0132596	F. Zorrilla	\$7,257.69	\$8,504.89	\$1,247.20
13769-0129941	S. Wu	\$8,345.88	\$9,943.48	\$1,597.60
13769-0134127	D. Torres	\$6,560.02	\$7,956.80	\$1,396.78
13769-0153853	W. Kissinger	\$6,527.41	\$7,917.20	\$1,389.79

*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.*

### 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 014621  
ROA0000040009

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## EXAMINATION COMMENTS AND CONCLUSIONS

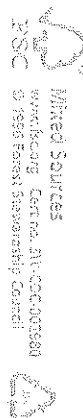
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### SUMMARY

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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APP 014623  
ROA 009946



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**  
**6795 W. TROPICANA AVE, SUITE 140**  
**LAS VEGAS, NV 89103**  
**WWW.TITLEMAX.COM**

<b>Examiner In Charge:</b>	Ma. Theresa Dihiansan	<b>Examined as of:</b>	May 4, 2015
<b>Examination Started:</b>	May 19, 2015	<b>Examination Closed:</b>	June 17, 2015
<b>Total Exam Hours:</b>	10.75	<b>Examination Number:</b>	67856

**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 014624  
ROA 009947  
TMX 81 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 6795 W. Tropicana Avenue, Suite 140, 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



## 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 014626**  
ROA 00984900003

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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  
FINANCIAL INSTITUTIONS DIVISION

APP 014628  
ROA 00995-10005

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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	212	5	2.36%
Delinquent Loans	39	5	12.82%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
<b>Total Loans =</b>	<b>251</b>	<b>15</b>	<b>5.98%</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

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014630  
ROA 00953 0007

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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:**

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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:

### 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
13969-0160000	A. Douangsouri	\$7,186.82	\$8,496.50	\$1,309.68
13969-0150644	J. Voss	\$5,490.74	\$6,491.34	\$1,000.60
13969-0155479	E. Cabrera-Pena	\$4,866.28	\$5,702.55	\$836.27
13969+0155423	R. Fico	\$4,112.22	\$4,987.85	\$875.63
13969-0144135	J. Fernandez	\$5,094.96	\$6,147.96	\$1,053.00
13969-0135548	A. Martinez-Rodriguez	\$3,500.21	\$4,281.00	\$780.79
13969-0147899	H. Wilson	\$7,425.17	\$8,846.50	\$1,421.33
13969-0112704	G. Gibson	\$4,340.85	\$5,131.90	\$791.05

*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

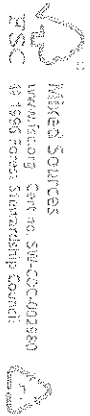
No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### 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.





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APP 014634  
ROA 009957



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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  
3220 S. VIRGINIA ST.  
RENO, NV 89502  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 13, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	11.25	Examination Number:	67855

**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 014635  
ROA 009958  
TX 92-00001

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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 3220 S. Virginia Street, Reno, NV 89502 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
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TitleMax	5060 S. FORT APACHE ROAD, SUITE 140	LAS VEGAS	NV	89148
TitleMax	6795 W. TROPICANA AVENUE, SUITE 140	LAS VEGAS	NV	89103
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TitleMax	7380 S. EASTERN AVENUE, SUITE 126	LAS VEGAS	NV	89123
TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
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TitleMax	4749 S. MARYLAND PKWY	LAS VEGAS	NV	89119
TitleMax	4650 E. SUNSET ROAD, SUITE C	HENDERSON	NV	89014
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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
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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
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 014637  
ROA009600003

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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 014638  
ROA 009981 - 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
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	774	5	0.65%
Delinquent Loans	266	5	1.88%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	1040	15	1.44%

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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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014641  
ROA 0099640007

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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 014642  
ROA 009963 - 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
13069-0133363	J. Spiker	\$10,455.53	\$12,252.28	\$1,796.75
13069-0116554	E. Baldwin	\$1,321.92	\$1,626.71	\$304.79
13069-0150021	A. Bustos-Ramirez	\$4,630.67	\$5,554.63	\$923.96
13069-0130312	M. Saich	\$3,296.36	\$3,998.20	\$701.84

*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 014643  
ROAT0099660009

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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."

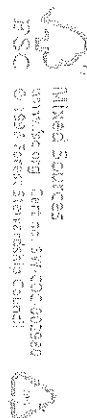
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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014644  
ROA 009967 - 00010



*Stuart & Cooper Co.* [www.stcooper.com](http://www.stcooper.com)  
Los Angeles 800-421-8703 • Atlanta 800-325-7590

APP 014645  
ROA 009968



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  
1995 E. WILLIAMS AVE.,  
FALLON, NV 89406  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 12, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	11.75	Examination Number:	67852

**THIS REPORT IS STRICTLY CONFIDENTIAL**

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

Ma. Theresa Dihiansan, CAMLS  
Examiner In Charge

APP 014646  
ROA 009969  
TX 83 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 1995 E. Williams Avenue, Fallon, NV 89406 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:

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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
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TitleMax	16 W. HORIZON RIDGE PKWY #160	HENDERSON	NV	89012
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TitleMax	4000 BOULDER HWY, SUITE 5	LAS VEGAS	NV	89121
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## EXAMINATION COMMENTS AND CONCLUSIONS

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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 014648  
ROA 009971-00003

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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	266	5	1.88%
Delinquent Loans	43	5	11.63%
Closed Loans	3	3	0.00%
Declined Loans	0	0	0.00%
Total Loans =	312	13	4.17%

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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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014652  
ROA 009975-00007

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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 014653  
ROA 009276 - 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
14269-0158470	T. Davis	\$4,886.45	\$5,976.44	1,089.99
14269-0156704	T. Schrock	\$7,454.83	\$8,881.90	\$1,427.07
14269-0156454	J. Nichols	\$3,812.10	\$4,662.46	\$850.36
14269-0127021	M. Cox	\$3,500.21	\$4,281.00	\$780.79
14269-0118911	W. Estes	\$7,425.17	\$8,846.50	\$1,421.33

*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 014654  
ROA 009977  
TWX 88-00009

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## EXAMINATION COMMENTS AND CONCLUSIONS

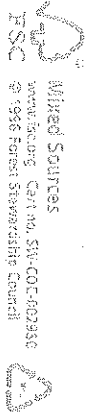
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### SUMMARY

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.





**Stuart A. Cooper Co.** [www.sccooper.com](http://www.sccooper.com)  
Los Angeles 800-421-6703 Atlanta 800-325-7590

APP 014656  
ROA 009979



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  
2020 E. WILLIAMS ST.  
CARSON CITY, NV 89701  
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 12, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	12.0	Examination Number:	67889

**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 014657  
ROAT0099800001

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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 2020 E. Williams Street, Carson City, NV 89701 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
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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.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 014659  
ROA 0099820003

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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	388	5	1.29%
Delinquent Loans	71	5	7.04%
Closed Loans	5	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	464	15	3.23%

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

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REPORT OF EXAMINATION



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

APP 014663  
ROA0099860007

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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 014664  
ROA 009987 - 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
14069-0145387	N. Ellery	\$5,769.28	\$7,029.05	\$1,259.77
14069-0129835	J. Diamond	\$10,779.27	\$12,505.60	\$1,726.33
14069-0125201	N. Jasso	\$13,440.47	\$15,593.00	\$2,152.53
14069-0149028	S. Perkins	\$7,454.83	\$8,881.90	\$1,427.07
14069-0138319	S. Shattuck	\$7,454.83	\$8,881.90	\$1,427.07
14069-0151877	D. Waddams	\$4,713.16	\$5,764.51	\$1,051.35
14069-0134205	M. McNeil-Candee	\$3,164.55	\$3,818.60	\$654.05
14069-0121368	P. Silva	\$5,778.20	\$6,831.20	\$1,053.00
14069-0138862	J. Montanez-Teran Jr.	\$6,979.61	\$8,179.03	\$1,199.42

**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

APP 014665  
ROA 009988 0009

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FEDERAL

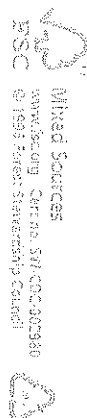
No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### 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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APP 014667  
ROA 009990

HOLLAND & HART



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February 9, 2015

**VIA FACSIMILE (702-486-4563) AND U.S. MAIL**

Ms. Theresa Dihiansan, CAMLS  
Examiner III  
State of Nevada  
Department of Business and Industry  
Financial Institutions Division  
2785 East Desert Inn Road, Suite 180  
Las Vegas, Nevada 89121

**RE: Reports of Examination for TitleMax of Nevada, Inc., d/b/a/ TitleMax ("TitleMax") and d/b/a TitleBucks ("TitleBucks") (TitleMax and TitleBucks may be collectively referred to herein as the "Companies")**

Dear Ms. Dihiansan:

Thank you for this opportunity to respond to the recent Reports of Examination ("ROEs") conducted by the State of Nevada Department of Business and Industry Financial Institutions Division (the "Division") of thirty-eight (38) TitleMax licensed store locations and three (3) TitleBucks licensed store locations. The Companies always seek to work closely with their regulators in an effort to attain the highest levels of compliance with applicable federal and state laws and regulations. To that end, we greatly appreciate the Division communicating with the Companies regarding their policies and procedures.

My understanding of the ROEs is that they concern three overriding legal issues: (1) alleged violations of NRS 604A.450; (2) alleged violations of NAC 604A.230; and (3) alleged violations of NRS 604A.210 and 604A.445.

**ALLEGED VIOLATIONS OF NRS 604A.450**

**A. The Division Misinterprets the Term "Without Regard" in NRS 604A.450(2).**

Nevada law provides as follows:

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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ROA 009991  
TMX 85 00001



NRS 604A.450(2) (emphasis added). The examiner noted that “[t]he title loans ... were underwritten in excess of the customer’s disclosed income and obligations, therefore, there was no regard given to the customer’s ability to repay the loan. This exception was cited by the examiner in all but one (1) examination (namely Examination Number 65329).

Please note there have been ongoing discussions concerning the Division’s interpretation of NRS 604A.450 dating back to October 2012. The Companies have met several times with the Division concerning this issue and the Companies contend that, in making title loans to their customers, it fully complies with NRS 604A.450 in that it considers a customer’s ability to repay the loan.

Neither the Nevada Revised Statutes nor the Nevada Administrative Code define the term “without regard” as it pertains to NRS 604A.450. Nor is there any published court decision interpreting this language. Absent an ambiguity, Nevada statutes must be read to “give effect to the plain and ordinary meaning of the words.” *St. Mary v. Damon*, 129 Nev. —, 309 P.3d 1027, 1031 (2013), quoting *Cromer v. Wilson*, 126 Nev. —, 225 P.3d 788, 790 (2010).

The Nevada Revised Statutes provide countless examples in which the term “without regard” is invoked as a prohibition against any consideration of some matter. *See, e.g.*, NRS 2.065 (pension for a retiring justice is based upon years of service “without regard to his or her age”); NRS 18.010 (awarding fees for frivolous claims “[w]ithout regard to the recovery sought”); NRS 62B.200 (boards of county commissioners of two or more counties may provide a combined facility for the detention of children “without regard to the population of the counties”). In the federal context, there are numerous rules that guarantee basic civil rights “without regard” to a person’s race, gender, religion, or national origin. *See, e.g., Regents of the Univ. of Cal. v. Bakke*, 438 U.S. 265, 293 (1978) (the guarantees of Equal Protection “are universal in their application . . . without regard to any differences of race, or color, or of nationality. . . .”), quoting *Yick Wo v. Hopkins*, 118 U.S. 356, 369 (1886). These various statutory and court applications make it clear that the term “without regard” equates to “giving no consideration whatsoever.”

In this context, NRS 604A.450 merely prohibits a licensee from giving no consideration whatsoever to a borrower’s ability to repay a loan. The Companies plainly comply with this requirement, as they require potential borrowers to disclose current and expected income, employment, and obligations, and then consider that information when deciding to underwrite a title loan. The Division therefore exceeds its limited statutory authority when, in this case, it dictates to the Companies its own unwritten loan underwriting methodology that is not required by statute or regulation. *State v. Nevada Ass’n Servs., Inc.*, 128 Nev. —, 294 P.3d 1223 (2012).

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**B. The Division Has Created a Rule Limiting Licensees to Consider Only 30 Days of Current Income, Obligation, and Employment.**

The Division has also crafted a blanket unwritten rule that the “ability to repay” analysis must be limited to “30 days of current income, obligation, and employment.” As set forth *supra*, the Division’s unilateral loan underwriting criteria is not part of any statute or regulation. Setting that aside, the Division has inappropriately rewritten NRS 604A.450 by adding the words “within 30 days” to subsection 2. Nowhere in the statute or in the “published regulations” does the Division’s “30 day limitation” for “current income, obligation, and employment” appear. In fact, the Division’s “30 day limitation” is not found anywhere in the statute or the regulations and is simply forced upon licensees by the Division.

The Division appears to base its position on the contention that a “title loan” must be repaid within 30 days. This is a misapplication of Nevada law. Under NRS 604A.105, a “title loan” is merely a “loan” made under certain terms and conditions. The term “loan” is specifically defined to include a “title loan, or any extension or repayment plan relating to such loan....” NRS 604A.080 (emphasis added). Based upon this plain definition, a licensee is not limited to consider the borrower’s ability to repay the loan during its “original term” under NRS 604A.445(1), and the Companies note that the term “original term of the loan” is conspicuously missing from NRS 604A.450. Thus, the Companies may consider the borrower’s ability to repay the entirety of the loan, not merely the “original term” of the loan.

The absence of the “original term” language from NRS 604A.450(2) is significant. NRS 604A.445(2) provides that the “original term of a title loan must not exceed 30 days” but specifically allows that “the title loan may be extended for not more than six additional periods of extension, with each such period not to exceed 30 days.” NRS 604A.445(1,2) (emphasis added). Because both NRS 604A.080 and 604A.445 provide that a “title loan” includes both the original term and its extensions, the Companies may take into account expected income and obligations likely to occur over the entire course of the title loan.

For those customers that take advantage of the six (6) extensions, the Companies allow a grace period of 210 days. Under the Companies grace period allowance, customers receive a total of at least 420 days to repay their title loan, not counting the repayment period. Therefore, the Companies do in fact consider their customers’ ability to repay the title loan by taking into consideration the time frame for extensions permitted by the statute, the time period for requesting a repayment plan, and the time period allowed under the Companies’ generous 210-day grace period.

This is also consistent with NRS 604A.475, which governs repayment plans. The rule mandates licensees to offer to customers “an opportunity to enter into a repayment plan” that is “available to the customer for a period of at least 30 days after the date of default.” A “repayment plan” is not a new “loan” but merely “relat[es] to” the existing loan. See NRS 604A.080. Significantly, the Companies provide their customers the opportunity to enter into a



repayment plan that is available to them for a period of at least 30 days after the date of default. The Companies include this additional 30-day period in analyzing their customers' ability to repay. Additionally, NRS 604A.475 mandates a "period for repayment to extend at least 90 days after the date of default" (emphasis added). The Companies also include this 90-day period in analyzing their customers' ability to repay. Accordingly, every customer in Nevada has at least 150 days (30-day original term, 30 days to request a repayment plan, and a 90-day repayment plan) within which to repay a title loan.

The Division's position also appears to contradict its position in *State v. Check City Partnership, LLC*, 130 Nev. —, 337 P.3d 755 (2014). In that case, Check City contended that the prohibition of NRS 604A.425 against making a deferred deposit loan in excess of 25 per cent of the customer's expected gross income was limited to the principal amount lent. The Division disagreed, arguing that the term "loan" should be interpreted broadly to include the entire "transaction" to include the interest and fees that are repaid over the course of the "loan." The Supreme Court agreed with the Division. Respectfully, the Division cannot have it both ways, arguing in one case for a broad interpretation of the term "loan" and a narrow interpretation in another.

To summarize, the Companies do analyze their customers' ability to repay as required by the statute by analyzing the customer's current and expected income, obligations, and employment. In addition, the Companies also require each customer to sign an affidavit verifying that the customer has the ability to repay the title loan as required by the statute.

Despite our disagreement with the Division's interpretation of NRS 604A.450, the Companies changed their loan products offered in Nevada to a 210-day installment loan rather than a single-pay loan as of July 2014. As discussed in the exit review between the Companies and the Division, the change from the 30 day product to the 210 day product has alleviated the Division's concerns about the ability to repay.

#### ALLEGED VIOLATIONS OF NAC 604A.230

In all but one ROE (namely Examination Number 65329), the Division contends that the Companies violated NAC 604A.230 in certain instances where "the co-borrower was not on the vehicle title." NAC 604A.230 provides, in pertinent part, as follows:

1. A licensee shall not:
  - (a) Require or accept a guarantor to a transaction entered into with a customer.

Without any legal basis, the Division seems to have equated a "co-borrower" with a "guarantor."

The Companies do not require or permit a guarantor on any of their loans. If requested by the prospective borrower, the Companies will accept on an account a co-borrower who is not



listed on the Certificate of Title. When a co-borrower is added to an account who is not listed on the Certificate of Title, **the co-borrower becomes contractually bound as a principal obligor**, not as a guarantor. Significantly, after the co-borrowers execute the loan agreement, the loan proceeds check is made payable according to the instructions **of both borrowers**. It is also important to note that the Companies' loans are non-recourse as to both borrowers—in other words, neither borrower can be held liable for any deficiency balance in the event the full amount of the debt is ultimately deemed uncollectible. As a result, the co-borrower is never treated as a “guarantor.”

Accordingly, because the Companies do not require or permit a guarantor on any of their loans, the Companies respectfully request that the Division revise its audit report to remove all references to this alleged violation.

#### **ALLEGED VIOLATIONS OF NRS 604A.210 and 604A.445**

In all but six (6) ROEs (namely Examination Numbers 65302, 65329, 65294, 65297, 65313, and 65325), the Division contends that the Companies market and offer “an amendment to the original loan agreement that violates NRS 604A.445(3) and NRS 604A.210, which provide as follows:

##### **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.



The Companies offer a 210-day installment loan product and charge interest at an APR that exceeds 35%, which the Division agrees is in compliance with NRS 604A.445(3). The Companies require the customer to secure the loan by perfecting a security interest in the vehicle by the Company noting its lien on the title. Additionally, the Companies offer each borrower under the installment loan a grace period of deferment gratuitously (without additional charge) in compliance with NRS 604A.210, pursuant to the terms of a Grace Period Payments Deferment Agreement (the "Deferment Agreement").

The Companies have a policy of working with borrowers and giving them every opportunity to fulfill their contractual obligations and thus avoid defaults. The Companies believe it is in the best interest of both the borrower and the Companies to limit defaults because NRS 604A.455 in general prohibits title lenders from pursuing the borrower personally for payment of the loan. Therefore, the Companies use repossession of the vehicle, generally as a last resort, as the remedy if the customer defaults. The Companies' goal for each customer is to pay, not for the Company to repossess any motor vehicle.

As such, the Companies have adopted customer friendly policies to allow borrowers the grace period contemplated by the statute without additional charge, in full compliance with NRS 604A.210. Please note the following provision of the Deferment Agreement (emphasis added):

Consideration. You acknowledge and agree that you and we entered into a Title Loan Agreement on \_\_\_\_\_ ("Loan Agreement.") Under the Title Loan Agreement, we agreed with you that we may subsequently offer you a "Grace Period" which is a gratuitous period of payments deferment. You agree that we are offering you a "Grace Period" and you are voluntarily accepting such offer after entering into a Loan Agreement pursuant to the provisions of NRS 604A.70 and NRS 604A.210. Please note that since this is a "Grace Period" it is not an "extension" as defined in NRS. 604A.065. *Under the Title Loan Agreement, your obligation to pay simple interest under the Loan Agreement remains unchanged. Other than the interest and fees originally provided for in the Title Loan Agreement, we do not charge you any additional fees or interest for entering into this Grace Period Payments Deferment Agreement.*

Each borrower that selects the Deferment Agreement has the right to prepay under the Deferment Agreement. The Companies not only remind each borrower of the simple interest charge, but also obtains each borrower's written acknowledgment and agreement that simple interest continues to accrue as set forth in the Loan Agreement.

Acknowledgment of Simple Interest Accrual. You acknowledge that we use the simple interest method to calculate and accrue the



interest owing under the Loan Agreement. Interest is not compounded under the Loan Agreement. You acknowledge that simple interest is charged on the outstanding principal balance. Payments will be applied first to accrued interest, second to outstanding charges, if any, and third to principal. We calculated and estimated the simple interest under the Loan Agreement and disclosed in the "Finance Charge" disclosure assuming you would pay each scheduled payment in the amount scheduled and on the scheduled Payment Dates. ***The original Payment Schedule in the Loan Agreement provided for payments which would ratably and fully amortize the entire Principal Amount and interest payable.*** The interest rate under the Loan Agreement remains unchanged. You acknowledge that simple interest is charged on the unpaid principal balance of this Loan Agreement at the daily rate of \_\_\_\_\_% from the date of this Loan Agreement until the earlier of: (i) the due date of your last payment as set forth in the original Payment Schedule; or (ii) payment in full. ***Now that the Payment Schedule has changed, you acknowledge that the new Payment Schedule provided for in this Grace Period Payments Deferment Agreement, if followed, will ratably and fully amortize the entire Principal Amount and interest payable over a longer period of time than the original Payment Schedule in the Loan Agreement. As such you acknowledge and agree you will continue to incur interest as provided in the Loan Agreement. You further agree that in setting the amount of the payments and dates of the payments, we have estimated the accrued interest owing to us assuming you make the payments in the amounts scheduled and on the exact dates set forth in the Grace Periods Payments Deferment Schedule above.*** Early payments may decrease the amount of interest you owe. Making a payment in an amount greater than scheduled above may decrease the amount of interest you owe. ***Late payments may increase the amount of interest you owe.*** The amount of this increase or decrease will be reflected in the final payment. If an early payment is less than the scheduled installment, then you must pay the difference on or before the upcoming installment due date. You may request a payoff at any time (emphasis added).

Even though the law does not require a grace period, the Companies have adopted a customer friendly grace period. The Companies' "grace period" policy allows borrowers the opportunity to reduce their monthly obligations. Our borrowers make informed decisions about their cash flow throughout the loan process. One of the benefits a borrower may receive in entering into a Deferment Agreement is that the monthly payment for the borrower is lower than



originally scheduled under the Loan Agreement. While paying down debt has its benefits, it is equally important for many of our borrowers to reduce monthly payment obligations. Thus, many of our borrowers view the reduction in the monthly payment and resulting "cash flow cushion or margin" created thereby, as not only a valuable option, but also a benefit not afforded by others in the market. The Companies have realized that good business practices recognize that even though the Nevada Legislature did not require lenders to provide "grace periods," it specifically authorized lenders to offer such "grace periods" to borrowers because it makes good business sense and provides borrowers a much needed benefit—the ability to create monthly cash flow cushion or margin. The Companies only make available its "grace period" program for those borrowers not currently in default and who want such option. The Companies operate its "grace period" program in full compliance with Nevada law.

Borrowers certainly may also make their payments as originally scheduled, even though they have entered into a Grace Period Payments Deferment Agreement. The Companies charge no type of prepayment penalty for borrowers desiring to pay off early and save interest. Likewise, borrowers always maintain a right to make payments under a Repayment Plan under NRS 604A.475. The Companies fully comply with NRS 604A.475 for those customers requesting a repayment plan after default.

The Companies do not charge "any fees for granting such a grace period" nor do the Companies charge "any additional fees or additional interest on the outstanding loan during such a grace period." It appears that the Division may be ignoring the word "additional" and construing NRS 604A.210(2) to prohibit "any interest on the outstanding loan during such a grace period." If the Legislature had intended to ban the contract rate of interest during the grace period, it would not have inserted the word "additional" before "interest" in NRS 604A.210. Alternatively, the Division may be taking the position that the prohibition of "additional fees" or "additional interest" means that the total interest on the loan for the entire period the loan is unpaid cannot exceed the total interest that would have been paid had the loan been fully repaid within 210 days. This view would again render the word "additional" meaningless and superfluous, which is contrary to well-settled maxims of statutory construction. *In re Steven Daniel P.*, 129 Nev. —, 309 P.3d 1041, 1043-44 (2013).

If there is a grace period, by definition, the borrower has not repaid the interest during the original term of a loan. As a result, the total interest for the original term plus the grace period would always be higher than interest only for the original term assuming the loan had been repaid pursuant to its original terms. Therefore, under the Division's possible interpretation, the word "additional" is again rendered meaningless and superfluous, as the Legislature could have just omitted that word and prohibited all interest during the grace period and reached the same conclusion.

The legislative history involving NRS 604A.210 supports the Companies' position. In April 2005, Sections 13 and 23 of Assembly Bill ("AB") 384, were re-written and added to what



would ultimately become NRS 604A.210. Section 23 originally prohibited a licensee from charging the following during a grace period:

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

The word "additional" was not yet part of the proposed legislation. In a PowerPoint presentation, Barbara Buckley described the original Section 23 as stating that "no fee or interest may be charged during a grace period." However, Ms. Buckley, in her presentation, commented how changes had to be made to the wording to reach a consensus. She stated:

*We have worked on words and meanings; we have drafted, we have redrafted and I have tried to accommodate every good-faith business concern with this bill. Some provisions and changes that I have made I did not like, but we were trying to get you a consensus product with the limited amount of time by working with those who are just as appalled by these abuses as I am. I have submitted a summary (Exhibit G) of the sections amended in the mock-up of AB 384.*

In Exhibit G, the word "additional" was inserted into Section 23 such that a licensee **"cannot charge additional fees or interest on the outstanding loan during the grace period."** (Emphasis added.) This shows that the word "additional" was specifically added after the original bill was drafted and that the later addition of this one word must be given meaning. As a result, the Nevada Legislature specifically intended that interest at the contract rate could continue during the grace period.

As an alternative to the 210-day single-pay loan, the Companies are willing to revert back to their prior approach with 30-day single pay loans, which the Companies believe are in full compliance with applicable law. Prior to rolling out the 210-day loan, the Companies offered a 30-day single-pay loan and allowed for six extensions as permitted by Nevada law. The issue raised by the Division was its interpretation that NRS 604A.450 obligates a lender to ensure that a borrower has the ability to fully repay a 30-day loan within 30-days without considering any extensions, the statutory repayment plan or any grace periods. As stated herein, the Companies have long disagreed with the Division's interpretation since NRS 604A.450 only prohibits a lender from making a title loan **"without regard to the ability of the customer...to repay the title loan, including the customer's current and expected income, obligations and employment."**

In conclusion, the Companies believe they are in full compliance with Nevada law with respect to their 210-day loan plus Deferment Agreement, as evidenced by the legislative history of NRS 604A.210. The Companies appreciate the opportunity to respond and we strive to comply with all federal and State of Nevada laws and regulations, and we assert that our policies and procedures comply with both federal and Nevada law.



February 9, 2015

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We take pride in our diligent compliance efforts and strive for a "Satisfactory" rating. We respectfully request that the Division change its "Needs Improvement" rating to "Satisfactory" for each of the 2014 audits. If the Division believes that our analysis is incorrect or that our procedures will result in further negative regulatory findings; however, please respond to us in writing. Finally, we reserve the right to raise additional arguments, facts, and issues in future correspondence as necessary.

Sincerely,

Patrick J. Reilly  
of Holland & Hart LLP

PJR

cc: Christopher Eccles, Esq. (via U.S. Mail)  
Carrie E. Carbone, SVP of Compliance and Product General Counsel  
Victoria H. Newman, Compliance and Corporate Counsel  
Stephen Paris, Sr. Regulatory Compliance Manager

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APP 014677  
IMX 85 - 00010  
ROA 010000

HOLLAND & HART LLP



**FACSIMILE TRANSMITTAL SHEET**

**FROM:** Patrick J. Reilly, Esq. **DATE:** February 9, 2015  
**FILE NO.:** 86413-0001 **NO. OF PAGES** 11  
**RE:** TitleMax of Nevada, Inc./FID **W/COVER:**  
**SEND TO (NAME/COMPANY)** **FACSIMILE NO.** **TELEPHONE NO.**  
Theresa Dihaiansan (702) 486-4563

**MESSAGE:** **RETURN TO: SUSANN**

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**Holland & Hart LLP Attorneys at Law**

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APP 014678  
ROA 010001

**Susann Thompson**

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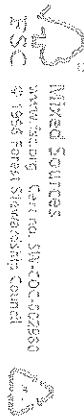
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APP 014680  
ROA 010003



STATE OF NEVADA  
OFFICE OF THE ATTORNEY GENERAL  
555 East Washington Avenue, Suite 3900  
Las Vegas, Nevada 89101

ADAM PAUL LAXALT  
*Attorney General*

WESLEY K. DUNCAN  
*Assistant Attorney General*

NICK TRUTANICH  
*Chief of Staff*

March 2, 2015

Patrick J. Reilly, Esq.  
Holland & Heart  
Via E-Mail to: [preilly@hollandhart.com](mailto:preilly@hollandhart.com)

**Re: Reports of Examination for TitleMax, Inc., d/b/a TitleMax  
("TitleMax") and d/b/a TitleBucks ("TitleBucks") (collectively  
referred to as the "Companies")**

Dear Mr. Reilly,

Thank you for your letter dated February 9, 2015 (hereinafter "February 9 Letter"). Please consider this letter the Nevada Financial Institutions Division's (hereinafter "FID") response. For the below reasons, the FID stands by its "Needs Improvement" rating in the 2014 Reports of Examination (hereinafter "ROE") for the Companies.

This matter relates to statutory construction and interpretation. Statutes should be "construed as a whole and not be read in a way that would render words or phrases superfluous or make a provision nugatory."<sup>1</sup> Moreover, the Nevada Supreme Court has "repeatedly recognized the authority of agencies...to interpret the language of a statute that they are charged with administering; as long as that

<sup>1</sup> *Law Offices of Barry Levinson, P.C. v. Milko*, 124 Nev. 355, 366-67, 184 P.3d 378, 386-87 (2008).

interpretation is reasonably consistent with the language of the statute, it is entitled to deference in the courts.<sup>2</sup>

Here, Nevada Revised Statute (hereinafter "NRS") 604A.450, by its plain language, is a prohibitory rule. The plain language and intent of the rule protects the public from unscrupulous lenders who, in the absence of such a rule, would make unaffordable title loans to customers. While your analysis of the statute focuses on the phrase "without regard," FID's analysis involves reading the statute as a whole and analyzing the words in context.

In context, the lender is required to gather information including the customer's current and expected income, obligations and employment.<sup>3</sup> But simply gathering the information that the lender is required to gather by law does not mean that the lender is then permitted to make an unaffordable loan to the customer. In fact, the statute requires the lender to use, at the very least, the information that it is required to gather, and then determine whether to make a loan to the customer that the customer can repay.<sup>4</sup>

The FID's interpretation of the statute is reasonable based upon the plain language of the whole statute. But even if the matter is litigated and the court finds an ambiguity, the court will interpret the statute to conform to reason and public policy.<sup>5</sup> Moreover, the court would avoid interpretations that lead to absurd results.<sup>6</sup> Your interpretation does not conform to public policy and would lead to absurd results.

For example, under your interpretation, a lender could loan \$10,000 to a customer even if the customer discloses that he or she has no current or expected income, no job, and monthly obligations of \$10,000. This is an absurd result. Here, the customer clearly has no ability to repay the loan. Merely collecting the

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<sup>2</sup> *International Game Tech., Inc., v. Second Jud. Dist. Ct.*, 122 Nev. 132, 157, 127 P.3d 1088, 1106 (2006).

<sup>3</sup> NRS 604A.450(2).

<sup>4</sup> We note that NRS 604A.450 uses the phrase "customer's ability to repay loan" or a variation thereof three times: in the title, in subsection 2, and in subsection (3)(b).

<sup>5</sup> *Great Basin Water Network v. State Eng'r*, 126 Nev. Adv. Op. 20, 234 P.3d 912, 918 (2010).

<sup>6</sup> *In re CityCenter Constr. & Lien Master Litig.*, 129 Nev. Adv. Op. 70, 310 P.3d 574, 580 (2013).

information that the lender is required to collect by law does not satisfy the rule's requirement that the customer must have the ability to repay the loan.

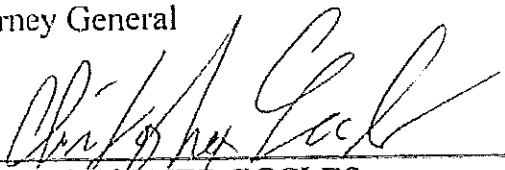
Thus, it is clear to the FID that the reason and policy for such a prohibitory rule is to protect the public from lenders making unaffordable loans to customers. This is especially true here because if the customer defaults, the lender may seek repossession and sale of the vehicle used to secure the loan.<sup>7</sup> Obviously, repossession of a vehicle may be devastating to the customer and his or her family if the vehicle is used for transportation to work, school, etc.

Isolating a word or phrase in a statute, importing its meaning from out-of-context sources, and failing to construe the statute as a whole is not a reasonable method of statutory construction.<sup>8</sup> Your interpretation of the phrase "without regard" to mean "giving no consideration whatsoever" in the context of this statute is unreasonable.<sup>9</sup> And for the above reasons, the FID stands by its "Needs Improvement" rating of the Companies in the 2014 ROE.

With regard to your other matters raised in your February 9 Letter, the FID stands by its position. If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

ADAM PAUL LAXALT  
Attorney General

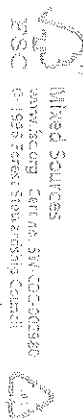
By:   
CHRISTOPHER ECCLES  
Deputy Attorney General  
(702) 486-3105

Cc: Harveen Sekhon  
Supervisory Examiner  
Nevada Financial Institutions Division  
Via E-Mail: [HSekhon@fid.state.nv.us](mailto:HSekhon@fid.state.nv.us)

<sup>7</sup> NRS 604A.455(2).

<sup>8</sup> *State, Dept. of Bus. & Indus. v. Check City*, 130 Nev. Adv. Op. 90, 337 P.3d 755 (2014).

<sup>9</sup> February 9 Letter, p. 2.



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APP 014684  
ROA 010007



September 9, 2015

VIA FEDERAL EXPRESS

Ma. Theresa Dihiansan, CAMLS, Examiner III  
Department of Business and Industry  
Financial Institutions Division  
2785 E. Desert Inn Road, Suite 180  
Las Vegas, NV 89121

RE: TitleMax of Nevada, Inc., d/b/a/ TitleMax ("TitleMax") and d/b/a TitleBucks ("TitleBucks")  
(TitleMax and TitleBucks may be collectively referred to herein as the "Companies")

Dear Ms. Dihiansan,

Thank you for this opportunity to respond to the recent examinations conducted by the Department of Business and Industry of thirty-eight (38) TitleMax licensed store locations, three (3) TitleBucks licensed store locations, and one (1) corporate location. We always seek to work closely with our regulators in an effort to attain the highest levels of compliance with applicable federal and state laws and regulations. To that end, we greatly appreciate the State of Nevada Department of Business and Industry Financial Institutions Division (the "Division") communicating with us regarding our policies and procedures.

**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 documents to be translated into English and maintain together a copy of the documents 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.***

These exceptions were cited in six (6) examinations (namely Examination Number 67885, 67853, 67854, 67864, 67883, and 67862). The Companies agree with the Division that offering a Spanish Loan Agreement and Notice of Opportunity to Enter into a Repayment Plan is a good business practice. The Companies have implemented an approved Spanish version of the Title Loan Agreement, Opportunity to Enter into a Repayment Plan, Repayment Plan Agreement, Grace Period Deferment Agreement, and Customer Receipt. All customers have the option to select either the English or Spanish version of these documents. The Companies believe they satisfy the requirements of these exceptions, as they offer both English and Spanish version of "... a written loan agreement which may be kept by the customer..." NRS 604A.410 does not require that the Company offer a Spanish version of the Loan Application or Customer Affidavit in addition to the Title Loan Agreement; however, while the Customer Affidavit is written in English, the same verbiage is also referenced in the Title Loan Agreement, which is translated in Spanish.

Unfortunately, on three (3) of the aforementioned examinations (namely Examination Number 67862, 67854, and 67885), the store employees failed to provide the Repayment Plan Agreement/ Grace Period Deferment Agreement in the customers' initial language. We have implemented a process in our new point of sale system that automatically prints all required documents in the customer's primary language, thereby addressing the issue of the store employee errantly selecting the wrong version of these documents. We expect improved compliance with these regulations going forward.

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

- 1. Make a title loan that exceeds the fair market value of the vehicle securing the title loan.**

This exception was cited in one (1) examination (namely Examination Number 67883). The examiner noted "the title loan amount of \$11,464.42 for Calton Francovich (Loan Number 12969-0113144) exceeds the fair market value of the vehicle, \$10,850.00." We believe the examiner cited this account in error. As you will see in the attached Title Loan Agreement, Mr. Francovich was loaned an amount of \$7,720.00 which is significantly lower than the fair market value of \$10,850.00. The examiner errantly noted the total of payments of \$11,464.42 as the title loan amount. Accordingly, because the Companies did not loan in excess of the fair market value of the vehicle, the Companies respectfully request that the Division revise its examination report to remove all references to this alleged violation.

• 15 Bull Street Ste 200 • Savannah, GA 31401 •

(912) 525-2675 • Fax (912) 525-2679

APP 014685  
ROAT0000000001

**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.

**NAC 604A.170 - Delivery to customer of notice of opportunity to enter into a repayment plan. (NRS. 604A.300, 604A.475)**

1. A licensee who is required to provide a customer with written notice of the opportunity to enter into a repayment plan pursuant to NRS. 604A.475 may deliver the written notice to the customer using any method of delivery that generates a record of the delivery.
2. A person who delivers a notice to a customer in person must execute an affidavit of delivery.

**NAC 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.

This exception was cited in one (1) examination (namely Examination Number 67884). The examiner noted James Galinato (Loan Number 13169-20124774) defaulted on April 6, 2015, and was not mailed an offer to enter into the repayment plan. We believe this account was cited in error. Mr. Galinato's payment was due on April 3, 2015, and subsequently he came in to make his payment on April 6, 2015, bringing him current. The offer to enter into the repayment plan, as noted by the statute listed above, is required no later than 15 days after default. As a best practice, the Companies mail these letters upon the 12<sup>th</sup> day after default. Accordingly, because the Companies were not required to send an offer to enter into a repayment plan, the Companies respectfully request that the Division revise its examination report to remove all references to this alleged violation.

**NRS. 604A.700 - Required books and records.**

2. 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)**

3. 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.
4. 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.

This exception was cited in one (1) examination (namely Examination Number 67850). Please find enclosed a copy of the Opportunity to Enter into a Repayment Plan and Certificate of Mailing for Kevin Gibson (Loan Number 13869-20158203). We apologize that this form was not available to the examiner while on site; however, the Companies respectfully request that the Division revise its audit report to remove all references to an alleged violation for failure to provide the Opportunity to Enter into a Repayment Plan for this account.

**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.

This exception was cited in one (1) examination (namely Examination Number 67876). Unfortunately, the store employees failed to retain a copy of the Customer Receipt provided to Reginald Johnson (Loan Number 11269-20159609) for his partial payment made on May 16, 2015. Store employees have been retrained on the importance of document retention and we expect improved compliance going forward.

**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.

This exception was cited in one (1) examination (namely Examination Number 67876). Unfortunately, Michael Sage (Loan Number 11269-20133388) was errantly mailed an Opportunity to Enter into a Repayment Plan letter prior to the due date of his loan. Store employees have been retrained on checking all documents prior to mailing. We expect improved compliance with this regulation going forward.

**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 or title or ownership issued pursuant to the laws of the State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction.**

These exceptions were cited in two examinations (namely Examination Numbers 67871 and 67862). The Companies do not require or permit a guarantor on any of their loans. If requested by the borrower, it is acceptable to have a co-borrower that is not listed on the Certificate of Title. When a co-borrower is added to an account who is not listed on the Certificate of Title, the co-borrower becomes contractually bound only after executing the loan agreement; the loan proceeds check is made payable according to the instructions of both borrowers. It is important to note; however, that the Companies' loans are non-recourse;

accordingly, no borrower will be held liable for any deficiency balance in the event the full amount of the debt is ultimately deemed uncollectible.

Accordingly, because the Companies do not require or permit a guarantor on any of their loans, the Companies respectfully request that the Division revise its examination report to remove all references to this alleged 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.**

These exceptions were cited in all but two (2) examinations (namely Examination Numbers 67892 and 67068). The Companies offer a 210-day Installment loan product and charge interest at an annual rate in which the resulting Annual Percentage Rate exceeds 35% which the Division agrees is in compliance with NRS 604A.445 (3). The Companies require the customer to secure the loan by perfecting a security interest in the vehicle by the Company noting its lien on the title. Additionally, the Companies offer each borrower under the installment loan a grace period of deferment gratuitously (without additional charge) in compliance with NRS 604A.210 pursuant to the terms of a Grace Period Payments Deferment Agreement ("Deferment Agreement").

The Division has raised the issue of whether the Deferment Agreement violates NRS 604A.445 and NRS 604A.210. The Companies have a policy of working with customers and giving customers every opportunity to fulfill their contractual obligations. The Companies believe it is in the best interest of the consumer and the Companies to limit defaults in part because NRS 604A.455 in general prohibits title lenders from pursuing the customer personally for payment of the loan. Therefore, the Companies use repossession of the vehicle, generally as a last resort, as the remedy if the customer defaults. The Company's goal for each customer is to pay, not for the Company to repossess any motor vehicle.

As such, the Companies have adopted customer friendly policies to allow customers the grace period contemplated by the statute without additional charges in full compliance with NRS 604A.210. Please note the following provision of the Deferment Agreement (emphasis added):

Consideration. You acknowledge and agree that you and we entered into a Title Loan Agreement on \_\_\_\_\_ ("Loan Agreement.") Under the Title Loan Agreement, we agreed with you that we may subsequently offer you a "Grace Period" which is a gratuitous period of payments deferment. You agree that we are offering you a "Grace Period" and you are voluntarily accepting such offer after entering into a Loan Agreement pursuant to the provisions of NRS 604A.70 and NRS 604A.210. Please note that since this is a "Grace Period" it is not an "extension" as defined in NRS 604A.065. **Under the Title Loan Agreement, your obligation to pay simple interest under the Loan Agreement remains unchanged. Other than the interest and fees originally provided for in the Title Loan Agreement, we do not charge you any additional fees or interest for entering into this Grace Period Payments Deferment Agreement.**

Each customer that selects the Deferment Agreement has the "right to rescind" and "prepay" under the Deferment Agreement. The Companies not only remind each customer of the simple interest charge, but also obtains each customer's written acknowledgement and agreement that simple interest continues to accrue as set forth in the Loan Agreement.

Acknowledgment of Simple Interest Accrual. You acknowledge that we use the simple interest method to calculate and accrue the interest owing under the Loan Agreement. Interest is not compounded under the Loan Agreement. You acknowledge that simple interest is charged on the outstanding principal balance. Payments will be applied first to accrued interest, second to outstanding charges, if any, and third to principal. We calculated and estimated the simple interest under the Loan Agreement and disclosed in the "Finance Charge" disclosure assuming you would pay each scheduled payment in the amount scheduled and on the scheduled Payment Dates. The original Payment Schedule in the Loan Agreement provided for payments which would ratably and fully amortize the entire Principal Amount and interest payable. The interest rate under the Loan Agreement remains unchanged. You acknowledge that simple interest is charged on the unpaid principal balance of this Loan Agreement at the daily rate of

\_\_\_\_\_ % from the date of this Loan Agreement until the earlier of: (i) the due date of your last payment as set forth in the original Payment Schedule; or (ii) payment in full. Now that the Payment Schedule has changed, you acknowledge that the new Payment Schedule provided for in this Grace Period Payments Deferment Agreement, if followed, will ratably and fully amortize the entire Principal Amount and interest payable over a longer period of time than the original Payment Schedule in the Loan Agreement. As such you acknowledge and agree you will continue to incur interest as provided in the Loan Agreement. You further agree that in setting the amount of the payments and dates of the payments, we have estimated the accrued interest owing to us assuming you make the payments in the amounts scheduled and on the exact dates set forth in the Grace Periods Payments Deferment Schedule above. Early payments may decrease the amount of interest you owe. Making a payment in an amount greater than scheduled above may decrease the amount of interest you owe. Late payments may increase the amount of interest you owe. The amount of this increase or decrease will be reflected in the final payment. If an early payment is less than the scheduled installment, then you must pay the difference on or before the upcoming installment due date. You may request a payoff at any time.

Even though the law does not require a grace period, the Companies have adopted a customer friendly grace period. The Companies' "grace period" policy allows customers the opportunity to voluntarily extend their payment obligations, while at the same time reducing their monthly obligations. Our customers make informed decisions about their cash flow throughout the loan process. One of the benefits a customer may receive in entering into a Deferment Agreement is that the monthly payment for the customer is lower than originally scheduled under the loan agreement. While paying down debt has its benefits, equally important for many of our customers is reducing monthly payment obligations. Thus, many of our customers view the reduction in the monthly payment and resulting "cash flow cushion or margin" created thereby, as not only a valuable option, but also a benefit not afforded by others in the market. The Companies have realized that good business practices recognize that even though the Nevada Legislature did not mandate "grace periods," offering "grace periods" to customers makes good business sense and provides customers a much needed benefit--the ability to create monthly cash flow margin or cushion. The Companies make available its "grace period" program for those customers who want such option. The Companies operate its "grace period" program in full compliance with Nevada law.

Customers certainly may also make their payments as originally scheduled, even though they have entered into a Grace Period Payments Deferment Agreement. The Companies charge no type of penalty for customers desiring to pay off early and save interest. Likewise, customers always maintain a right to make payments under a Repayment Plan under NRS 604A.475. The Companies fully comply with NRS 604A.475 for those customers requesting a repayment plan after default.

The Companies do not charge "any fees for granting such a grace period" nor do the Companies charge "any additional fees or additional interest on the outstanding loan during such a grace period." It appears that the Division may be ignoring the word "additional" and construing NRS 604A.210 to prohibit "any interest on the outstanding loan during such a grace period." If the legislature had intended to ban the contract rate of interest during the grace period, it would not have inserted the word "additional" before "interest" in NRS 604A.210. Alternatively, the Division may be taking the position that the prohibition of "additional fees" or additional interest" means that the total interest on the loan for the entire period the loan is unpaid cannot exceed the total interest that would have been paid had the loan been fully repaid within 210 days. This view would again render the word "additional" meaningless. If there is a grace period, by definition, the borrower has not repaid the interest during the original term of a loan. As a result, the total interest for the original term plus the grace period would always be higher than interest only for the original term assuming the loan had been repaid pursuant to its original terms. Therefore, under the Division's possible interpretation, the word "additional" is again rendered meaningless since the legislature could have just omitted that word and prohibited all interest during the grace period and reached the same conclusion.

In fact, the legislative history involving NRS 604A.210 supports the Companies' position. In April 2005, AB 384, Sections 13 and 23 were re-written and added what would ultimately become NRS 604A.210. Section 23 originally prohibited a licensee from charging the following during a grace period:

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

The word "additional" was not yet part of the proposed legislation. In a PowerPoint presentation, Barbara Buckley described the original Section 23 as stating that "no fee or interest may be charged during a grace period". However, Ms. Buckley, in her presentation commented how changes had to be made to the wording to reach a consensus. She stated:

*"We have worked on words and meanings; we have drafted, we have redrafted and I have tried to accommodate every good-faith business concern with this bill. Some provisions and changes that I have made I did not like, but we were trying to get you a consensus product with the limited amount of time by working with those who are just as appalled by these abuses as I am. I have submitted a summary (Exhibit G) of the sections amended in the mock-up of AB 384."*

In Exhibit G, the word "additional" was inserted into Section 23 such that a licensee *"cannot charge additional fees or interest on the outstanding loan during the grace period."* (Emphasis added.) This shows that the word "additional" was specifically added after the original bill was drafted and that the later addition of this one word must be given meaning. As a result, the legislature intended that interest at the contract rate could continue during the grace period.

As an alternative to the 210-day single-pay loan, the Companies are willing to revert back to their prior approach with 30-day single pay loans, which the Companies believe are in full compliance with applicable law. Prior to rolling out the 210-day loan, the Companies offered a 30-day single-pay loan and allowed for six extensions as permitted by Nevada law. The issue raised by the Division was its interpretation that NRS 604A.450 obligates a lender to ensure that a borrower has the ability to fully repay a 30-day loan within 30-days without considering any extensions, the statutory repayment plan or any grace periods. As stated above, the Companies have long disagreed with the Division's interpretation since NRS 604A.450 only prohibits a lender from making a title loan *"without regard to the ability of the customer...to repay the title loan, including the customer's current and expected income, obligations and employment."*

In conclusion, the Companies believe it is in full compliance with Nevada law with respect to its 210-day loan plus Deferment Agreement, as evidenced by the legislative history of NRS 604A.210, but the Companies are willing to revert back to the 30-day loan product provided the Division does not take action regarding the Companies approach with the borrower's ability to repay.

The Companies appreciate the Division taking the opportunity to review this letter. Since our initial licensure, we have strived to comply with all federal and State of Nevada laws and regulations, and we assert that our policies and procedures comply with both federal and Nevada law.

We take pride in our diligent compliance efforts and strive for a "Satisfactory" rating. We respectfully request that the Division change its "Unsatisfactory" rating to "Satisfactory" for each of the 2015 examinations. If the Division believes that our analysis is incorrect or that our procedures will result in further negative regulatory findings, please respond to us in writing. Finally, we reserve the right to raise additional arguments, facts, and issues in future correspondence as necessary.

Sincerely,



Melissa Ardis  
Director of Compliance  
Phone: (912) 629-1541  
Email: Melissa.ardis@titlemax.com

Cc: Victoria Newman, Compliance and Corporate Counsel

# Enclosures

APP 014691  
ROA 0100140007

# Title Loan Agreement

Number: 12968-0113144

Date: 6/30/2014

<b>Customer &amp; Co-Customer Information</b>		<b>ACCOUNT NUMBER:</b> 12968-0113144	
<b>FIRST NAME</b> Callon		<b>LAST NAME</b> Francovich	
<b>SSN</b> (SSN) XXX-XX-6908		<b>DRIVERS LIC./STATE ID. NO</b> NO.2002516743	
<b>STREET ADDRESS</b> 2760 W. Wigwam Ave #1144		<b>CO-CUSTOMER FIRST NAME</b>	
<b>City</b> Las Vegas		<b>CO-CUSTOMER SSN</b>	
<b>STATE</b> NV	<b>ZIP CODE</b> 89123	<b>CO-CUSTOMER'S DRIVERS LIC./STATE ID. NO.</b>	
<b>HOME PHONE</b> (702)824-6118		<b>CO-CUSTOMER STREET ADDRESS</b>	
<b>DATE OF BIRTH</b> 5/21/1961		<b>CO-CUSTOMER CITY</b>	<b>CO-CUSTOMER STATE</b>
<b>MOTOR VEHICLE &amp; LICENSEE INFORMATION</b>		<b>CO-CUSTOMER ZIP CODE</b>	
<b>LICENSEE'S HOURS OF OPERATION:</b> Monday to Friday 9:00 A.M. to 7:00 P.M., Saturday 10:00 A.M. to 4:00 P.M., Closed Sunday		<b>CO-CUSTOMER HOME PHONE</b>	
<b>LICENSEE NAME</b> TitleMax of Nevada, Inc. d/b/a TitleMax		<b>CO-CUSTOMER DATE OF BIRTH</b>	
<b>LICENSEE STREET ADDRESS</b> 4749 S. Maryland Pkwy		<b>LICENSEE PHONE NUMBER</b> (702)474-0235	
<b>VEHICLE IDENTIFICATION NUMBER (VIN)</b> KNDJC733366530776		<b>LICENSEE CITY</b> Las Vegas	<b>LICENSEE STATE</b> NV
<b>VEHICLE YEAR</b> 2006		<b>LICENSEE ZIP CODE</b> 89119	<b>LICENSE PLATE</b> NW0262
<b>VEHICLE MAKE</b> KIA	<b>VEHICLE MODEL</b> SORENTO	<b>COLOR</b> SILVER	

**Terms.** In this Title Loan Agreement ("Loan Agreement"), "customer," "you," and "your" mean the customer who signed it. "Licensee," "we," "us" and "our" mean TitleMax of Nevada, Inc. d/b/a TitleMax, a title loan services provider licensed and regulated by the Nevada Financial Institutions Division, 2785 E Desert Inn Road, Suite 180, Las Vegas, Nevada 89121, Phone: (702) 486-4120, Fax: (702) 486-4583, <http://www.fid.state.nv.us/>. The word "Motor Vehicle" means the vehicle identified above. The word "Title" means a certificate of title or ownership to the Motor Vehicle.

**Term, Principal, Interest, Charges and Payment.** The original term of this loan is 210 days. You promise to timely pay us in cash or as otherwise agreed in writing \$7,720.00 ("Principal Amount"), which includes any filing fee listed below plus interest on the unpaid principal balance of this Loan Agreement at the daily rate of 0.3663% from the date of this Loan Agreement until 01/28/2015 the earlier of: (i) the due date of your last payment as set forth in the Payment Schedule below; or (ii) payment in full. You also promise to pay any other charges provided for under this Loan Agreement. You agree to make your payment in the amounts and on the dates set forth in the Payment Schedule below ("Due Date") at the address indicated above, or at such other address as we direct you in writing. If any Due Date falls on a date we are not open for business, then you agree to pay us on the next business day, and we will credit such payment, as if we received it on the appropriate Due Date. The Loan Agreement will be consummated upon the date you sign this Loan Agreement. Time is of the essence in this Loan Agreement. In consideration of your delivering the Title to us and granting us a security interest in the Motor Vehicle as set forth below, your promise to timely pay and agreeing to this Loan Agreement, we agree to provide you a loan in the Principal Amount provided above.

Any comments or questions may be directed to Customer Service at the following toll-free number: (800) 804-5368.

Page 1 of 5

TM.TB.NV.installment-loan-agreement.2.04.2014

APP 014692  
ROA 0110015-00008

**FEDERAL TRUTH-IN-LENDING DISCLOSURES**

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
133.7129 %	\$3,744.42	\$7,720.00	\$11,464.42

Your payment schedule will be:		
Number of Payments	Amount of Payments	When Payments are Due
6	\$1,637.77	7/30/2014 and each 30 days thereafter
1	\$1,637.80	1/26/2015

Security:	You are giving a security interest in the Title to the Motor Vehicle.
Filing Fee:	\$20.00
Prepayment:	If you pay off early, you will not have to pay a penalty, and you may be entitled to a refund of part of the finance charge.

See the terms below and on the other pages of this Loan Agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date and any prepayment refunds and penalties.

Itemization of Amount Financed of	\$7,720.00
1. Amount given to you directly:	\$7,700.00
2. Amount paid on your account:	\$0.00
3. Amount paid to public officials:	\$20.00
Amount paid to _____ on your behalf:	\$0.00

**Calculation of Interest, Application of Payments and Security Interest.**

**Calculation of Interest, Application of Payments and Security Interest.** We use the simple interest method to calculate the interest. We calculated the simple interest assuming you will pay on the scheduled Payment Dates. If you make your payments on the dates set forth in the Payment Schedule, the Finance Charge box above discloses the total amount of interest you will owe us under this Loan Agreement. Payments are calculated to ratably and fully amortize the entire Principal Amount and interest payable. Interest is not compounded. Early payments may decrease the amount of interest you owe. Late payments may increase the amount of interest you owe. The amount of this increase or decrease will be reflected in the final payment. If an early payment is less than the scheduled installment, then you must pay the difference on or before the upcoming installment due date. Payments will be applied first to accrued interest, second to outstanding charges, if any, and third to principal. We require you to give us possession of the Title, and you hereby give us possession of the Title. You grant us a security interest in the Motor Vehicle listed above. We will maintain possession of the Title during this Loan Agreement.

**Right to Rescind and Prepayment.** You may rescind this loan pursuant to Nevada law. You may rescind before we close on our next business day, at the location listed above. We will not charge you any amount for rescinding. To rescind, you must deliver funds equal to the face value of the loan, less any fees charged. If you rescind, then we will return the Title to you, and refund any amount paid. You have the right to make payments in any amount in advance at any time without incurring any charge, fee or penalty. If you prepay any amount at any time, then the final payment amounts will be adjusted as appropriate to reflect any prepayments we receive. If you prepay pursuant to this Loan Agreement, then we will return the Title to you.

**Grace Period.** For purposes of this Loan Agreement, the term "grace period" means the gratuitous period of payments deferment (i) which we offer to you after entering into this Agreement pursuant to the provisions of NRS 604A.70 and NRS 604A.210, (ii) you voluntarily accept such terms of the payments deferment after entering into the Loan Agreement, and (iii) you and we agree to such terms of payments deferment in a written and signed "Grace Period Payments Deferment Agreement." We allow customers that are in good standing during the term of this Loan Agreement to request and enter into a Grace Period Payments Deferment Agreement. You may request and enter into a Grace Period Payments Deferment Agreement by returning to our store not earlier than one business day following the date of this Loan Agreement. If you enter into a Grace Period Payments Deferment Agreement, your obligation to pay simple interest under this Loan Agreement remains unchanged. Other than the interest and fees originally provided for in this Loan Agreement, we do not charge you any additional fees or interest for entering into a Grace Period Payments Deferment Agreement.

APP 014693  
ROA TM 0816 00009

**Repayment Plan Disclosure:** If you default on the loan, we must offer a Repayment Plan to you before we commence any civil action or process of alternative dispute resolution, or before we repossess the Motor Vehicle.

**Repayment Plan.** If you default and are entitled to enter into a Repayment Plan, we will offer you a "Repayment Plan." We will give you the opportunity to enter into a Repayment Plan for 30 days after such default. The minimum term of the "Repayment Plan" is 90 days. We may require you to make an initial payment of not more than 20 percent of the total amount due under the terms of the Repayment Plan. We shall not except as otherwise provided by this NRS 604A, charge any other amount to you, including, without limitation, any amount or charge payable directly or indirectly by you and imposed directly or indirectly by us as an incident to or as a condition of entering into a repayment plan. Such an amount includes, without limitation: (i) any interest, regardless of the name given to the interest, other than the interest charged pursuant to the original loan agreement at a rate which does not exceed the annual percentage rate charged during the term of the original loan agreement; or (ii) any origination fees, set-up fees, collection fees, transaction fees, negotiation fees, handling fees, processing fees, late fees, default fees or any other fees, regardless of the name given to the fee. We will not take additional security for entering into a Repayment Plan or attempt to collect an amount that is greater than the amount owed under the terms of the Repayment Plan. We will not sell you any insurance or require you to purchase insurance or any other goods or services to enter into the Repayment Plan. We will not make any other loan to you while you are in a Repayment Plan. Upon default of your obligations under the Repayment Plan, we may repossess the Motor Vehicle.

**Default, Acceleration, Repossession, and Post-Default Interest.**

You will be in default and entitled to enter into a Repayment Plan on the day immediately following the date you fail to (i) make a scheduled payment on this loan; (ii) make a scheduled payment on or before the due date for the payment under the terms Grace Period Payments Deferment Agreement; (iii) pay this loan in full on or before the expiration of the initial loan period as set forth herein unless you have entered into a Grace Period Payments Deferment Agreement; (iv) pay this loan in full on or before the expiration of the period as set forth Grace Period Payments Deferment Agreement; or (v) pay any payment under any Grace Period we have extended under NRS 604A.210. We may waive a default and reinstate your account to good status if you bring your account current or make satisfactory payment arrangements with us. However, we are not required to make an offer for you to enter into a Repayment Plan more than once for each loan. Provided that the due date of the repayment plan does not violate the provisions of Nevada Law, you will be in default and not entitled to enter into a Repayment Plan, if you fail (i) to make a scheduled payment on this loan on or before the due date for the payment under the terms of any repayment plan relating to this loan or (ii) to pay a loan in full on or before the due date any repayment plan relating to the loan. If you are in default and entitled to enter into a Repayment Plan, we may accelerate the balance, but we cannot repossess the Motor Vehicle before offering you a Repayment Plan. If you are in default under the Loan Agreement and Grace Period Payments Deferment Agreement and not entitled to enter into a Repayment Plan or if you are in default under the Repayment Plan, we may seek repossession and sale of the Motor Vehicle as well as any other remedy allowed by Nevada law. If you use fraud to secure a title loan, or if you wrongfully transfer any interest in the Motor Vehicle to a third party, then we may bring a civil action against you for any or all of the following relief: (i) the amount of the loan obligation, including, without limitation, the aggregate amount of the interest, charges and fees negotiated and agreed to by us and you as permitted, less any prior payments made by you; (ii) reasonable attorney's fees and costs; and (iii) any other legal or equitable relief that the court or arbitrator deems appropriate. If we do not use one or more remedies following your default, we do not waive our right to the same or another remedy or remedies. Our rights herein are cumulative, not exclusive.

**Governing Law and Assignment.**

Nevada law governs this Loan Agreement, except the Federal Arbitration Act ("FAA") governs the Waiver of Jury Trial and Arbitration Provision. We may assign or transfer this Loan Agreement or any of our rights.

**Affidavit.** You acknowledge and agree that you provided us with an affidavit stating: (a) The customer provided licensee with true and correct information concerning the customer's income, obligations, employment and ownership of the Motor Vehicle; and (b) The customer has the ability to repay the title loan.

**WAIVER OF JURY TRIAL AND ARBITRATION PROVISION.** Arbitration is a process in which persons with a dispute: (a) waive their rights to file a lawsuit and proceed in court and to have a jury trial to resolve their disputes; and (b) agree, instead, to submit their disputes to a neutral third person (an "arbitrator") for a decision. Each party to the dispute has an opportunity to present some evidence to the arbitrator. Pre-arbitration discovery may be limited. Arbitration proceedings are private and less formal than court trials. The arbitrator will issue a final and binding decision resolving the dispute, which may be enforced as a court judgment. A court rarely overturns an arbitrator's decision. **THEREFORE, YOU ACKNOWLEDGE AND AGREE AS FOLLOWS:**

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

Any comments or questions may be directed to Customer Service at the following toll-free number: (800) 804-5368.

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TM, TB, NV, Installment loan agreement 2.04.2014

APP 014694  
ROA 0710087 - 00010

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

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

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

4. Any party to a dispute, including related third parties, may send the other party written notice by certified mail return receipt requested of their intent to arbitrate and setting forth the subject of the dispute along with the relief requested, even if a lawsuit has been filed. Regardless of who demands arbitration, you shall have the right to select either of the following arbitration organizations to administer the arbitration: the American Arbitration Association (1-800-778-7879) <http://www.adr.org>, or JAMS (1-800-352-5267) <http://www.jamsadr.com>. However, the parties may agree to select a local arbitrator who is an attorney, retired judge, or arbitrator registered and in good standing with an arbitration association and arbitrate pursuant to such arbitrator's rules. If the arbitration associations listed above are not available and the parties cannot otherwise agree on a substitute, then any party may petition a court pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. sections 1-16 to select an arbitration organization, provided such arbitration organization shall enforce the terms of this Loan Agreement and the Arbitration Provision, including the prohibition on class arbitration. The party receiving notice of arbitration will respond in writing by certified mail return receipt requested within twenty (20) days. If you demand arbitration, you must inform us in your demand of the arbitration organization you have selected or whether you desire to select a local arbitrator. If related third parties or we demand arbitration, you must notify us within twenty (20) days in writing by certified mail return receipt requested of your decision to select an arbitration organization or your desire to select a local arbitrator. If you fail to notify us, then we have the right to select an arbitration organization. The parties to such dispute will be governed by the rules and procedures of such arbitration organization applicable to consumer disputes, to the extent those rules and procedures do not contradict the express terms of this Loan Agreement or the Arbitration Provision, including the limitations on the arbitrator below. You may obtain a copy of the rules and procedures by contacting the arbitration organization listed above.

5. Regardless of who demands arbitration, we will advance your portion of the expenses associated with the arbitration, including the filing, administrative, hearing and arbitrator's fees ("Arbitration Fees"). Throughout the arbitration, each party shall bear his or her own attorneys' fees and expenses, such as witness and expert witness fees. The arbitrator shall apply applicable substantive law consistent with the FAA, and applicable statutes of limitation, and shall honor claims of privilege recognized at law. The arbitration hearing will be conducted in the county of your residence, or within 30 miles from such county, or in the county in which the transaction under this Loan Agreement occurred, or in such other place as shall be ordered by the arbitrator. The arbitrator may decide, with or without a hearing, any motion that is substantially similar to a motion to dismiss for failure to state a claim or a motion for summary judgment. In conducting the arbitration proceeding, the arbitrator shall not apply any federal or state rules of civil procedure or evidence. If allowed by statute or applicable law, the arbitrator may award statutory damages and/or reasonable attorneys' fees and expenses. If the arbitrator renders a decision or an award in your favor resolving the dispute, then you will not be responsible for reimbursing us for your portion of the Arbitration Fees, and we will reimburse you for any Arbitration Fees you have previously paid. If the arbitrator does not render a decision or an award in your favor resolving the dispute, then the arbitrator shall require you to reimburse us for the Arbitration Fees we have advanced, not to exceed the amount which would have been assessed as court costs if the dispute had been resolved by a state court with jurisdiction, less any Arbitration Fees you have previously paid. At the timely request of any party, the arbitrator shall provide a written explanation for the award. The arbitrator's award may be filed with any court having jurisdiction.

6. All parties, including related third parties, shall retain the right to seek adjudication in a small claims tribunal for disputes within the scope of such tribunal's jurisdiction. Any dispute, which cannot be adjudicated within the jurisdiction of a small claims tribunal, shall be resolved by binding arbitration. Any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration. Furthermore, nothing in this Arbitration Provision shall limit the right of you or us (a) to foreclose against the Motor Vehicle by the exercise of any power under the Loan Agreement or under applicable law, (b) to exercise self-help remedies such as set off or repossession, or (c) to obtain provisional or ancillary remedies such as pre-judgment seizure of property, detinue, replevin, or injunctive relief, or to seek or obtain any other traditional equitable relief which does not claim money damages from a court having jurisdiction. The institution and maintenance by you or us of any action set forth in this Paragraph 6 shall not constitute a waiver of the right to submit any dispute to arbitration, including any counterclaim asserted.

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

Any comments or questions may be directed to Customer Service at the following toll-free number: (800) 804-5368.

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APP 014695  
ROAT0\*80180011

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

9. **OPT-OUT PROCESS.** You may choose to opt-out of this Arbitration Provision but only by following the process set-forth below. If you do not wish to be subject to this Arbitration Provision, then you must notify us in writing within sixty (60) calendar days of the loan date at the following address: TitleMax of Nevada, Inc. d/b/a TitleMax, Attn: Legal Dept, P.O. Box 8323, Savannah, GA 31412. Your written notice must include your name, address, Account number, the loan date, and a statement that you wish to opt out of the Arbitration Provision. If you choose to opt out, then your choice will apply only to this Loan Agreement.

**Acknowledgments.** This Loan Agreement contains a binding Waiver of Jury Trial and Arbitration Provision. By signing this Loan Agreement you acknowledge that it was filled in before you did so and that you received a completed copy of it. You agree that the information you provided before entering into this Loan Agreement is accurate. You warrant that you are not a debtor under any proceeding in bankruptcy and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code. You agree that the amount of the loan does not exceed the fair market value of the Motor Vehicle. You agree that you have the ability to repay this Loan Agreement, based upon your current and expected income, obligations, and employment. You acknowledge that the loan does not require a balloon payment of any kind. You further acknowledge that you have read, understand, and agree to all of the terms of this Loan Agreement, including the Waiver of Jury Trial and Arbitration Provision.

THIS DOCUMENT IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF, AND PLEDGED AS COLLATERAL TO, WELLS FARGO BANK, NATIONAL ASSOCIATION, AS COLLATERAL AGENT.

TitleMax of Nevada, Inc. d/b/a TitleMax

*[Signature]*  
Customer's Signature

6-30-2014  
Date

*[Signature]*  
Its Authorized Agent

6/30/14  
Date

\_\_\_\_\_  
Co-Customer's Signature

\_\_\_\_\_  
Date

Any comments or questions may be directed to Customer Service at the following toll-free number: (800) 804-5368.

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APP 014696  
ROA 010019-00012

TitleMax of Nevada, Inc. d/b/a TitleMax

5060 S. Fort Apache Road  
Las Vegas, NV 89148  
(702)220-4939  
05/11/2015

KEVIN GIBSON  
6114 Forever Dawn St  
Las Vegas, NV 89148

Re: Opportunity to Enter into a Repayment Plan

Dear Customer:

On 03/28/2015 you entered a Title Loan Agreement ("Loan Agreement") with TitleMax of Nevada, Inc. d/b/a TitleMax, and, if applicable, on N/A you entered a Grace Period Payments Deferment Agreement with TitleMax of Nevada, Inc. d/b/a TitleMax. On 04/28/2015 ("Date of Default") you defaulted on your payment obligations under the Loan Agreement and, if applicable, the Grace Period Payments Deferment Agreement. Before we attempt to collect the outstanding balance by repossessing the Vehicle, we are offering you an opportunity to enter into a written AMENDMENT OF THE TITLE LOAN AGREEMENT TO ESTABLISH A REPAYMENT PLAN ("Repayment Plan").

You have the opportunity to enter into a Repayment Plan with a term of at least 90 days after

**UNITED STATES**  
**REAL SERVICE**  
Certificate of Motor Vehicle Title  
This Certificate of Motor Vehicle Title is evidence that the vehicle has been transferred to the owner for the purpose of sale or lease.  
The form may be used for domestic and international use.

Titleholder of Nevada:  
5060 S Fort Apache Ste #1  
Las Vegas, NV 89147  
702-220-4939

By: KEVIN GIBSON  
6114 FOREVER DAWN  
ST NV 89148

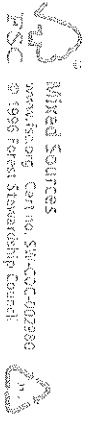
PS Form 3017, April 2007 PSN 7530-02-000-9085

es by 05/27/2015 : (1) return to the  
ble, the Grace Period Payments  
re prepare; and (3) make an initial  
ig balance on the original transaction  
7:

_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____
_____	Amount \$ _____

The total amount due if you enter into a Repayment Plan on or before 05/27/2015 will be  
\$2322.37

Under the terms of any Repayment Plan and pursuant to Nevada law: (1) you must enter into the Repayment Plan not later than 30 days after the date of default, unless we allow a longer period; (2) we will allow the period for repayment to extend at least 90 days after the date of default, unless you agree to a shorter term; and (3) we may require you to make an initial payment of not more than 20 percent of the total amount due under the Repayment Plan.



*Shane A. Cooper Co.* [www.sicoodbi.com](http://www.sicoodbi.com)  
Los Angeles 800-421-8703 · Atlanta 800-325-7580

# AB 384 - 2005

Introduced on: Mar 24, 2005

By Buckley, Giunchigliani, Ocegueda, Parks, Arberry Jr., Care, Horsford

*s various changes relating to certain short-term, high-interest loans. (BDR 52-806)*

## Local Notes

Effect on Local Government: No.

Effect on State: No.

Most Recent History Action: Approved by the Governor. Chapter 414. Effective July 1, 2005.

## Past Hearings

Assembly Commerce and Labor	Apr-06-2005	Pending
Assembly Commerce and Labor	Apr-13-2005	Amend, and do pass as amended
Senate Commerce and Labor	May-06-2005	No Action
Senate Commerce and Labor	May-09-2005	No Action
Senate Commerce and Labor	May-12-2005	Not Heard
Senate Commerce and Labor	May-16-2005	No Action
Senate Commerce and Labor	May-18-2005	Amend, and do pass as amended
Senate Commerce and Labor	May-20-2005	After Passage Discussion

## Votes

Assembly Final Passage	Apr-26	Yea 42,	Nay 0,	Excused 0,	Not Voting 0,	Absent 0
Senate Final Passage	May-27	Yea 21,	Nay 0,	Excused 0,	Not Voting 0,	Absent 0

Bill Text (PDF)	As Introduced	1st Reprint	2nd Reprint	As Enrolled
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Amendments (PDF)	Amend. No.324	Amend. No.869
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## Bill History

Mar 24, 2005	Read first time. Referred to Committee on Commerce and Labor. To printer.
Mar 25, 2005	From printer. To committee.
Apr 25, 2005	From committee: Amend, and do pass as amended. Placed on Second Reading File. Read second time. Amended. (Amend. No. 324.) To printer.
Apr 26, 2005	From printer. To engrossment. Engrossed. First reprint. Read third time. Passed, as amended. Title approved, as amended. (Yeas: 42, Nays: None.) To Senate.
Apr 27, 2005	In Senate. Read first time. Referred to Committee on Commerce and Labor. To committee.
May 26, 2005	From committee: Amend, and do pass as amended. Placed on Second Reading File. Read second time. Amended. (Amend. No. 869.) To printer.
May 27, 2005	From printer. To reengrossment. Reengrossed. Second reprint. Read third time. Passed, as amended. Title approved, as amended. (Yeas: 21, Nays: None.) To Assembly.
May 30, 2005	In Assembly.
Jun 01, 2005	Senate Amendment No. 869 concurred in. To enrollment.
Jun 03, 2005	Enrolled and delivered to Governor.
Jun 14, 2005	Approved by the Governor. Chapter 414.

Effective July 1, 2005.

APP 014699  
ROA 010022-00001



73<sup>rd</sup> REGULAR SESSION  
OF THE NEVADA STATE LEGISLATURE

PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

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ASSEMBLY BILL 384

Topic

Assembly Bill 384 relates to financial services.

Summary

Assembly Bill 384 establishes a new chapter of *Nevada Revised Statutes* (NRS) that provides for the uniform regulation of services that include check-cashing, deferred deposit loans, short-term high interest loans, and title loans. The bill repeals Chapter 604 of NRS, which governs check cashing and deferred deposit services. Any person operating a business that offers loan services is required to be licensed with the Commissioner of Financial Institutions.

A licensee is prohibited from certain acts, including making a loan that exceeds 25 percent of the expected gross monthly income of the customer; making more than one loan to a person under certain circumstances; and garnishing wages of a customer on active military duty.

In addition, A.B. 384 limits the amount that may be collected on a default loan and requires a licensee to offer a repayment plan before commencing collection procedures. A customer may make a partial payment or pay a loan in full at any time without any additional charges or fees. The bill limits the amount a licensee may collect on a check presented if the account has insufficient funds or has been closed.

This measure prohibits licensees from threatening a person who issued a check with criminal prosecution unless the district attorney determines that the person intended to commit fraud by issuing a check on a deposit account that the person knew was closed or did not exist. Licensees may not engage in deceptive advertising or deceptive trade practices. Finally, a customer may commence a civil action if a licensee commits certain violations.

Effective Date

The bill is effective on July 1, 2005.

APP 014700  
ROA 010023 - 00002

# LEGISLATIVE HEARINGS

## MINUTES AND EXHIBITS

APP 014701  
ROA 010024  
TX 08 00003

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Third Session  
April 6, 2005**

The Committee on Commerce and Labor was called to order at 1:07 p.m., on Wednesday, April 6, 2005. Chairwoman Barbara Buckley presided in Room 4100 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4401 of the Grant Sawyer State Office Building, Las Vegas, Nevada. Exhibit A is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Ms. Barbara Buckley, Chairwoman  
Mr. John Ocegüera, Vice Chairman  
Ms. Francis Allen  
Mr. Bernie Anderson  
Mr. Morse Arberry Jr.  
Mr. Marcus Conklin  
Mrs. Heidi S. Gansert  
Ms. Chris Giunchigliani  
Mr. Lynn Hettrick  
Ms. Kathy McClain  
Mr. David Parks  
Mr. Richard Perkins  
Mr. Bob Seale  
Mr. Rod Sherer

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Peggy Pierce, Assembly District No. 3, Clark County

**STAFF MEMBERS PRESENT:**

Brenda J. Erdoes, Legislative Counsel  
Diane Thornton, Committee Policy Analyst

**APP 014702**  
ROA 010028 - 00004

**Assembly Bill 384: Makes various changes relating to certain short-term, high-interest loans. (BDR 52-806)**

**Assemblywoman Barbara Buckley, Assembly District No. 8, Clark County:**

I'm proud to be the sponsor of A.B. 384. In the interim, I work at Clark County Legal Services, a nonprofit legal aid firm. Sometimes I get inspiration for legislation from the people who walk in the door; that's certainly the case with payday lending. In Nevada, I see an industry out of control, with people walking in the door every day who borrow a small amount of money and have a judgment that is out of control. Because of what I do, I get referrals from other legislators asking what we can do to help these people. I get concerns from judges across that state expressing disbelief at the types of related cases they see in their courtrooms. A.B. 384 is an outgrowth of that. This bill represents many months of hard work and compromise between consumer advocates and industry leaders. We formed a task force awhile back with Consumer Affairs, Nevada Fair Housing, Consumer Credit Counseling, Financial Institutions, Better Business Bureau and began meeting with industry leaders about what we could do about some of these practices. This bill represents some long overdue protections to equalize the differing payday loan models that are in our community and to curb the practices of the unscrupulous and egregious lenders who have made Nevada their home.

I have handouts (Exhibit O), and I'm also passing out Gail Burks's study of the Nevada Fair Housing Center (Exhibit P). She did a study of payday loans and their impacts. Attachment 1 (Exhibit O) has information on how someone gets buried in debt. The most egregious portion of payday lending is the debt treadmill. It's not particularly egregious if a reasonably well-off person goes to a payday lender and spends 900 percent in interest to borrow money for two weeks, gets the money, pays them back, and life goes on. Life's not going to end if that practice goes on in our state, but that's not what's happening right now. Attachment 1 (Exhibit O) shows what happens after some consumers take out their first payday loan. They'll have a loan where the interest rate ranges anywhere from 200 to 1,100 percent annually. In this case, they receive a cash loan of \$300 and agree to pay back \$390 in two weeks with an annualized percentage of 780 percent. When they expire, they have two options to keep the loan current: they can pay it all off or roll it over for two more weeks for another \$90 interest payment. After ten weeks, the consumer has already paid \$300 in interest, but nothing towards the principal. After a year, they'd end up paying \$2,300 in interest on a \$300 loan. Oftentimes unable to make the interest payment or the full payment, consumers take out a second loan or third loan as we heard from Assemblywoman Giunchigliani.

[Assemblywoman Buckley, continued.] Right now in NRS 604, we regulate deferred deposit, which is where someone takes a check. NRS 675 regulates someone who just issues a high-cost, short-term loan, so this bill tries to level the playing field and outlaw the worst practices in both. There are a couple examples of that in Section 39, which would require lenders to follow the Fair Debt Collection Practices Act [15 USC 1601]. It would prohibit things such as using obscenities, advertising someone's debt, harassing the employer, or suggesting the person committed a crime. Unfortunately, I see these things happen every day. One employer was so frustrated with the collection efforts that she even called our offices. The lender harassed the employer hourly about why she had not garnished an employee's wages. The employer explained that she did not garnish the wages because he hadn't worked the previous week, so there were no wages left to garnish, but it didn't seem to stop the phone calls.

One of our other suggestions in the language is to have a remedy for an aggrieved consumer besides filing a complaint with financial institutions. When consumers have private remedies, they are often able to have more options. In Sections 54 and 55, we create statutory damages of \$1,000 for each violation. This is similar to what we have in NRS 118A for violations of the Landlord-Tenant Act. An example of how someone might be helped with this is a woman who took out a loan with an especially egregious, unlicensed lender. Before defaulting, she was able to repay all but \$212. The lender required her to sign a confession of judgment for \$600 and then filed it. You can see from attachment 2, on page 7 (Exhibit O), the example of this one as well as the confession of judgment. So even though she had repaid almost the entire loan, they still started garnishing her paycheck with this confession of judgment. It's my hope that this section will benefit consumers, but also help the more reputable lenders who are not using confessions of judgments.

Section 54 states that "a contract whose provisions violate the state law makes the loan void and that the lender is not entitled to collect the principal, interest and other charges."

Sections 56 to 69 try to equalize the playing field. It changes rollovers and limits them from ten weeks to eight weeks. That's in the CFSA best practices anyway. That's the amount that's put in there. It makes it very clear that you can't collect any fees. The biggest thing this bill does is say you can't collect anything but the principal of the loan, the interest in the contract up until the date of default; after default, prime plus 10; and if you took a check, you can get \$25 with a limit of twice if the bank returns the check. Additionally, it continues to allow the two-week rollovers for both short-term cash loans and payday loans; that's all they can get. As Assemblyman Anderson pointed out,

that's the reason why there are so many lawsuits. The Las Vegas number will be worse than the Carson City number. The constable told me that they serve 1,500 more garnishments every month because of the payday loan industry. The numbers are phenomenal as to how many there are. When someone goes to justice court now, if they have the unfortunate distinction of getting behind the lawyer for the payday loan industry, you have to wait hours just as they rubberstamp default after default.

[Assemblywoman Buckley, continued.] Why are so many in the backend of the court process? Because our laws are so lax, so what these companies do is sue people because we've allowed it to be a profit center for them. They're not going after just their \$200 loan, as Mr. Dornan pointed out. They'll add \$1,000 for their collection time and \$500 for inconvenience; they just make up sums, which I call imaginary damages. The justice courts are so swamped and they don't have time to read these things, so they just rubberstamp them. I'd like to go over examples of these cases.

Let's review attachment 4, page 14 (Exhibit O). This is a contract that was signed by a young father who worked at a neighborhood casino one week before Christmas. The loan, which was due one day after Christmas, discloses an annual percentage rate of 1,095 percent, and they did the APR wrong; it's really 1,217 percent. Within ten weeks, this young man would end up paying \$345 interest on a \$150 loan. The same contract calls for a late fee of \$5 per day, a post-default interest rate of 17.75 percent, and, if you look at page 15 at the bottom, the person was then sued on line 5 for \$500 on top of that. His wages ended up being garnished, if you'll go to page 16, for \$942 for a \$150 loan. The use of treble damages continues to be frustrating, and this bill attempts to clarify it even more, although it's the law now. We try to make it even clearer that it's the law. We have a statement on pages 17 and 18 from the former Financial Institutions Division's Commissioner. It takes the position of one that's illegal and is still being collected.

If you look at attachment 6, on page 19 (Exhibit O), you'll see that despite this being the law, people are routinely still using that in their threatening letters. That's why we're including language to make it even clearer that it is not allowed and to put in some financial penalties which will make these folks stop.

Attachment 7 on page 20 (Exhibit O) is a default judgment entered against a casino employee. He had paid his debt in full on September 2; a lawsuit, for which he was never served, was filed on September 16; and a default judgment was entered against him for \$1,598.

Attachment 8, page 23 (Exhibit O), is a contract that discloses that the consumer is liable for treble damages. It also has attached to it the largest amount of treble damages that I've ever seen, which is over \$3,900. Page 24 is on a \$165 loan; the interest rate was disclosed at 521 percent and was actually over 900 percent; they did the math wrong. On page 2, in addition to that are late fees of 2 percent a day; if the lender has to garnish wages, there's a flat fee of \$1,250. If two consecutive payments are late, they have a right to charge a higher interest rate than 900 percent. If their phone gets disconnected for any reason, then their interest rate goes up; this is on page 1 in the second full paragraph (Exhibit O). The lender has the right to place the loan under default if their phone is either disconnected or their numbers change.

[Assemblywoman Buckley, continued.] If you wonder why we're detailing this law so much, this is why. Regulating this industry right now is like whack-a-mole. Once you feel like you make some progress, another deceptive practice comes up again. It is a plague among the working poor in Nevada. They're not going after people who don't have any money. Most of them want to garnish people because they're making so much profit on the garnishment side because our laws are so lax. I really appreciate the industry leaders. Some of the folks who were up at the table before are not engaging in these practices. They want to see these practices stop because they know, if they don't stop, the Legislature is going to ban payday lending. It's inevitable and I think they're welcoming of regulation to stop these horrible practices. We're working on a series of amendments that we think are about 98 percent done, which we'd be able to present in a future work session. I'd like to turn it over to Gail Burks in Las Vegas.

**Assemblyman Anderson:**

In the example that you gave us of the employee that had paid the loan and then was garnished and it was brought to court, did the court dismiss the case?

**Assemblywoman Buckley:**

The court grants the judgment primarily because the person who's sued doesn't know what's going on and then the court doesn't hear the other side.

**Gail Burks, President and CEO, Nevada Fair Housing Center, Las Vegas, Nevada:**

The Nevada Fair Housing Center is a nonprofit, and our mission is to provide education, legal representation, policy research, technical assistance, and financial services related to housing and consumer issues. We've worked with banks in this community for approximately ten years on products under community reinvestment to make sure consumers have fair and equal access to credit. [Exhibit R]

[Gail Burks, continued.] I'd like to discuss the report (Exhibit P) and talk about our findings and the methodology that we used. We looked at three main areas. We first looked at the concentrations of the payday lending facilities. We looked at the product or customer base as much as possible, given the data available. Then we looked at collection practices. From 1998 to 2004, payday lending companies increased from 16 to 381. When we went to look at where these places were located statewide, 60 percent are in low-income neighborhoods, and in Clark County, 5.3 percent are in areas where people earn less than \$25,000 per year. That's 5.3 companies per 10,000 people. Fifty-five percent of these companies are located in census tracts that have a high minority population. We have about 9.1 branches for every 10,000 people. That's on pages 5 through 8 (Exhibit P).

Unlike banks, payday lenders are not required to report who they make loans to. They're not required to break it down by census tract, so it was a little more difficult to look at the customer base. We did a direct survey of the companies to try to get a feel for the products offered. We contacted 105 branches; 39 percent responded to our questions and 34 percent absolutely refused to talk about their products. In general, in the report, we've listed the average product as a loan around \$200. The charges for that product will vary. The average APR is about 443 percent. When we get to the collection practices, we pulled the justice court files in Las Vegas. We looked at a total of 9 different companies, looking at 78 justice court civil files. Five of those companies were payday lenders, and the other 4 companies were short-term lenders. That's highlighted on pages 15 through 18 of the report (Exhibit P). The most abusive company we looked at was Cool Cash, which charges five times the amount of the original debt. The least abusive was Check City, which charged about two times the original debt.

I want to address the statement, "There's a need for the product." While there is a need for small loans, there are credit unions and some lenders that offer small loans, and there is not a need for loans with the high rate and the high cost. In addition, we could not find that the businesses were targeting in their marketing plans high-income or middle-income people. We could not find any data to support that argument, made earlier. We believe that A.B. 384 is needed in terms of the clients that get trapped in the debt when they're trying to purchase homes. The clients we see have had anywhere from 5 to 7 payday loans, and it takes about a year to clean that up before they can become eligible for home ownership. We encourage you to pass A.B. 384, and for the record we also support A.B. 340.

**Azucena Valladolid, Director of Counseling, Consumer Credit Counseling Service, Las Vegas, Nevada:**

[Read from Exhibit Q]. Consumer Credit Counseling Service (CCCS) is a not-for-profit United Way organization serving residents of the state of Nevada for over 30 years. CCCS provides basic financial and asset building services, including down-payment assistance, IDA [Individual Development Accounts], establishment of checking and savings accounts, income tax preparation, financial literacy, financial counseling, mortgage default/delinquency counseling, and debt management and repayment. We provide financial counseling to over 650 individuals and families each month. It is these clients and the disturbing trends being experienced that I would like to briefly speak about today.

As you are aware, the payday and small loan industry has grown incredibly the last few years, and we see the effects on a daily basis with consumers seeking solutions other than bankruptcy for their indebtedness. Obligations to payday or small loan companies added to an already overburdened consumer are resulting in a downward financial spiral. It also seems evident that marketing by the industry is directed to minorities, low to moderate-income individuals, and seniors. Spanish-speaking consumers sign documents in English, knowing only what they are told, which may very well not be the same thing.

In March 2005, our agency counseled 660 unduplicated individuals and families statewide. Of those, 17.4 percent owed one or more payday loans. These consumers were obligated from 1 to 17 different payday/small loans and, in over 95 percent of the clients, this debt was in addition to other consumer debt, credit card, retail, et cetera.

I spoke earlier of seniors and will provide an example which is, unfortunately, not rare. A 71-year-old gentleman came in for assistance. His total net monthly income is \$1,000.25 from Social Security. He owed 15 payday and 4 small loan companies—19 creditors—with monthly payments totaling \$3,627. This started out with one loan of \$100. His Social Security check arrived on the third of each month. On the sixteenth, he borrowed \$100 to be repaid on the thirtieth. Unfortunately, he had no income until the third, so when the loan became due, he borrowed from another payday company to pay the interest on the first, and on and on, resulting in almost \$4,000 in debt. Moreover, this amount did not reflect costs associated with the legal action that was being processed.

Another example involves a Spanish-speaking client who enlisted our assistance to repay his six payday loans. On January 25, 2005, one of the companies responded in writing to our agency, accepting the proposed payment of \$67 on the \$400 balance. On February 26, 2005, a lawsuit was filed for treble damages, resulting in a demand for \$1,978.08 plus 15 percent interest every

two weeks. All this for a \$400 debt the company agreed to accept payments on.

[Azucena Valladolid, continued.] The examples could continue, as we see them daily. Consumers are being exploited, indebted to 19 creditors, as a 71-year-old was, with no possible way to repay, is exploitation. Owing \$400 and liquidating the debt, as agreed upon by the payday loan company, only to be sued for almost \$2,000, is exploitation. I am asking you to consider the proposed legislation to provide protection for the residents of Nevada. We are in support of A.B. 340 and A.B. 384.

**Alfredo Alonso, Legislative Advocate, representing Money Tree Incorporated:**

We, too, support the Chairwoman's efforts in attacking this issue. Clearly, the issue here is more that this is a new industry in a new niche that was filled by these individuals, and like any new industry, you're going to have growing pains and that's what we're seeing here before you. These are the good guys. They've been working with the Chairwoman for some time. What's going to come out of this is a good bill that's going to regulate this industry and finally get at the bad actors. This is going to be sweeping and there will be some outcry for a time, but what you'll end up with is a solid industry just like banking and other financial industries as this evolves.

**Jim Marchesi, President/CEO, Check City, Las Vegas, Nevada; and Nevada Financial Services Association:**

We have gone through exhaustive negotiations on this issue. I feel the product we're about to get will be an exceptional thing. We are in support in general, but there are a few things we will have to see when the bill is redrafted. In general, we're very much in support of the items that we've discussed and are going forward with. [Submitted Exhibit N.]

**Mark Thompson, representing Community Financial Services Association and Money Tree, Incorporated:**

I would like to thank Ms. Buckley personally and on behalf of CFSA for her leadership in bringing us together over the interim. We also are in support of most of the provisions of the bill as drafted. I think we've reached accommodation on the issues that remain and we look forward to supporting the bill going forward.

**Barry Gold, Associate State Director for Advocacy, American Association of Retired Persons (AARP), Nevada:**

The nature of the subject and the testimony has compelled me to come forward. AARP Nevada strongly supports legislation to stop predatory lending practices. We all agree that there does need to be a place for people who

cannot go into a Bank of America to find a loan; however, predatory lending practices must be stopped. I've always been told that the average payday loan is rolled over multiple times. The current state of predatory lending needs to be controlled. The way it's designed right now is not to help out the consumer, but is purposely designed to get people so deeply in debt that they cannot get out.

**Vice Chairman Ocegueda:**

I'll close the public hearing on A.B. 384. We will now go into work session.

**Chairwoman Buckley:**

A.B. 249 I should have ready by Friday, but I want to double-check with Mr. Sande on that last amendment. We could process A.B. 257 now since we have Ms. Erdoes here. The only concern on that bill was the pledge language. Ms. Erdoes, are you comfortable with how you would approach taking that out? [Ms. Erdoes answered affirmatively.] I'll open up the discussion on A.B. 257.

**Assembly Bill 257: Provides certain protections to person who receives payments pursuant to federal Social Security Act. (BDR 55-69)**

**Chairwoman Buckley:**

Do members feel like they have enough information to look at that bill, or would they like more time?

**Assemblywoman Gansert:**

I do have concerns with that bill. I'm concerned about someone writing a check for shopping and then bouncing that check and if the only resource they have is their Social Security check in their account, what do you do then? What do you do if someone just isn't using good judgment when they spend their money? I don't know if the amendment would cover that or not.

**Chairwoman Buckley:**

As I understand the bill, the bank certainly could go after the bank account on that, and I'll ask Brenda Erdoes for some help with that. We're talking about going after the money for another loan. A bank certainly could run it through again and charge whatever their fees are for bad checks; I don't think the bill prohibits that. Brenda, do you want to comment on this for us?

**Brenda J. Erdoes, Legislative Counsel:**

Yes, Madam Chairwoman, I believe you're correct. You could do that. I think the prohibition would apply in that case other than running it back through. I don't think there's a lot else you could do.

## **DISCLAIMER**

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**Contact the Library at (775) 684-6827 or [library@lcb.state.nv.us](mailto:library@lcb.state.nv.us).**

## Testimony on AB 340 Nevada Legislature

Jim Marchesi  
President  
Nevada Financial Services Association  
Mark Thomson  
Community Financial Services Association of America  
And Moneytree, Inc.

1

## Payday Advance Customer Profile

- 68% under 45 years old
  - 3.5% retired
- 94% high school education or better
  - 56% some college or degree
- 52% earn \$25,000 - \$50,000
- 42% own home
- Children in household
- 100% steady income & bank account

Source: The Credit Research Center, McDonough School of Business, Georgetown University, April 2001.

2

ASSEMBLY COMMERCE & LABOR

DATE: 4/6/05 EXHIBIT PAGE 1 OF 9

SUBMITTED BY: APP 014712

1  
ROA 010035 - 00014

Middle-income, middle-educated, responsible,  
hardworking families

3

## Reason for Choosing a Cash Advance

- Cypress Research Group (N=2000)

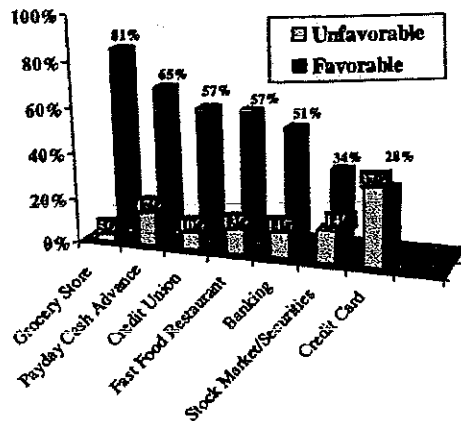
	<u>% True</u>
– Quick and easy	38%
– Convenient location	15%
– Fast approval	10%
– No other source of funding	9%
– Less expensive than alternatives	8%
– Short term and not revolving	5%
– Less harm to credit	4%
– Better service	2%
– Other	10%
- Convenience/Speed 63% of major reason for using product

4

## Consumer Opinions

### Industry Favorability

*In terms of how fairly they treat customers and are good community citizens, do you have a favorable, unfavorable, or neutral opinion about the ... industry?*



• Of the 7 industries evaluated the Payday Cash Advance industry was the 2<sup>nd</sup> most highly-rated in terms of 'treating customers fairly' and being a 'good community citizen.'

• The Grocery Store industry received the highest marks from this consumer group (81% favorable/5% unfavorable).

5

## Customer Satisfaction

- Satisfaction With the Cash Advance (N=2000) by Cypress Research Group

### % in agreement

Consumers understand the loan terms:

- When applied for loan understood when to make pmt 94%
- Understood terms and cost when applied 90%

Satisfaction with:

### % in agreement

- Ability to refinance or renew the cash advance 88%
- Maximum cash advance amount allowed 83%
- Cash Advance repayment schedule 77%

6

## Purchase Decision Process

- Cypress Research Group (N=2000)
- In the last year a cash advance has helped me:
 

	<u>% true</u>
- Unexpected expense	84%
- Avoid late charges	73%
- Avoid bounced check	66%
- Helped bridge income reduction	62%
- Allowed to get something special	45%

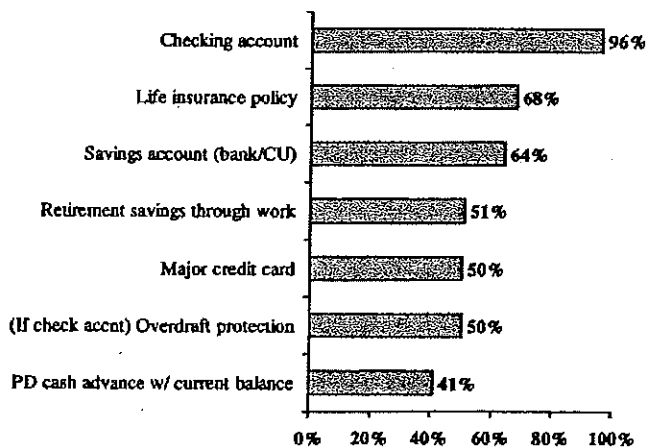
Multiple benefits expressed

7

## Demographic Characteristics

*Our Customers have many alternatives.*

Do you currently have a.....?

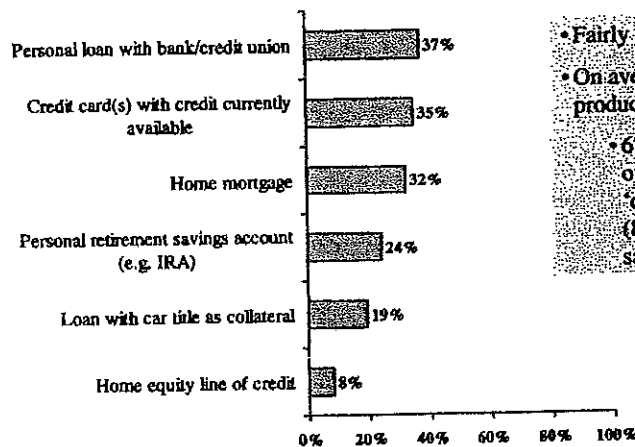


8

## Demographic Characteristics

*Our Customers have many alternatives.*

Do you currently have a.....?



- Fairly mainstream products
- On average (median) have 5 products
- 67% have at least one other option which offers 'quick' access to money (85% if you include savings accounts).

9

## Cost Effective Alternative

<b>14-Day Term</b>	<b>Fee</b>	<b>APR</b>
\$100 payday advance.	\$15	391%
\$100 check with overdraft privilege fee.	\$35	913%
\$100 credit card balance with late fee.	\$27	704%
\$100 check with NSF & merchant fee.	\$51	1329%
\$100 utility bill with late/reconnect fees.	\$50	1303%
<b>1-Day Term</b>		
\$100 ATM withdrawal fee.	\$1.49	544%

- 1 Typical payday advance fee
- 2 Alex Berenson, New York Times, "Banks Encourage Overdrafts, Reaping Profit," January 22, 2003.
- 3 Credit Card fees are national, Consumer Action News, "Annual Credit Card Survey 2003" [www.consumer-action.org](http://www.consumer-action.org)
- 4 Average fees according to an industry survey conducted in 2003 of 2,243 banks in 856 cities
- 5 Bankrate.com, "Checking Study, Spring 2003", posted March 27, 2003, [www.bankrate.com](http://www.bankrate.com)

10

APP 014716 15-9  
ROA 010039 88 - 00018

## Satisfaction with the Cash Advance

- Cypress Research Group (N=2000)

	% Disagree
– Government should limit number of loans/yr	86
– Government records to monitor my use	86
– Government records to monitor people's use	80
– Government should limit number of times renewed	77

- In Nevada over 5,000,000 transactions annually
- 125,000 – 150,000 Nevada residents use service at any one time
- Only six complaints filed with FID in 2004 on NRS 604

11

## The Cost of Making a Loan

Federal Reserve Board reports  
commercial banks' installment loan  
costs:

- Average loan origination ranges from \$84.56 to \$202.42
- Average monthly cost to service the loan ranges from \$16.96 to \$21.74

**Result: Banks are exiting the micro-loan  
business**

The average total cost to originate and service a payday loan is  
approximately **\$33.00**

12

**\$380 loan, 12 monthly payments,  
at 25% with 4% origination fee**

	Low	High
Origination cost	\$84.56	\$202.42
Servicing cost	\$203.52	\$260.88
Total cost	\$288.08	\$463.30
Origination fee	\$15.52	\$15.52
Interest	\$95.00	\$95.00
Total revenue	\$110.52	\$110.52
Profit	-\$178.56	-\$352.78

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## AB 340 – Section 1

- Return on a 14 loan at an 8% APR is not profitable – represents an attempt to prohibit the industry

Loan Amount	Allowable Fee
\$100	\$0.30
\$340	\$1.04
\$700	\$2.14

14

## Impact of 8% APR

- Regulated industry no longer viable.
- Demand for small, short-term loans will remain.
- Customers will turn to Internet and scams.
- State of Nevada loses all control.
- To truly protect consumers, must have a economically viable regulated industry.

15

## Concerns about a database

- Customer privacy issues – what can be disclosed, security, evolving area of law.
- Cost issues – greater time commitment.
- Philosophical issues:
  - What is the role of government in a free society?
  - If real-time government monitoring is good for this product, why not others? Overdraft protection, credit cards, gambling?

16

## Local zoning requirement

- Communities that see this as a problem are dealing with it, those that don't, aren't.
- Is this an unfunded mandate?
- Leave to local government.

17

## We oppose AB 340 because:

- It makes the regulated business untenable.
- It damages consumers, our employees and citizens of the state.
- Expands the power of the state into private decisions.

18

# Assembly Bill 384

73<sup>rd</sup> Legislature

## Short Term, High Interest Loans



Presentation by  
Assemblywoman Barbara E. Buckley

April 6, 2005

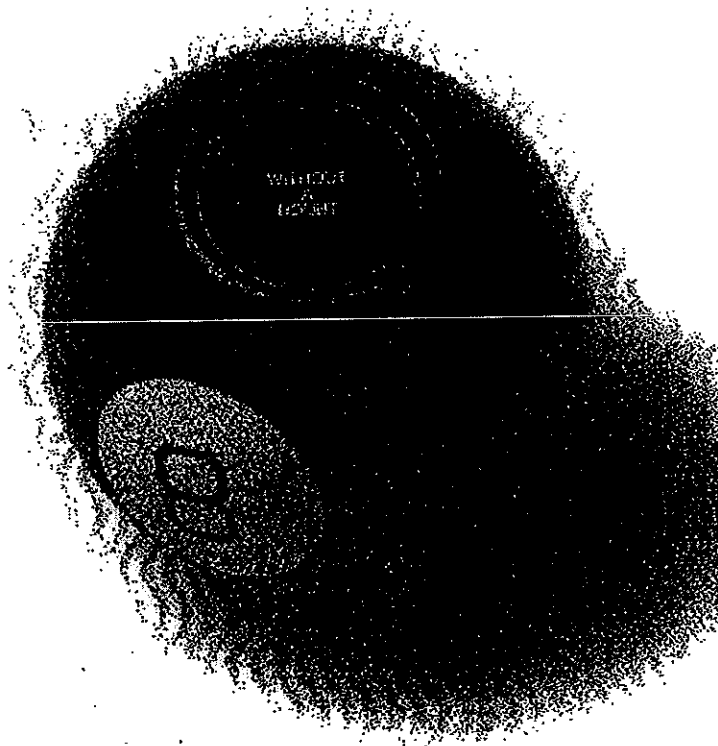
ASSEMBLY COMMERCE & LABOR

DATE: 4/6/05 EXHIBIT 01 Page 1 of 57

SUBMITTED BY: Assemblywoman Barbara E. Buckley

ROA 010034 00023

**Will you need money  
before payday?**



**NATIONAL CASH  
ADVANCE.**

**Get the money you need. Fast, easy and hassle free.**

Advances are loans by Peoples National Bank, Paris, TX

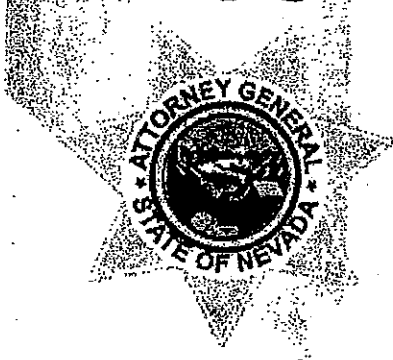
1

APP 014722  
ROA 010045

TX 88 - 00024

# NDOJ

## OFFICE OF THE ATTORNEY GENERAL Nevada Department of Justice



Brian Sandoval, *Attorney General*  
Ann Wilkinson, *Assistant Attorney General*

100 N. Carson Street  
Carson City, Nevada 89701-4717  
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Fax - (775) 884-1108  
Web - <http://ag.state.nv.us>

**CONTACT:** Tom Sargent (775) 684-1114  
cell (775) 720-1870  
[sargent@ag.state.nv.us](mailto:sargent@ag.state.nv.us)

**FOR IMMEDIATE RELEASE**  
October 27, 2004

### **"PAYDAY LOANS"—More Dollars Than Sense?**

**Carson City**—Attorney General Brian Sandoval today issued the following consumer advisory as a part of an ongoing effort by the Nevada Department of Justice, Bureau of Consumer Protection, to educate consumers:

Consumers short on cash have no trouble finding one of the "payday loan" or check-loan businesses that have exploded in Nevada. But consumers should be careful! These enticing promises of "*Cash 'til payday! Instant cash!*" come with a hefty price tag. Because there is no statutory limit on loan interest rates in Nevada, consumers may pay astronomical interest rates and likely will only worsen their debt problems—even with loans from legitimate operators.

It is not uncommon for consumers to pay for the "convenience" of getting cash to tide them over until payday at an Annual Percentage Rate of Interest (APR) of 300%-400%. But paying triple-digit interest rates for short-term loans just siphons more money out of budgets that may already be running on empty. A significant number of Nevada payday loan consumers are repeat customers making it that ever more difficult to get off the debt treadmill.

**How payday loans work:** If a consumer wants \$100.00 in cash, for example, the consumer would write a check for \$116.50, with the difference being the fee. The business gives the consumer \$100 cash on the spot and holds the check until the consumer's next payday when the check is either deposited or redeemed. That two-week loan of \$100.00 at a cost of \$16.50 works out to an annual interest rate (APR) of over 434%. Compare that interest rate to, say, the 24% APR interest rate common for very high interest rate credit cards. A \$100.00 loan for two weeks at a 24% APR would cost the consumer approximately \$.92, which is obviously significantly cheaper than \$16.50.

**What consumers can do:** Consumers can pay themselves the fee instead of going to a payday lender. This will help build a savings reserve for emergencies. In the case of

2  
APP 014723  
ROA 010046 00025

emergency cash needed for important bills, look for alternatives. Many utility companies and other service providers have emergency assistance programs on the same short-term basis. If the trouble paying bills persists, debt counseling by a reputable, non-profit organization is the best long-term solution. Again, paying debts with triple-digit APR loans is only likely to sweep the consumer downward in a spiral of worsening debt.

**Where consumers can complain:** Any consumer who suspects they may have been the victim of an illegal payday lending operation should contact the Financial Institutions Division at (775) 684-1830 in northern Nevada or (702) 486-4120 in southern Nevada. Additional information is also available on their website at [www.fid.state.nv.us](http://www.fid.state.nv.us).

Any consumer that wishes to seek debt counseling should contact Consumer Credit Counseling Service at (702) 364-0344 or toll-free at (800) 451-4505. Additional information is also available on their website at [www.cccnevada.org](http://www.cccnevada.org).

Any consumer that has a question about his or her personal legal rights may contact Clark County Legal Services at (702) 386-1070 or toll-free at (800) 522-1070. Additional information is also available on their website at [www.clarkcountylegal.com](http://www.clarkcountylegal.com).

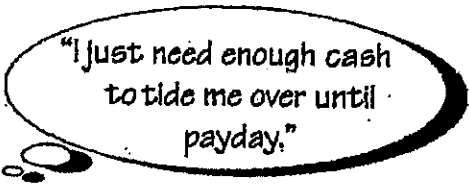
General questions regarding these or other consumer issues may be directed to either the Consumer Affairs Division of the Nevada Department of Business and Industry ("NCAD") or the Office of the Attorney General's Bureau of Consumer Protection ("BCP"). NCAD may be reached by calling (702) 486-7355 in southern Nevada or (775) 688-1800 in northern Nevada, or you may visit NCAD's website at [www.fyiconsumer.org](http://www.fyiconsumer.org). The BCP may be reached by calling (702) 486-3194 in southern Nevada or (775) 687-6300 in northern Nevada, or you may visit the Attorney General's website at <http://ag.state.nv.us>.

###

# FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

## Payday Loans = Costly Cash



"I just need enough cash  
to tide me over until  
payday."

**"GET CASH UNTIL PAYDAY! . . . \$100 OR MORE . . . FAST."**

The ads are on the radio, television, the Internet, even in the mail. They refer to payday loans — which come at a very high price.

Check cashers, finance companies and others are making small, short-term, high-rate loans that go by a variety of names: payday loans, cash advance loans, check advance loans, post-dated check loans or deferred deposit check loans.

Usually, a borrower writes a personal check payable to the lender for the amount he or she wishes to borrow plus a fee. The company gives the borrower the amount of the check minus the fee. Fees charged for payday loans are usually a percentage of the face value of the check or a fee charged per amount borrowed — say, for every \$50 or \$100 loaned. And, if you extend or "roll-over" the loan — say for another two weeks — you will pay the fees for each extension.

Under the Truth in Lending Act, the cost of payday loans — like other types of credit — must be disclosed. Among other information, you must receive, in writing, the finance charge (a dollar amount) and the annual percentage rate or APR (the cost of credit on a yearly basis).

A cash advance loan secured by a personal check — such as a payday loan — is very expensive credit. Let's say you write a personal check for \$115 to borrow \$100 for up to 14 days. The check casher or payday lender agrees to hold the check until your next payday. At that time, depending on the particular plan, the lender deposits the check, you redeem the check by paying the \$115 in cash, or you roll-over the check by paying a fee to extend the loan for another two weeks. In this example, the cost of the initial loan is a \$15 finance charge and 391 percent APR. If you roll-over the loan three times, the finance charge would climb to \$60 to borrow \$100.

### Alternatives to Payday Loans

There are other options. Consider the possibilities before choosing a payday loan:

- When you need credit, shop carefully. Compare offers. Look for the credit offer with the lowest APR — consider a small loan from your credit union or small loan company, an advance on pay from your employer, or a loan from family or friends. A cash advance on a credit card also may be a possibility, but it may have a higher interest rate than your other sources of funds: find out the terms before you decide. Also, a local community-based organization may make small business loans to individuals.

- Compare the APR and the finance charge (which includes loan fees, interest and other types of credit costs) of credit offers to get the lowest cost.
- Ask your creditors for more time to pay your bills. Find out what they will charge for that service — as a late charge, an additional finance charge or a higher interest rate.
- Make a realistic budget, and figure your monthly and daily expenditures. Avoid unnecessary purchases — even small daily items. Their costs add up. Also, build some savings — even small deposits can help — to avoid borrowing for emergencies, unexpected expenses or other items. For example, by putting the amount of the fee that would be paid on a typical \$300 payday loan in a savings account for six months, you would have extra dollars available. This can give you a buffer against financial emergencies.
- Find out if you have, or can get, overdraft protection on your checking account. If you are regularly using most or all of the funds in your account and if you make a mistake in your checking (or savings) account ledger or records, overdraft protection can help protect you from further credit problems. Find out the terms of overdraft protection.
- If you need help working out a debt repayment plan with creditors or developing a budget, contact your local consumer credit counseling service. There are non-profit groups in every state that offer credit guidance to consumers. These services are available at little or no cost. Also, check with your employer, credit union or housing authority for no- or low-cost credit counseling programs.
- If you decide you must use a payday loan, borrow only as much as you can afford to pay with your next paycheck and still have enough to make it to the next payday.

## To Complain/For More Information

If you believe a lender has violated the Truth in Lending Act, you can file a complaint with the FTC. The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit [www.ftc.gov](http://www.ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357). The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.



February 2000

Attachment 1  
APP 014727  
ROA 010050 00029

## Getting buried in debt

Payday loans, or high-interest rate loans with a standard two-week lending period, have caused financial nightmares for some cash-poor customers. If the borrower can't pay the entire loan with interest in two weeks, the lender will roll over the loan and add an additional fee.

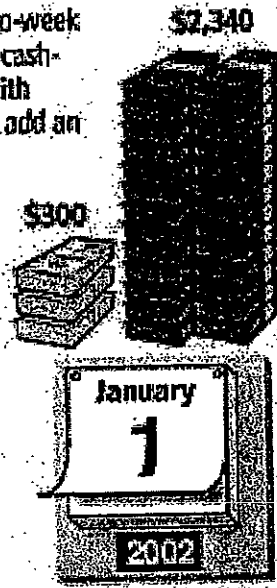


A borrower goes to a payday firm to get a loan for \$300 and agrees to pay it back in two weeks plus \$90 for interest.

Note: The typical interest charged ranges from \$15 to \$30 per \$100 borrowed.



At the end the lending period, the borrower pays the interest, but can't afford to pay back the entire \$300 borrowed. The lender rolls over the \$300 and charges an additional \$90 in interest.



If the borrower pays only the \$90 in interest every two weeks, a total of \$2,340 will be paid in a year -- or nearly 800 percent in interest. The original \$300 principal is still owed.

SOURCE: Compiled from AP wire reports

THE ASSOCIATED PRESS

Attachment 2  
APP 014729  
ROA 010052-00031

FROM :

PHONE NO. [REDACTED]

## TRUTH IN LENDING DISCLOSURE STATEMENT

CREDITOR:  PROFESSIONAL PROCESS SOLUTIONS 3850 E. FLAMINGO RD. #124 LAS VEGAS, NEVADA 89121	APPLICANT(S): [REDACTED]  PREPARATION DATE: 12/9/04
--	--

ANNUAL PERCENTAGE RATE (THE COST OF YOUR CREDIT AS A YEARLY NOTE)	FINANCE CHARGE (THE DOLLAR AMOUNT THE CREDIT WILL COST YOU)	AMOUNT FINANCED (THE AMOUNT OF CREDIT PROVIDED TO YOU OR ON YOUR BEHALF)	TOTAL OF PAYMENTS (THE AMOUNT YOU WILL HAVE PAID AFTER YOU HAVE MADE ALL PAYMENTS SCHEDULED)
R* 416 %	R* 242.00	R* 500.00	R* 742.00

NUMBER OF PAYMENTS	AMOUNT OF PAYMENT	(TERMS) PAYMENTS ARE DUE BEGINNING
1	\$ 68.00	12/20/04
1	\$ 60.00	1/3/05
1	\$ 594.00	1/12/05
	\$	
	\$	

THIS NOTE DOES NOT HAVE A DEMAND CLAUSE, EXCEPT UPON DEFAULT.

THIS NOTE DOES NOT HAVE A PREPAYMENT PENALTY.

THIS NOTE IS NOT TRANSFERABLE OR ASSUMABLE.

LATE CHARGE: THIS NOTE HAS A TWO (2) DAY GRACE PERIOD, AFTER THAT THERE WILL BE A LATE FEE CHARGED EQUAL TO TWENTY-FIVE (25%) PERCENT OF THE PAYMENT DUE.

SEE YOUR CONTRACT DOCUMENTS FOR ANY ADDITIONAL INFORMATION REGARDING NON-PAYMENT, DEFAULT, AND PENALTIES.

\*"R" MEANS ESTIMATE

By signing the agreement you acknowledge that it was filled in before you signed and that you have received a completed copy. You further acknowledge that you have read it, understood it, and that you agree to all its terms.

BORROWER'S SIGNATURE: [REDACTED]

12-9-04  
DATE

X  
CO-BORROWER'S SIGNATURE

X

PREPARER'S SIGNATURE

7

APP 014730  
ROA 010053  
TAX 88 - 00032

PAGE 1 OF 2  
PROFESSIONAL PROCESS SOLUTIONS  
PROMISSORY NOTE

**NOTICE!!!**

MAKER UNDERSTANDS AND AGREES THAT THIS IS AN INTEREST ONLY NOTE, ALL PAYMENTS ARE CALCULATED ON A WEEKLY BASIS. UNLESS STIPULATED IN WRITING ANY PRINCIPAL REDUCTION OF THIS NOTE WILL BE THE RESPONSIBILITY OF THE MAKER.                      X

\$ 500.00 Setup Fee \$ 20.00 Total amount borrowed \$ 500.00  
Dated: This 9 Day of December 2004 In the City Of Las Vegas, Nevada  
For Value received, I/We                                      jointly and  
severally promise to pay to Professional Process Solutions the principal sum of Five Hundred 00/100 Dollars (\$ 500.00 ), payable at 4020 S PECOS  
MCLEOD # 15 LAS VEGAS, NV. 89121, together with interest thereon at the rate of Eight (8%) percent per WEEK until MATURITY, both principal and interest  
being payable in lawful money of the United States as follows:

- 1: The maturity date of this note shall be Feb 17, 2005 292 X
  - 2: Interest due on this note \$ 242.00 292 X
  - 3: Cost of note at maturity is \$ 742.00 with an APR of 416 % 292 X
  - 4: The interest only payments will be made Every Two (2) weeks 292 X
  - 5: Payment adjustments will be made after each \$100.00 principal reduction 292 X
- PAYMENT START DATE December 20, 2004  
INTEREST ONLY PAYMENT IS \$ 80.00 292 X  
1 TIME PAYMENT ADJUSTMENT (IF NEEDED) \$ 68.00 DUE 12/20/04

PAYMENT SCHEDULE

<u>1</u> PAYMENT(S) OF \$ <u>68.00</u>	<u>12/20/04</u>
<u>1</u> PAYMENT(S) OF \$ <u>80.00</u>	<u>1/3/05</u>
<u>1</u> PAYMENT(S) OF \$ <u>594.00</u>	<u>1/17/05</u>

Any Payment HEREUNDER NOT PAID WITHIN 48 HOURS OF DUE DATE A LATE FEE OF 25% OF THE AMOUNT DUE WILL BE ASSESSED, UNLESS OTHERWISE AGREED UPON, IF THIS PAYMENT IS NOT MADE THE ENTIRE NOTE BALANCE WILL BE CONSIDERED IN DEFAULT AND FULL PAYMENT DUE. THE LENDER AT HIS OPTION CAN INITIATE

LEGAL ACTION. SHOULD LEGAL ACTION BE INITIATED, THE UNDER-  
PAGE 2

SIGNED UNDERSTANDS THAT LEGAL AND COLLECTION COSTS OF  
\$400.00 WILL BE ADDED TO THE OUTSTANDING BALANCE OF THE  
NOTE.

ADDITIONAL PRINCIPAL PAYMENTS, CAN BE MADE WITH ANY  
INSTALLMENT, THIS NOTE CAN BE PAID OFF AT ANY TIME WITH NO  
PENALTY.

ADDITIONAL COMMENTS AND CONDITIONS

Upon default of any of the obligations set forth herein, each maker and endorser authorizes and empowers any attorney, Justice of the Peace, or Clerk of Court of Record in any of the jurisdictions in which the makers or endorsers reside, work or own property, in the State of NEVADA, or in any other jurisdiction, to enter judgment by confession against such makers and endorsers, jointly and severally, in favor of Professional Process Solutions or its assigns, for the full amount due plus all costs of collection, including without limitation court costs and reasonable attorney's fees maker and endorser expressly waives any summons or other process, consents to immediate execution of said judgment, and expressly waives benefit of all exemption laws and presentment, demand, protest, and notice of maturity, non and/or protest, and also waives benefit of any other requirements necessary to hold each of them liable as makers and endorsers.

If any one or more of the words or terms of this Note shall be held to be indefinite, invalid, illegal or otherwise unenforceable, in whole or in part, for any reason, by any court of competent jurisdiction, the remainder of this Note shall continue in full force and effect and shall be construed as if such indefinite, invalid, illegal or unenforceable words or terms had not been contained herein.

The laws of the State of NEVADA shall govern the terms of this Note.

[REDACTED]  
BORROWER

12-9-04  
DATE

[REDACTED]  
BORROWER

ORIGINAL

FILED

Professional Process Solutions  
3850 E. Flamingo Road #194  
Las Vegas, NV 89121  
TEL (702) 435-8612  
FAX (702) 436-5611

MAR 4 12 37 PM '05

BY PG

IN PRO PER

JUSTICE COURT  
CLARK COUNTY, NEVADA

Professional Process Solutions

Plaintiff,

v.

Defendant.

Case No.  
Dept No.

3

CONFESSION OF JUDGMENT

Defendant(s) [REDACTED] do(es) hereby confess

judgment in favor of the Plaintiff for the principal sum of \$ 500<sup>00</sup> plus  
\$ 125<sup>00</sup> in ACCRUED INTEREST AND LATE FEES at the rate per the signed contract,  
from the date of last payment or the date said debt became due, plus fees in the sum of \$ 400.00  
and court costs in the amount of \$19.00 and hereby authorize judgment to be entered against  
Defendant(s) for said amount.

This confession of judgment is for a debt justly owed to Professional Process Solutions.

Defendant SS Number

Defendant SS Number

1 STATE OF NEVADA )

2 ) SS

3 COUNTY OF CLARK )

4 [REDACTED] Being first duly sworn, on oath depose(s) and  
5 say(s):

6 That affiant(s) is/are the Defendant(s) in the within action; that affiant(s) has/have read  
7 the foregoing CONFESSION OF JUDGMENT and know(s) the contents thereof; that (1) affiant  
8 understands the CONFESSION OF JUDGMENT and authorizes Plaintiff, in the event of default  
9 in making any of the payments due, to enter this judgment against affiant(s) without the  
10 institution of further legal proceedings, this having the same effect as if judgment had been  
11 rendered by the court; (2) and further that by signing this CONFESSION OF JUDGMENT, all  
12 defenses (i.e. reasons why affiant is not liable for this debt) may not be asserted; and (3) by so  
13 doing affiant(s) acknowledge(s) that the debt is legitimately owed, that affiant signed the within  
14 instrument of his/her own free will; that the said instrument will not be filed unless affiant(s)  
15 default(s) in making any of said installment payments; and that no action to threaten or humiliate  
16 said Defendant(s) shall be taken.

17 [REDACTED]  
18 [REDACTED]  
19 Signature of Defendant

Signature of Defendant

20 Witness: David Lahee

Date 12/9/04





COMMUNITY FINANCIAL SERVICES ASSOCIATION OF AMERICA

## Best Practices for the Industry

GENERAL INFORMATION

CONSUMER INFORMATION

MEDIA RESOURCES

MEMBERS

INDUSTRY FOCUS

US PATRIOT ACT/CFAC LIST

LINKS

To be a member in good standing of CFSA, a payday advance provider must abide by the following best practices:

1. **Full disclosure.** A member will comply with the disclosure requirements of the State in which the payday advance office is located and with Federal disclosure requirements including the Feder Truth in Lending Act. A contract between a member and the custome must fully outline the terms of the payday advance transaction. Members agree to disclose the cost of the service fee both as a dollar amount and as an annual percentage rate ("APR").
2. **Compliance.** A member will comply with all applicable laws. A member will not charge a fee or rate for a payday advance that is not authorized by State or Federal law.
3. **Truthful advertising.** A member will not advertise the payday advance service in any false, misleading, or deceptive manner.
4. **Encourage consumer responsibility.** A member will implement procedures to inform consumers of the intended use of the payday advance service. These procedures will include notifying consumers that a payday advance is a short-term cash flow tool not designed as solution for longer term financial problems and informing customers o the availability of credit counseling services.
5. **Rollovers.** A member will comply with State laws on rollovers (the extension of an outstanding advance by payment of only a fee). In States where rollovers are not specifically allowed a member will not under any circumstances allow a customer to do a rollover. In the few States where rollovers are permitted, a member will limit rollovers to four (4) or the State limit, whichever is less.
6. **Right to rescind.** A member will give its customers the right to rescind, at no cost, a payday advance transaction on or before the close of the following business day.
7. **Appropriate collection practices.** A member must collect past due accounts in a professional, fair and lawful manner. A member will not use unlawful threats, intimidation, or harassment to collect accounts. CFSA believes that the collection limitations contained in the Fair Del Collection Practices Act (FDCPA) should guide a member's practice i this area.
8. **No criminal action.** A member will not threaten or pursue criminal action against a customer as a result of the customer's check being returned unpaid or the customer's account not being paid.

Search CFSA

9. **Enforcement.** A member will participate in selfpolicing of the industry. A member will be expected to report violations of these Best Practices to CFSA, which will investigate the matter and take appropriate action. Each member company agrees to maintain and post its own toll-free consumer hotline number in each of its outlets.
10. **Support balanced legislation.** A member will work with State legislators and regulators to support responsible legislation of the payday advance industry that incorporates these Best Practices.
11. **Relationships with financial institutions.** A member may market and service payday advances made by a federally insured financial institution, provided the financial institution does the following: (1) sets its own credit criteria; (2) approves and funds each advance; (3) complies with applicable State disclosure requirements, where not inconsistent with Federal law; (4) complies with applicable State law as to the number of rollovers; (5) permits the member to purchase no more than a de minimis amount of the advances, or any such other amount which may be consistent with safety and soundness determinations by Federal or State banking regulators; (6) complies with the guidelines and regulations on payday lending issued by the financial institution's Federal or State regulator; and (7) complies with these Best Practices unless the Best Practices conflict with this Paragraph, in which case the terms of this Paragraph shall apply.
12. **Military.** A member will comply with a separate code of Military Best Practices that addresses the unique circumstances of active duty military customers. These special consumer protections include, among others: a prohibition on the garnishment of military wages or salaries and on contacting the military chain of command to collect payment; and the establishment of financial literacy initiatives that will benefit service men and women.

2005

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**If you wish to report a violation of the Best Practices,  
please click here.**

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Attachment 4  
APP 014738  
ROA 010061 TMY 88 - 00040

NAME: [REDACTED]		PHONE: [REDACTED]
ADDRESS: [REDACTED]		SSN: [REDACTED]
City, State: [REDACTED]		LOAN DATE: 12/17/2003
YOUR CHECK NUMBER: [REDACTED]	PREVIOUS BALANCE:	
AMOUNT: \$195.00	AMOUNT PAID TODAY:	
WILL BE DEPOSITED AFTER THE CLOSE OF BUSINESS ON: 12/26/2003	NEW BALANCE: \$0.00	
	NEW CASH ADVANCE: \$150.00	
PLEASE NOTE: If your check does not clear your bank when we deposit it, you will be charged and NSF CHECK HANDLING FEE of \$25.00 plus a LATE CHARGE of \$5.00 per day until paid in full. You will not be charged more than two (2) NSF CHECK HANDLING FEES per check.	AMOUNT FINANCED: \$150.00	
	SERVICE CHARGE: \$45.00	
	TOTAL DUE: \$195.00	

### IF YOU DO NOT WANT YOUR CHECK DEPOSITED

You may "buy back" your check with cash or a money order. If you redeem your check within seven days, we will gladly refund a full week's service charge.

You may be permitted to extend the deposit date for an additional 1, 2 or 3 weeks by paying at least the amount of your service charge in cash or with a money order. If we allow you to extend the deposit date, a new service charge will be added to the remaining balance. This option is only available for 8 weeks from the initial deferred due date or: 2/21/2004

**IMPORTANT:** If you want to buy back your check or extend the deposit date, you must make the necessary payment prior to the close of business on the scheduled deposit date. If you fail to do so, your check will be deposited.

If you cannot come to our location to buy back or extend your check before the close of business on the deposit date, we will hold your check a maximum of three days beyond the scheduled deposit date, provided that you telephone or fax us prior to the close of business on the scheduled deposit date. You will be required to pay a late charge of \$5.00 per day.

In event of a default, Nevada State law also permits us to charge you 17.75% interest on the unpaid balance.

### TRUTH IN LENDING DISCLOSURE

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate	The dollar amount the credit will cost to you (service charge)	Amount of credit provided to you (cash advance)	Write check payable to CASH OUT in the amount of
1095.00%	\$45.00	\$150.00	\$195.00

Payment Schedule: Your payment schedule will be one payment of

\$195.00

Due on 12/26/2003

Minimum Finance Charge: The minimum finance charge is:

\$45.00

Security: This is an unsecured loan.

I have read and received a copy of this disclosure statement. This deferred deposit does not exceed 1/3 of my expected monthly income.

Customer Signature: [REDACTED]

Date: [REDACTED]

Cash Out Employee: [REDACTED]

Date: 12/17/03

Customer Service Representative

Thank you

CASH OUT - 4921 Alla Drive, Las Vegas, NV 89107

(702)822-1616

14  
APP 014739  
ROA 0110062 - 00041

1        WHEREFORE, plaintiff, ACT Investments, Inc. dba Cash Out, prays as follows:  
2        For the first cause of action.

- 3            a. For a judgment against defendant in the amount of \$220.00, plus interest at  
4                      14.00% per annum plus any other late fees accrued to date.  
5            b. For maximum damages of \$500.00 as provided for by NRS 41.620.  
6            c. For reasonable attorney's fees and cost of suit incurred herein.  
7            d. For any other judgment this court may deem proper in the premises.

8        For the second cause of action.

- 9            a. For a judgment against defendant in the amount of \$220.00 plus interest at  
10                      14.00% per annum plus any other late fees accrued to date.  
11            b. For reasonable attorney's fees and costs of suit herein; and  
12            c. For any other judgment this court may deem proper in the premises.

13  
14  
15        Dated this 19 day of February, 2004

16  
17  
18  
19  
20        Respectfully Submitted

21        By: 

22            Sean P. Hillin Esq.  
23            Nevada Bar No. 5368  
24            1800 East Sahara Avenue, Suite 102  
25            Las Vegas, NV 89104  
26            (702) 737-3939

27            Attorney for ACT Investments, Inc. dba Cash Out  
28

# Justice Court, Las Vegas Township

CLARK COUNTY, NEVADA

FILED

FILED

Name: ACT Investment Inc, dba Cash Out  
Address: 4921 Alta Drive  
Las Vegas, NV 89107

CASE NO 0004

2004 APR 16 P 12:19

Plaintiff, JUSTICE COURT  
LAS VEGAS NEVADA

WRIT OF EXECUTION

Vs.  
Name: [REDACTED]  
Address: [REDACTED]

☒ EARNINGS ☐ OTHER PROPERTY  
☐ EARNINGS, ORDER OF SUPPORT

Defendant

THE STATE OF NEVADA, TO THE CONSTABLE/SHERIFF, LAS VEGAS TOWNSHIP, GREETINGS:

On April 9, 2004 a Judgment, upon which there is due in United States Currency the following amounts, was entered in this action in favor ACT Investments Inc, dba Cash Out as Judgment Creditor and Against [REDACTED] Judgment Debtor. Interest and costs have accrued in the amounts shown. Any satisfaction has been credited first against total accrued interest and costs leaving the following net balance which sum bears interest at        % per annum, \$        per day from issuance of this Writ to date of levy and to which sum must be added all commission and costs of executing this Writ.

## JUDGMENT BALANCE

Principal	\$ 720.00
Pre-Judgment	\$
Attorney's Fee	\$ 55.00
Costs	\$ 100.00
<b>JUDGMENT TOTAL</b>	<b>\$ 875.00</b>
Accrued Costs	
Accrued Interest	
Less Satisfaction	
<b>NET BALANCE</b>	<b>\$ 875.00</b>

## AMOUNTS TO BE COLLECTED BY LEVY

NET BALANCE	\$ 875.00
Fee this Writ	\$ 6.00
Garnishment Fee	\$ 5.00
Mileage	20-
Levy Fee	18-
Advertising	
Storage	
Interest from Date of Issuance	
<b>SUB-TOTAL</b>	<b>924-</b>
Commission	18.48
<b>TOTAL LEVY</b>	<b>942.48</b>

NOW, THEREFORE, you are commanded to satisfy the Judgment for the amount due out of the following described personal property and if sufficient personal property cannot be found, then out of the following described real property:

[REDACTED]

Attachment 5

APP 014742  
ROA 010065  
TVA 88 - 00044



STATE OF NEVADA  
FINANCIAL INSTITUTIONS DIVISION  
DEPARTMENT OF BUSINESS AND INDUSTRY

KENNY C. GUINN  
Governor

SYDNEY H. WICKLIFFE, C.P.A.  
Director

406 E. Second Street, Suite 3  
Carson City, Nevada 89701-4758  
(775) 684-1830 Fax (775) 684-1845

L. SCOTT WALSHAW  
Commissioner

fid.state.nv.us

MEMORANDUM

**Date:** July 16, 2002  
**From:** L. Scott Walshaw, Commissioner  
**To:** All Registered Check Cashing/Deferred Deposit Firms  
**Subject:** Prohibited Acts By NRS 604 Registrants

This memo is being provided as clarification on the application of the provisions of NRS 41.620 and NRS 205.132 to "deferred deposit" transactions of NRS 604 registrants. NRS 41.620 provides for the circumstances under which a creditor can obtain damages equal to three times the amount of a check that is drawn on a closed account or on an account with insufficient funds (\$100 minimum, \$300 maximum), and NRS 205.132 provides for the basis of criminal action in the instance where a check is issued against a non-existent account or one with insufficient funds with the intent to defraud.

NRS 604.180 (1) prohibits a registrant from threatening and/or using criminal or civil actions "not available to creditors generally" in attempting to collect an unpaid deferred deposit transaction. Based on review of the legislative intent, and review by the Attorney General's office, it is the position of my office that section .180 precludes the use of NRS 205.132 in the collection of unpaid/defaulted deferred deposit transactions, *except* in those circumstances where the appropriate District Attorney's office has determined that evidence provided by the registrant shows the issuer of the check knowingly intended to defraud, by issuing a check on an account that the issuer knew was closed or did not exist.

It should also be noted that the legislature has otherwise limited the fees a registrant can obtain on a check drawn on insufficient funds to not more than two \$25 charges for a returned check, regardless how many times such a check has been presented for payment (see NRS 604.162), thus precluding the use of NRS 41.620 in the collection of unpaid/defaulted deferred deposit transactions.

The structure of a deferred deposit transaction would require a prospective customer to write a *post dated* check that would likely be in an amount exceeding the balance in the account, therefore the

Legislature clearly intended to prohibit the registrant from being able to use the provisions of the aforementioned statutes in attempts to collect unpaid/defaulted deferred deposit transactions. As noted above, the only exception would appear to be in the case where the District Attorney had determined that the registrant had information/evidence that would show that the issuer of the check had knowledge that the account the check was drawn upon was closed or was a fictitious account. *The registrant cannot threaten such action as a means of coercing payment on an unpaid/defaulted deferred deposit transaction.*

Cc: Collection Agencies Licensed Pursuant to NRS 649.

Attachment 6  
APP 014745  
ROA 0110068-00047

05/27/2004

[REDACTED]  
Return Check No. [REDACTED]

Drawn On [REDACTED]

Customer: [REDACTED]

Amount of Check:\$300.00  
Fees Due:\$25.00  
Payments Applied:\$.00  
Current Amount Due:\$325.00

REQUEST FOR PAYMENT  
NSF or Account Closed

This letter is being sent to inform you that we have made several attempts to reach you and/or make reasonable payment arrangements pertaining to the item listed above.

Payment arrangements may still be possible if you contact us within (10) ten days of the date of this notice. Failure to contact us to make payments will result in legal action being taken against you. Furthermore, if a judgment is recorded against you, you will be required to pay the full amount of the check plus triple damages (3 times the amount of the check minimum amount of \$100.00 with a maximum amount of \$500.00 per item under NRS 41.620) plus check return fees, court costs and attorney's fees. A judgment will result in garnishment of your wages and or bank account in addition to this account being reported to credit bureau as a non payment debt owed.

Once again, payment arrangements are possible, Please don't delay contact us today.

Sincerely;

*Alycia*

Collection Division  
702-940-3900

This communication, from a debt collector, is an attempt to collect a debt. Any information obtained will be used solely for that purpose.

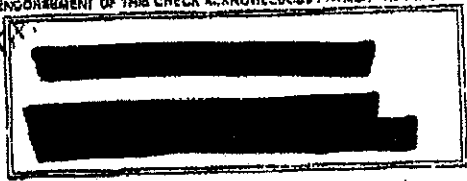
19

APP 014746  
ROA 010069 TMX 88 - 00048

Attachment 7  
APP 014747  
ROA 010070-00049

VOID  
ANY OTHER

ENDORSEMENT OF THIS CHECK ACKNOWLEDGES PAYMENT AS FOLLOWS:



MANAGEMENT SERVICES 213869

4273 E. SAHARA AVENUE, SUITE 3  
LAS VEGAS, NEVADA 89104  
(702) 641-0008

213869

usbank.  
24-Hour Banking  
1-800-672-3888

24-189  
1212

PAY:

One hundred and 00 cents

DATE 08/06/2004

\$ 100.00

NOT VALID AFTER 60 DAYS  
TRUST ACCOUNT

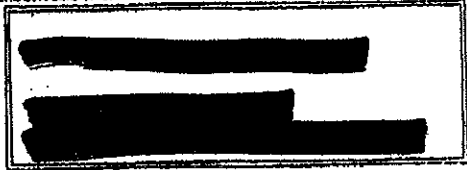
NON NEGOTIABLE

TO THE  
ORDER  
OF:

Star Loan Centers  
610 E. Sahara, Ste. 10  
Las Vegas, NV 89104-

⑈213869⑈ ⑆121201694⑆153790075060⑈

ENDORSEMENT OF THIS CHECK ACKNOWLEDGES PAYMENT AS FOLLOWS:



MANAGEMENT SERVICES 215145

4273 E. SAHARA AVENUE, SUITE 3  
LAS VEGAS, NEVADA 89104  
(702) 641-0008

215145

usbank.  
24-Hour Banking  
1-800-672-3888

24-189  
1212

Three hundred Fourteen and 42 cents

DATE 09/02/2004

\$ 314.42

NOT VALID AFTER 60 DAYS  
TRUST ACCOUNT

NON NEGOTIABLE

VOID  
ANY OTHER

Star Loan Centers  
610 E. Sahara, Ste. 10  
Las Vegas, NV 89104-

⑈215145⑈ ⑆121201694⑆153790075060⑈

1. For the first cause of action.

- a. For a judgment against defendant in the amount of \$410.00, plus interest at 14.25% per annum plus any other late fees accrued to date.
- b. For maximum damages of \$1,000.00 as provided for by NRS 41.620.
- c. For reasonable attorney's fees and cost of suit incurred herein.
- d. For any other judgment this court may deem proper in the premises.

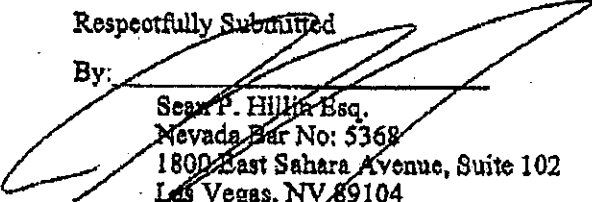
2. For the second cause of action.

- a. For a judgment against defendant in the amount of \$410.00 plus interest at 14.25% per annum plus any other late fees accrued to date.
- b. For reasonable attorney's fees and costs of suit herein; and
- c. For any other judgment this court may deem proper in the premises.

Dated this 14 day of September, 2004.

Respectfully Submitted

By:

  
Sean P. Hill Esq.  
Nevada Bar No: 5368  
1800 East Sahara Avenue, Suite 102  
Las Vegas, NV 89104  
(702) 737-3939

Attorney for Gorman's Star Enterprises

# JUSTICE COURT, LAS VEGAS TOWNSHIP

CLARK COUNTY, NEVADA

GORMAN'S STAR ENTERPRISES  
P.O. BOX 94527  
LAS VEGAS, NV. 89193

RECEIVED  
FEB 18 2005

FILED

FEB 9 7 40 AM '05

Plaintiff,

JUSTICE COURT  
LAS VEGAS NEVADA KS

CASE NO.

Defendant.

## WRIT OF EXECUTION

☒ EARNINGS ☐ OTHER PROPERTY  
☐ EARNINGS, ORDER OF SUPPORT

THE STATE OF NEVADA TO THE CONSTABLE/SHERIFF, LAS VEGAS TOWNSHIP, GREETINGS:

On JANUARY 4, 2005, 19 2005 a Judgment, upon which there is due in United States Currency the following amounts, was entered in this action in favor of GORMAN'S STAR ENTERPRISES as Judgment Creditor and against [REDACTED] as Judgment Debtor. Interest and costs have accrued in the amounts shown. Any satisfaction has been credited first against total accrued interest and costs leaving the following net balance which sum bears interest at        % per annum, \$        per day from issuance of this Writ to date of levy and to which sum must be added all commissions and costs of executing this Writ.

### JUDGMENT BALANCE

Principal	\$1,410.00
Pre-Judgment Interest	
Attorney's Fee	\$ 103.00
Costs	\$ 76.00
<b>JUDGMENT TOTAL</b>	<b>\$1,589.00</b>
Accrued Costs	
Accrued Interest	
Less Satisfaction	
<b>NET BALANCE</b>	<b>\$1,589.00</b>

### AMOUNTS TO BE COLLECTED BY LEVY

<b>NET BALANCE</b>	<b>\$1,589.00</b>
Fee This Writ	\$ 6.00
Garnishment Fee	\$ 5.00
Mileage	20.00
Levy Fee	18.00
Advertising	
Storage	
Interest From	
Date of Issuance	1638.00
<b>SUB-TOTAL</b>	<b>32.76</b>
Commission	
<b>TOTAL LEVY</b>	<b>1670.76</b>

NOW, THEREFORE, you are commanded to satisfy the Judgment for the total amount due out of the following described personal property and if sufficient personal property cannot be found, then out of the following described real property:

[REDACTED]

(SEE REVERSE SIDE FOR EXEMPTIONS WHICH MAY APPLY)

RECEIVED  
JAN 31 2005  
JUSTICE COURT  
22

Attachment 8  
APP 014751  
ROA 010074-00053

# PAYDAY ADVANCE DISCLOSURE

## CUSTOMER DISCLOSURE

NAME [REDACTED] NO [REDACTED] ACCT NO [REDACTED]  
 ADDRESS [REDACTED]  
 CITY STATE [REDACTED]

ANNUAL PERCENTAGE RATE (THE COST AS A YEARLY RATE)	FEE CHARGED	AMOUNT ADVANCE	TOTAL CHECK AMOUNT
651.79%	\$50.00	\$200.00	\$250.00

YOUR PAYMENT SCHEDULE WILL BE:

NO OF PAYMENT	AMOUNT OF PAYMENTS	DEPOSIT DATE
1	\$250.00	07/22/03

THERE WILL BE NO REFUND OF THE FEE CHARGED

I authorize Refugee Holdings, Inc. dba Boulder Check Cashing or its designated representative (hereinafter referred to as Boulder Check Cashing) to deposit or to cash my check, and Boulder Check Cashing agrees to defer said deposit or cashing of my check until my next payday, or until the 22 day of July, 2003. An outstanding loan made in the form of a deferred deposit cannot be extended beyond 10 weeks after the expiration of the initial loan period. A fee not to exceed \$25.00 may be charged for any returned check(s). I hereby authorize Boulder Check Cashing and/or its financial institution to ACH debit my account for the amount due. Furthermore, I authorize Boulder Check Cashing and/or its representatives to contact any company, entity, reference, relative, supervisor, commanding officer, or other person(s) having dealings with me and/or listed on my post-dated application and supplemental back-up, submitted before or updated with this agreement. In order to obtain information and to discuss any debts which I owe Boulder Check Cashing. I understand that Boulder Check Cashing does not make any loans and that its service charges are for check cashing and/or deferred deposits.

Caution: It is important to thoroughly read this contract before signing it. I also understand that closing my account or placing a stop payment on my check may result in criminal prosecution for fraud. My signature below indicates that I have received a copy of this agreement.

NRS 604.166 Registrant may pursue collection proceedings upon default of the loan made in form of deferred deposit; charges and interest. If the borrower defaults on the original loan made in the form of a deferred deposit, or on any extension thereof, whichever is later, the registrant may immediately pursue any available collection proceedings on the amount of the loan made in the form of a deferred deposit and all accrued charges and interest that are due. The interest charged from the date of the default on the loan made in the form of a deferred deposit, or on any extension thereof, must not exceed a rate equal to or less than the prime rate at the largest bank in the State of Nevada, as ascertained by the commissioner on January 1 or July 1, as the case may be, immediately preceding the date of default, plus 10 percent.

NRS 41.820 Liability for issuance on nonexistent account or drawing on insufficient money. Issuer is liable to the payee for the amount of the check and damages equal to three times the amount of the check, not less than \$100 nor more than \$500.

The federal Truth in Lending Act (TILA), 15 U.S.C., Sec 1601-1667c, inclusive, is intended to provide consumers with information regarding the cost of credit in transactions that are primarily for personal, family, or household purposes.

My signature and/or endorsement on item(s) presented at Boulder Check Cashing guarantees payment of item(s) cashed at Boulder Check Cashing and I hereby offer payment if due from this or subsequent item(s) presented at Boulder Check Cashing.

[REDACTED SIGNATURE]

(Customer's Signature)

(Date)

7/8/03

23

APP 014752  
 ROA 010075

TX 88 - 00054

Attachment 9  
APP 014753  
ROA 010076-00055

# LUCKY CREDIT COMPANY, LLC

LENDER:

LUCKY CREDIT COMPANY, LLC  
2550 S. RAINBOW E-1  
LAS VEGAS, NV 89102  
702.365-5777

BORROWER:

[REDACTED]

LOCATIONS TROUGHOUT LAS VEGAS PLEASE CALL FOR NEAREST BRANCH

DATE: December 1, 2003

## DEMAND PROMISSORY NOTE/ LOAN AGREEMENT

FOR VALUE RECEIVED, the undersigned [REDACTED] jointly and severally promise to pay to Lucky Credit Company, LLC. the order of, the sum of **One Hundred sixty five (\$ 165.00 )**

Interest is in the amount of 521% annually. The entire unpaid principal and any accrued interest, and any fees associated with such note that Lucky Credit Company, LLC may charge shall be fully and immediately payable UPON DEMAND of any holder thereof.

Upon default in making payment upon demand, and provided this note is turned over for collection, the undersigned agree to pay all reasonable legal fees and costs of collection to the extent permitted by law. This note shall take effect as a sealed instrument and be enforced in accordance with the laws of the State of Nevada. All parties to this note waive presentment, notice of non-payment, protest and notice of protest, and agree to remain fully bound notwithstanding the release of any party, extension or modification of terms: Borrower will automatically be in default if the minimum payment or the balance payment has gone unpaid on the FIFTH (5<sup>TH</sup>) CALENDAR DAY. Lender also has the right to place the loan under default if Borrower's phone is either disconnected or changed. Also, lender has the full right to exercise any one or all of the following remedies if the loan is placed in default:

1. Demand full payment of the defaulted loan which includes the following : the total of remaining payments, check processing charges, all late fees, loss of interest and the reimbursement of reasonable fees of repossession and enforcement of Lender's rights and remedies including but not limited to attorney's costs, court costs, and postage costs

[REDACTED]  
INITIALS

PAGE 1 OF 3

24

APP 014754  
ROA 010077  
TMX 88 - 00056

2 File a law suit against you where you will be served either at home or at work by the Justice Court to register a Judgment, have your wages GARNISHED and reported to the credit bureau.

[REDACTED] BORROWER HEREBY AGREES TO LATE FEES IN THE AMOUNT OF 2% PER DAY. IN THE EVENT THAT LENDER HAS TO GARNISH WAGES BORROWER AGREES AND AUTHORIZES A ONE TIME FLAT FEE OF \$1250.00 TO BE ADDED TO THE LOAN BALANCE, THIS FEE IS A PENALTY FEE, AND CAN ONLY BE REMOVED AT THE LENDERS SOLE DISCRETION.

[REDACTED] IN THE EVENT THAT A COURT DEEMS THAT ANY PORTION OF THIS CONTRACT IS UNENFORCEABLE, ONLY THAT PORTION WILL BE DEEMED UNENFORCEABLE AND DOES NOT IN ANY WAY VOID THE REST OF THIS CONTRACT.

[REDACTED] BORROWER ACKNOWLEDGES THAT INFORMATION THAT IS PROVIDED IS TRUTHFUL AND UNDERSTANDS THAT LENDER HAS MADE ITS DECISION TO LEND MONEY TO THE BORROWER BASED ON THE TRUTHFULNESS OF SAID DOCUMENTS.

[REDACTED] BORROWER IS NOT UNDER ANY DURESS, AND IS OF SOUND MIND, AND, AT LEAST 18 YEARS OF AGE.


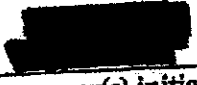





[REDACTED] BORROWER IS NOT IN BANKRUPTCY, OR HAS <sup>NOT</sup> SPOKE<sup>N</sup> TO OR IS PLANNING TO MEET WITH A BANKRUPTCY ATTORNEY.




[REDACTED] BORROWER ALSO IS AWARE THAT IN THE EVENT THAT TWO CONSECUTIVE PAYMENTS ARE LATE, THEN LENDER HAS THE RIGHT TO CHARGE A HIGHER ANNUAL PERCENTAGE RATE (APR) WHICH WILL INCREASE THE RATE BY 5% EVERY 2 WEEKS (120% APR). AFTER 3 ONTIME CONSECUTIVE PAYMENTS, LENDER WILL DROP THE INTEREST RATE TO THE ORIGINAL RATE OR APR.

[REDACTED] UPON SIGNING THIS CONTRACT BORROWER WAIVES THEIR RIGHT TO ANY LAWSUIT AND ALL CLAIMS MUST BE SETTLED WITH AN ARBITRATOR. THIS INCLUDES ANY CLASS ACTION LAWSUIT. BORROWER ALSO HOLDS LENDER HARMLESS FOR ANY FUTURE CLAIM THAT MAY ARISE.

PAGE 2 OF 3

DISCLOSURE MADE IN COMPLIANCE WITH FEDERAL TRUTH  
IN LENDING ACT

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
521 %	\$ 15.00	\$ 150.00	\$ 165.00
 borrower(s) initials	 borrower(s) initials	 borrower(s) initials	 borrowers(s) initials
<b>PAYMENT PLAN</b>			
Payment : One Payment of \$ 165.00 Due on December 5, 2003			
MATURITY/DATE: 12/05/2003  Borrower(s) initials			
ALSO IF ON THE MATURITY DATE OF THIS LOAN YOU PAY ALL OF THE FINANCE CHARGE , YOUR LOAN MATURITY MAY BE EXTENDED BY EXECUTION OF AN EXTENSION AGREEMENT BETWEEN BORROWER AN LENDER, SUBJECT TO LENDERS SOLE APPROVAL AND SUBJECT TO ALL THE SAME TERMS, CONDITION AND COVENANTS AS CONTAINED IN THIS AGREEMENT  BORROWERS INITIALS			
THIS AGREEMENT COSTTUTES THE WHOLE AGREEMENT THERE IS NO ORAL, OR IMPLIED AGREEMENT .			
Pursue Nevada Statutes 205.134 and 205.375 dealing with false written statements to obtain property or credit. You may face criminal sanctions resulting in your arrest.  Borrower's Initials			
BY SIGNING BELOW I FULLY UNDERSTAND ALL THE TERMS AND CONDIFIONS OF THIS CONTRACT AND HAVE RECEIVED A COPY OF THIS CONTRACT			

 **BORROWER**  **DATE:** 12/1/03  
**SSN:** 

 **LENDER**  
**LUCKY CREDIT COMPANY, LLC.**

**CO-BORROWER** **DATE**  
**SSN:**

PAGE 3 OF 3

Attachment 10  
APP 014757  
ROA 010080-00059

CONTRACT #



CLIENT ID

## HANDY CASH LOAN CENTERS

## \$200 LOAN

DATE 7/7/04

LENDER: NUSTAR MANAGEMENT FINANCIAL GROUP DBA  
HANDY CASH LOAN CENTERS  
4532 W. CHARLESTON  
LAS VEGAS, NV 89102

DEBTOR:

TRUTH AND LENDING DISCLOSURE

ANNUAL PERCENTAGE RATE THE COST OF YOU CREDIT AS STATED AS YEARLY RATE	FINANCE CHARGE THE DOLLAR AMOUNT THE CREDIT WILL COST YOU IF TERM IS FULFILLED	AMOUNT FINANCED THE AMOUNT OF CREDIT PROVIDED TO YOU ON YOUR BEHALF	TOTAL OF PAYMENTS THE AMOUNT YOU WILL HAVE PAID AFER YOU HAVE MADE ALL PAYMENTS AS SCHEDULED
714.560%	\$344.00	\$200.00	\$544.00

THIS IS A LOAN OF DESIGNATED INCREMENTAL PAYMENT PERIODS. A PAYMENT MADE AT ANY TIME DURING A PAYMENT PERIOD WILL BE FOR NO LESS THAN THE TOTAL AMOUNT DUE FOR THAT PERIOD. THIS TOTAL PAYMENT DUE FOR EACH PERIOD POLICY APPLIES TO ANY TYPE PAYMENT.

PAYMENTS ARE DIVIDED INTO EIGHT (8) CONSECUTIVE PAYMENT PERIODS OF 1 OF \$83.00 - 7 OF \$68.00 DUE ON THE 4 AND 21 OF EACH MONTH STARTING ON Wednesday, July 21, 2004 AND ENDING ON Thursday, November 04, 2004

FIRST PAYMENT DUE DATE	FINAL PAYMENT DUE DATE	FIRST PAYMENT	FINAL PAYMENT
7/21/04	11/4/04	\$83.00	\$68.00

I AGREE THAT ALL PAYMENTS ARE TO BE MADE IN 8 CONSECUTIVE BI-MONTHLY INSTALLMENTS OF \$68.00

FOR A TOTAL FOUR (4) MONTHS. CASH OR MONEY ORDER ONLY. NO CHECKS, NO MAIL, NO DROP BOXES.

SIGN

SIGN

STAMP DATE PAID IN FULL

27

APP 014758  
ROA 010081

TMY 88 - 00060

YOU WANT ME TO UNDERSTAND THE TERMS OF MY SECURITY AGREEMENT. I WILL READ THIS AGREEMENT CAREFULLY AND IF I AGREE TO BE BOUND BY THE LAW IN THE STATE OF NEVADA AND DO PROMISE TO REPAY THIS AGREEMENT IN FULL CONDITION AND I WILL SIGN MY NAME HERE AFTER IN FULL AGREEMENT.

THE WORDS "I", "ME", "US" REFER TO EACH PERSON WHO SIGNS THIS AGREEMENT AS DEBTOR, THE WORDS YOU AND YOUR WILL REFER TO THE LENDER (SECURED PARTY)  
I FULLY AGREE AND UNDERSTAND HOW THE REPAYMENT PLAN WORKS AND CONSENT TO THE PAYMENT DATES. I ALSO FULLY UNDERSTAND THAT HANDY CASH LOAN CENTERS DOES NOT WORK WITH CREDIT COUNSELING.

**SECTION 1 : SECURITY**

Security for the above loan by the debtor ARE (3) CHECKS :

CHECK 1: \$344.00 CHECK 2: \$200.00 CHECK 3: \$50.00 FOR ANY BANK FEES, DEFAULTED BALANCES, MISSED PAYMENTS AND ANY OTHER APPLICABLE CHARGES

**SECTION 2 : CHARGES**

\* Return check charges to the debtor from the lender will assessed the greater of \$10.00 or the charge by the financial institution for any returned item or processing of that check in default of a loan.

\* Handling and processing charges of any check will be, \$15.00 each in the event the loan is in default.

Late fees in the amount of \$5.00 per day will be assessed each day that account is overdue including Sundays and holidays.

\* Each account setup for each loan will be charged a \$15.00 computer online account setup paid on the FIRST INCREMENTAL PAYMENT, AND IS NOT FINANCED IN THIS AGREEMENT.

SIGN

DEBTOR SIGNATURE AS TO ACKNOWLEDGEMENT TO CHARGE

SIGN

DEBTOR SIGNATURE AS TO ACKNOWLEDGEMENT TO CHARGE

**SECTION 3 : PAYOFF BALANCE :**

IT IS REQUIRED THAT A PAYMENT OR PAYOFF BALANCE MADE AT ANY TIME DURING A DESIGNATED PAYMENT PERIOD WILL BE NO LESS THAN THE TOTAL AMOUNT DUE AND OWED FOR THAT RESPECTIVE PERIOD. THIS REQUIREMENT WILL APPLY TO ANY LOAN PAYMENT OR PAYOFF BALANCE MADE. BORROWER UNDERSTANDS THAT HE CAN RETIRE THE LOAN BY PAYING THE CORRESPONDING PAYOFF BALANCE FOR THAT DESIGNATED PAYMENT PERIOD AS STATED IN THE PAYMENT PLAN. PRE-COMPUTED INTEREST IS NON-REFUNDABLE IN THE EVENT OF A PRE-PAYMENT. THE BORROWER HAS AGREED TO THIS PROVISION WHEN THE LOAN IS MADE.

**SECTION 4 : REINSTATEMENT OF LOAN:**

I have the full right to exercise the options of reinstatement of a loan if the loan agreement has been paid in full and on the due date required by Lender.

SIGN

SIGN

SECTION 5 : MAINTENANCE OF ACCOUNT: I agree to and promise to maintain an open active checking account at all times during the duration of the term of the loan. A closed bank account by debtor or change or disconnect of phone number will constitute a violation of the account at which time lender may at any time exercise it's option by calling the loan in full declaring the loan in default utilizing any of the default measures to insure full payment from me.

SECTION 6 : PARTIAL PAYMENTS: AT NO TIME EVER WILL HANDY CASH LOAN CENTERS ACCEPT PARTIAL PAYMENT FOR ANY TYPE PAYMENT.

SECTION 7 : DEFAULT I SHALL BE IN DEFAULT UNDER THE TERMS OF THE LOAN AGREEMENT UPON FAILING TO PAY ANY LOAN PAYMENT WHEN DUE OR FAILING TO OBSERVE OR PERFORM ANY OTHER COVENANT OR OBLIGATION OF DEBTOR UNDER THE LOAN. SUCH DEFAULT IS GROUND FOR REPOSSESSION OF THE SECURED PROPERTY : Debtor is automatically in default if payments or balance is unpaid by the fifth (5) day from the due date set forth in the above agreement; Lender shall have the right to exercise any one of the following remedies :

1. Terminate the loan and Debtors right under it pertaining to the Loan Security Property.
2. To deposit Debtors Security checks which is not limited to the fulfillment of the agreement.
3. Debtor shall reimburse Lender for reasonable expenses of repossession and enforcement of Lenders rights and remedies hereunder, together with any other charges or fees provided that the sums due Lender under this Loan are collected by or through as Attorney at Law. Debtor agrees to pay all costs and attorney fees actually incurred by Lender, but not limited to any loss of interest due to the lender under the full term of this loan.
4. NRS STATUES 205.134 and 205.375, dealing with false written statements to obtain property and credit.
5. GARNISHMENT OF WAGES, JUDGEMENTS, AND ANY & ALL OTHER APPLICABLE AND LAWFUL REMEDIES WILL BE EXERCISED BY HANDY CASH LOAN CENTERS AND ANY ONE OF ITS SUBSIDIARIES IN THE COLLECTION OF AN UNPAID DEFAULT LOAN.

I HAVE READ THROUGH THE AGREEMENT WHICH HAS BEEN EXPLAINED IN FULL BY THE REPRESENTATIVE OF HANDY CASH LOAN CENTERS AND I FULLY UNDERSTAND THE AGREEMENT IN IT'S ENTIRETY WITHOUT CONFUSION, AND BY SIGNING THE AGREEMENT I WILL ABIDE BY IT FULLY AND COMPLETELY AND PROMISE TO REPAY THE LOAN IN FULL.

DEBTOR / DATE

LOAN OFFICER / DATE

DEBTOR / DATE

**HANDY CASH**  
**646-CASH**

ITEMIZED CONTRACTUAL SHORT FORM AGREEMENT

1. I fully understand and agree to the repayment plan and how it works and consent to the payment dates.
2. Credit stated as yearly rate 714.560%
3. I fully understand and agree that if I go the full term of EIGHT (8) payments I will have paid \$544.00 with principle and interest.
4. I fully understand and agree that the payment dates are due on the 4 and 21 of each MONTH.
5. I fully understand and agree that the late fee will start the day after my payment date and is \$5.00 per day including Sundays and holidays.
6. I fully understand and agree that I will be in DEFAULT on the fifth (5) day from my payment date.
7. I fully understand and agree that if I am in DEFAULT I am responsible for all rules, terms, policies and conditions set forth in my secured agreement contract.
8. I fully understand and agree that if I am in DEFAULT I will be responsible for all loan balances, late fees, missed payments and any other applicable fee; ex.: attorney costs, collection costs, mail costs and etc.
9. I fully understand and agree that NO PARTIAL PAYMENTS are accepted.
10. I fully understand, promise and agree to maintain through the term of the loan an active checking-account, an active phone number; violation of the agreement can and will result in immediate default by debtor. Resulting in lenders option to exercise the default clause of contract to call loan in full.
11. I fully understand and agree that my \$15.00 computer setup fee has not been financed but will be due and collected on my first payment.
12. HOURS OF OPERATION: Monday thru Friday 9:00am - 6:00pm  
Saturday 10:00am - 2:00pm

signature

signature

I FULLY UNDERSTAND AND AGREE THAT BY SIGNING AND DATING (I HAVE RECEIVED A COPY OF THIS STATEMENT) I HAVE AGREED TO ABIDE BY THE CONTRACTUAL OBLIGATIONS, CONDITIONS AND TERMS OF MY LOAN AGREEMENT.

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APP 014761  
ROA 010084-00063

Attachment 11

APP 014762  
TMX-88 - 00064  
ROA 010085

# CONSUMER FIXED RATE NOTE AND DISCLOSURE STATEMENT

December 11, 2002

BORROWER:

CO-BORROWER:

COPY

LOAN #:

SSN:

SSN:

In this Consumer Fixed Rate Note and Disclosure (sometimes referred to as "Agreement"), the words I, Me, and My refer to the borrower(s). The words You, Your and Lender refer to The Loan Depot, Inc. 4815 W. Russell Suite 11-K Las Vegas, NV 89118 (702) 252-8383

## FEDERAL DISCLOSURES

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me:	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid after I have made all payments as scheduled:
364%	\$21.00	\$300.00	\$321.00

I have the right to receive at this time an itemization of the Amount financed. ☐ I want an itemization ☒ I do not want an itemization

PAYMENT SCHEDULE: One (1) payment(s) in the amount of \$321.00 due on: December 18, 2002

DEMAND: This obligation is payable on demand.

1 CHARGE: If any payment is not paid on due date I will pay a late charge of 3% of the principal balance per day.

PREPAYMENT: I may prepay all or any portion of my debt under this Agreement at any time without penalty.

SECURITY: This loan may be secured by Lender's security interest in checks I give to Lender or this signed note.

ORIGINATION FEE: There is no origination fee for this Agreement.

ADDITIONAL INFORMATION: See the remainder of this Agreement and any related contract documents for more information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment in full before the scheduled date, and prepayment funds and penalties, if any.

## PROMISSORY NOTE

promise to pay to the order of Lender on demand, or if no demand is made then on December 18, 2002 the sum of Three Hundred Dollars (\$300.00) (the principal) plus interest thereon at the rate of 7% per one week (364%) APR until principal and interest are paid in full. I will repay principal plus interest as follows: in one payment of \$321.00 on December 18, 2002.

ALL PAYMENTS ARE TO BE MADE BY CASH OR MONEY ORDER. A PENALTY OF \$10.00 IS ASSESSED FOR ANY RETURNED CHECK, IF ACCEPTED.

PAYMENT OPTIONS UPON ORIGINAL AND EACH EXTENDED MATURITY DATES:

Upon the original and each extended maturity date of the note Borrower will have the following repayment options:

A. Pay only interest owing at the time of maturity and extend the loan for an additional one (1) week term.

B. Pay interest and part of the principal balance owing at the time of maturity and extend the loan for an additional one (1) week term, thus reducing the amount of interest payable during the extended one (1) week term.

The interest rate for this Note shall be calculated on the basis of the actual number of days elapsed over a 365/366-day year. Interest for each successive one (1) week term shall be based upon the previous one (1) week term ending principal balance.

REPAYMENT: I have the right to repay this Note in full at any time without penalty.

3P: Should the indebtedness represented by this Note default and have to be referred to an outside collection agency for collections, there will be a 1% Collection Fee added to Borrowers total balance (principal, interest and late fees).

BORROWER:

CO-BORROWER:

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APP 014763  
ROA 010086 00065