

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 01:15 p.m.
Elizabeth A. Brown
Clerk of Supreme Court

Case No. 74335

District Court No. A-16-743134-J

APPELLANT'S APPENDIX

VOLUME 71 of 75

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DOCUMENT	VOL.	BATES NO.
Petition for Judicial Review, September 8, 2016	1	000001 - 000023
Notice of Intent to Participate, September 19, 2016	1	000024 - 000026
Summons, September 20, 2016	1	000027 - 000030
Appendix to Exhibits to Motion for Partial Stay, September 29, 2016	1	000031 - 000183
Declaration of Patrick Reilly In Support of Motion, September 29, 2016	1	000184 - 000187
Motion for Partial Stay of Administrative Order, September 29, 2016	1	000188 - 000218
Declaration of Rickisha Hightower-Singletary, October 3, 2016	1	000219 - 000222
Motion to Vacate Order Shortening Time, October 3, 2016	2	000223 - 000295
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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

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

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Reply in Support of Motion to Extend Partial Stay, April 5, 2017	73	017265 - 017276
Opposition to Supplemental Authorities, April 5, 2017	73	017277 - 017287
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Reply in Support of Renewed Motion to Extend Partial Stay, May 11, 2017	73	017322 - 017332
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Declaration of Stephen Michael Paris Regarding Procedures to Safeguard Accounting and Loan Docs, May 31, 2017	74	017366 - 017369
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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
4741 E. CHARLESTON BLVD.,
LAS VEGAS, NV 89104
WWW.TITLEMAX.COM

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

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016725 09383
ROA 012048

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

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	358	5	1.40%
Delinquent Loans	85	5	5.88%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	443	15	3.39%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

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

OPEN ACCOUNTS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

FEDERAL

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

SUMMARY

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

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



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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

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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

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 15, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	13.25	Examination Number:	67883

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016736 09393
ROA 012059

EXAMINATION COMMENTS AND CONCLUSIONS

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.

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EXAMINATION COMMENTS AND CONCLUSIONS

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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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

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.



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
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



EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
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 will 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 will 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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

FEDERAL

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

SUMMARY

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

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



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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.
DBA: TITLEMAX
4750 W. LAKE MEAD BLVD., SUITE 102
LAS VEGAS, NV 89108
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 21, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	11.50	Examination Number:	67888

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016748 09404
ROA 012071

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 4750 W. Lake Mead Boulevard, Suite 102, Las Vegas, NV 89108 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website www.titlemax.com 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
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EXAMINATION COMMENTS AND CONCLUSIONS

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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.



EXAMINATION COMMENTS AND CONCLUSIONS

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

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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.

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- 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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	689	5	0.73%
Delinquent Loans	180	5	2.78%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	869	15	1.73%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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.**

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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.



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
12169-0154386	S. Munoz	\$3,397.69	\$4,139.60	\$741.91
12169-0128523	O. Lemus	\$4,484.58	\$5,301.83	\$817.25
12169-0129025	R. Ward	\$5,030.77	\$5,947.55	\$916.78
12169-0131724	A. Batey	\$2,203.24	\$2,711.16	\$507.92
12169-0150926	D.Salgado-Ortiz	\$5,030.77	\$5,947.55	\$916.78
12169-0137467	E. Brambilla	\$7,697.33	\$9,233.23	\$1,535.90
12169-0119115	M. Bernal	\$5,030.77	\$5,947.55	\$916.78

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



EXAMINATION COMMENTS AND CONCLUSIONS

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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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

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

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

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016759 09414
ROA 012082

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.

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EXAMINATION COMMENTS AND CONCLUSIONS

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Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
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Active Loans	866	5	0.58%
Delinquent Loans	212	5	2.36%
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Declined Loans	0	0	0.00%
Total Loans =	1078	15	1.39%

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PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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The Financial Institutions Division was represented by the following:

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EXAMINATION COMMENTS AND CONCLUSIONS

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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.

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EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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

PAID OFF ACCOUNTS

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

OPEN ACCOUNTS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

FEDERAL

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

SUMMARY

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

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



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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
4944 BOULDER HWY.
LAS VEGAS, NV 89121
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 14, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	13.0	Examination Number:	67858

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 016771 09425
ROA 012094

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 4944 Boulder Highway, 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 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

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	495	5	1.01%
Delinquent Loans	85	5	5.88%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	580	15	2.59%

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.



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

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
12369-0127572	B. Jordan	\$3,296.36	\$3,998.20	\$701.84
12369-0142688	N. Paz	\$3,162.22	\$3,738.46	\$576.24
12369-0146075	A. Brooks	\$4,455.08	\$8,881.90	\$4,426.82
12369-0134843	J. Cramer	\$3,500.21	\$4,281.00	\$780.79
12369-0135600	S. Spahr	\$7,454.83	\$8,881.90	\$1,427.07
12369-0151243	K. McMenemy	\$7,454.83	\$8,881.90	\$1,427.07

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



EXAMINATION COMMENTS AND CONCLUSIONS

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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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.
DBA: TITLEMAX
5060 S. FORT APACHE ROAD, SUITE 140
LAS VEGAS, NV 89148
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 26, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	11.0	Examination Number:	67850

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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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 016782 09435
ROA 012105

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 5060 S. Ft. Apache Road, Suite 140, Las Vegas, NV 89148 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website www.titlemax.com 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
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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
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TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
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TitleMax	1210 N. BOULDER HWY, SUITE C	HENDERSON	NV	89011



EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
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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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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

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

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

Training

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

Display of License, Notices, and Disclosures

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

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

Record Retention

As stated in the manager’s questionnaire, it is the licensee’s policy to maintain all records for five years. The proof of mailing was on file but the repayment plan offer was not on file and was not presented for review for the loan of Kevin Gibson, loan number 13869-0158203. The licensee is not in compliance with NRS 604A.700 and NAC 604A.200. Please refer to the State violation section of the report for additional details.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	133	5	3.76%
Delinquent Loans	28	5	17.86%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	161	15	9.32%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
13869-0132527	D, Robertson	\$4,300.96	\$4,333.51	\$32.55

OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
13869-0133269	L. Latona	\$4,887.05	\$5,777.62	\$890.57
13869-0138539	M. Morales	\$7,454.83	\$8,881.90	\$1,427.07
13869-0139380	T. Sargent	\$7,186.62	\$8,496.50	\$1,309.88
13869-0133225	J. Herrera-Ramirez	\$3,322.80	\$4,009.53	\$686.73



EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
13869-0131812	R. Kim	\$2,176.60	\$2,670.96	\$494.36
13869-0148870	B. Ephram	\$4,455.08	\$5,307.90	\$852.82
13869-0146864	B. Ephram	\$10,395.18	\$12,385.10	\$1,989.92

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

NRS 604A.700 Required books and records.

1. Each licensee shall keep and use in his business such books and accounting records as are in accord with generally accepted accounting practices.
3. Each licensee shall preserve all such books and accounting records for at least 2 years after making the final entry therein.

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

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 years the original or a copy of each account, book, paper, written or electronic record or other document that concerns each loan or other transaction involving a customer in this State.
2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a place of business in this State designated by the licensee.

The proof of mailing was on file but the repayment plan offer was not on file and was not presented for review for the loan of Kevin Gibson, loan number 13869-0158203. The licensee is not in compliance with the above Statutes.

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



EXAMINATION COMMENTS AND CONCLUSIONS

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.



E - 72



BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.
DBA: TITLEMAX
5871 E. LAKE MEAD BLVD.,
LAS VEGAS, NV 89156
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 22, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	12.0	Examination Number:	66958

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016794 09446
ROA 012117

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 5871 E. Lake Mead Blvd., Las Vegas, NV 89156 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	70	5	7.14%
Delinquent Loans	17	5	29.41%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	87	15	17.24%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

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
14569-0155085	M. Scanlan	\$1,819.80	\$2,233.10	\$413.30
14569-0155120	J. Cronin	\$5,079.66	\$6,188.83	\$1,109.17
14569-0160496	Q. Jackson	\$1,819.80	\$2,233.10	\$413.30
14569-0164135	O. Morris	\$3,465.55	\$4,238.60	\$773.05
14569-0149622	L. Lopez-Verdin	\$3,500.21	\$4,281.00	\$780.79
14569-0153006	N. Richmond	\$2,176.60	\$2,670.96	\$494.36

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



EXAMINATION COMMENTS AND CONCLUSIONS

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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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
6060 BOULDER HWY. SUITE 5&6
LAS VEGAS, NV 89122
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 4, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	3.0	Examination Number:	67068

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 016805 09456
ROA 012128

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The initial examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6060 Boulder Highway, Suite 5&6, Las Vegas, NV 89122 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 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; 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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

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

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

Training

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

Display of License, Notices, and Disclosures

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

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

Record Retention

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

Collection Agency Utilized by the Licensee

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



EXAMINATION COMMENTS AND CONCLUSIONS

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

This is the initial examination and this location has not underwritten loans during the examination period.

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

This is the initial examination. As such, no violations have been previously cited.

EXIT MEETING

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The Financial Institutions Division was represented by the following:

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

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

FEDERAL

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

SUMMARY

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

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



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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
6436 N. DECATUR BLVD., SUITE 115
LAS VEGAS, NV 89131
WWW.TITLEMAX.COM

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

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016813 09463
ROA 012136

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	433	5	1.15%
Delinquent Loans	86	5	5.81%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	519	15	2.89%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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.

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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



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

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

OPEN ACCOUNTS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee will 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.



E - 74



BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.
DBA: TITLEMAX
6450 W. LAKE MEAD PKWY., SUITE 150
LAS VEGAS, NV 89108
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 21, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	12.0	Examination Number:	67869

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016824 09473
ROA 012147

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6450 W. Lake Mead Parkway, Suite 150, Las Vegas, NV 89108 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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
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EXAMINATION COMMENTS AND CONCLUSIONS

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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.

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EXAMINATION COMMENTS AND CONCLUSIONS

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

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The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
10069-0120952	M. Avent	\$11,880.22	\$14,133.17	\$2,252.95

OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
10069-0145198	A. Bermudez	\$3,164.55	\$3,818.60	\$654.05
10069-0138726	J. Casey	\$8,624.19	\$10,195.80	\$1,571.61
10069-0133077	R. Gomez	\$7,454.83	\$8,881.90	\$1,427.07
10069-0119884	E. Dotton	\$4,366.58	\$5,340.65	\$974.07
10069-0128094	M. Martinez	\$4,136.74	\$4,890.57	\$753.83



EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
10069-0139023	J. Brown	\$8,939.87	\$10,651.20	\$1,711.33
0069-0142990	M. White	\$7,425.17	\$8,846.50	\$1,421.33
10069-0152357	C. Hernandez-Corrales	\$7,454.83	\$8,881.90	\$1,427.07
10069-0141667	C. Murphy	\$6,527.41	\$7,917.20	\$1,389.79
10069-0155858	J. Mendoza	\$7,186.82	\$8,496.50	\$1,309.68
10069-0134612	L. Taylor	\$12,617.17	\$14,916.44	\$2,299.27

Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee will 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."



EXAMINATION COMMENTS AND CONCLUSIONS

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 016834 09483
ROA 012157

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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
6525 S. FORT APACHE ROAD, SUITE 110
LAS VEGAS, NV 89148
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 26, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	10.75	Examination Number:	67860

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016836 09484
ROA 012159

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6525 S. Ft. Apache Road, Suite 110, Las Vegas, NV 89148 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	380	5	1.32%
Delinquent Loans	80	5	6.25%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	460	15	3.26%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
11469-0122263	J. Yim	\$1,285.20	\$1,413.80	\$128.60

OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
11469-0133170	A. Quassani	\$7,454.83	\$8,881.90	\$1,427.07
11469-0138488	N. Martinez	\$7,186.82	\$8,496.50	\$1,309.68
11469-0133430	S. Francis	\$7,934.23	\$9,380.15	\$1,445.92
11469-0133733	T. Killgore	\$4,193.31	\$5,128.72	\$935.41
11469-0151584	M. McMillan	\$11,464.42	\$13,659.01	\$2,194.59
11469-0135853	R. Balogh	\$5,893.18	\$6,967.13	\$1,073.95



EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
11469+0119048	B. Freeburg	\$10,573.39	\$12,597.43	\$2,024.04

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

FEDERAL

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

SUMMARY

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

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



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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

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

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

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016847 09494
ROA 012170

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

NAC 604A.230 Prohibited acts: Miscellaneous acts.

NRS 604A.105 "Title loan" defined.

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

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

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

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

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

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

EXIT MEETING

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

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

The Financial Institutions Division was represented by the following:

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



EXAMINATION COMMENTS AND CONCLUSIONS

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

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

OPEN ACCOUNTS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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

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

NRS 604A.470 Partial payment on loan.

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

NRS 604A.475 Repayment plan.

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

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

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

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

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

Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee will 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."



EXAMINATION COMMENTS AND CONCLUSIONS

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.



E - 77



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

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 19, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	10.75	Examination Number:	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 016860 09506
ROA 012183

EXAMINATION COMMENTS AND CONCLUSIONS

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 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
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TitleMax	2550 S. EASTERN AVENUE	LAS VEGAS	NV	89169
TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
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TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
TitleBucks	4750 W. LAKE MEAD, #102	LAS VEGAS	NV	89108
TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
TitleMax	4001 N. LAS VEGAS BLVD.	LAS VEGAS	NV	89115
TitleMax	3220 S. VIRGINIA STREET	RENO	NV	89502
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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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

	Population	Sample Size	Penetration
LOAN TYPES:			
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%
Total Loans =	251	15	5.98%

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.**



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

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.



EXAMINATION COMMENTS AND CONCLUSIONS

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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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

TITLEMAX OF NEVADA INC.
DBA: TITLEMAX
6820 W. FLAMINGO ROAD, SUITE F AND G
LAS VEGAS, NV 89103
WWW.TITLEMAX.COM

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 19, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	10.75	Examination Number:	67877

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016871 09516
ROA 012194

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

The follow-up examination of TitleMax of Nevada Inc. DBA: TitleMax located at 6820 W. Flamingo Road, Suite F and G, Las Vegas, NV 89103 commenced on May 4, 2015. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted the approval to underwrite Title Loans in accordance with applicable statutes and regulations.

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.

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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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	494	5	1.01%
Delinquent Loans	127	5	3.94%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	621	15	2.42%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



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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.

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

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- 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.**

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Carrie E. Carbone, SVP of Compliance and Product General Counsel
Victoria Newman, Compliance and Corporate Counsel
Stephen Paris, Senior Regulatory Compliance Manager
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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



EXAMINATION COMMENTS AND CONCLUSIONS

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:

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- (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

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
10869-0121750	S. Nankin	\$2,711.85	\$2,914.80	\$202.95

OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
10869-0155074	D. Igayac	\$6,682.82	\$7,961.85	\$1,279.03
101869-014604	M. Lontoc	\$3,593.43	\$4,248.25	\$654.82
10869-0140562	j. Mitchell	\$3,521.53	\$4,163.32	\$641.79
10869-0156595	D. Betts	\$5,887.03	\$7,172.55	\$1,285.52
10869-0142919	S. Child	\$8,652.95	\$10,229.80	\$1,576.85
10869-0148788	A. Workneh	\$10,424.89	\$12,420.50	\$1,995.61



EXAMINATION COMMENTS AND CONCLUSIONS

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

FEDERAL

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

SUMMARY

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

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



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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

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

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

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016882 09526
ROA 012205

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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
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TitleMax	3810 BLUE DIAMOND ROAD #150	LAS VEGAS	NV	89139
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TitleMax	3365 E. FLAMINGO ROAD, SUITE 1	LAS VEGAS	NV	89121
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TitleMax	4944 BOULDER HIGHWAY	LAS VEGAS	NV	89121
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EXAMINATION COMMENTS AND CONCLUSIONS

Store	Address	City	State	Zip
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TitleMax	6450 W. LAKE MEAD BLVD, STE 150	LAS VEGAS	NV	89108
TitleMax	3900 W. SAHARA AVENUE	LAS VEGAS	NV	89102
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TitleMax	6436 N. DECATUR BLVD., #115	LAS VEGAS	NV	89131
TitleMax	4077 W. CHARLESTON BLVD.	LAS VEGAS	NV	89102
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TitleMax	8414 W. FARM ROAD, SUITE 130	LAS VEGAS	NV	89131
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TitleMax	4741 E. CHARLESTON BLVD.	LAS VEGAS	NV	89104
TitleMax	6060 BOULDER HWY.	LAS VEGAS	NV	89122
TitleMax	5871 E. LAKE MEAD BLVD.	LAS VEGAS	NV	89156
TitleMax	15 BULL ST.	SAVANNAH	GA	31401

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

SCOPE OF EXAMINATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

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

OPEN ACCOUNTS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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

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

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

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

Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee will 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."



EXAMINATION COMMENTS AND CONCLUSIONS

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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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
7380 S. EASTERN AVENUE, SUITE 126
LAS VEGAS, NV 89123
WWW.TITLEMAX.COM

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016894 09537
ROA 012217

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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	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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EXAMINATION COMMENTS AND CONCLUSIONS

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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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

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	399	5	1.25%
Delinquent Loans	76	5	6.58%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	475	15	3.16%

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.**



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

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

OPEN ACCOUNTS

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



EXAMINATION COMMENTS AND CONCLUSIONS

Management Response: Victoria Newman, Compliance and Corporate Counsel stated that the licensee will 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.



E - 81



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

Examiner In Charge:	Ma. Theresa Dihiansan	Examined as of:	May 4, 2015
Examination Started:	May 19, 2015	Examination Closed:	June 17, 2015
Total Exam Hours:	10.75	Examination Number:	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 016905 09547
ROA 012228

EXAMINATION COMMENTS AND CONCLUSIONS

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 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
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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

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EXAMINATION COMMENTS AND CONCLUSIONS

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

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EXAMINATION COMMENTS AND CONCLUSIONS

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As of Exam Date	May 4, 2015
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	Population	Sample Size	Penetration
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REPEAT VIOLATION

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The Financial Institutions Division was represented by the following:

Harveen Sekhon, Supervisory Examiner



EXAMINATION COMMENTS AND CONCLUSIONS

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

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 will respond in writing upon receipt of the written report of examination for all locations.*



EXAMINATION COMMENTS AND CONCLUSIONS

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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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

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

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

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016916 09557
ROA 012239

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

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	411	5	1.22%
Delinquent Loans	122	5	4.10%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	533	15	2.81%

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

PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

REPEAT VIOLATION

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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 016923 09564
ROA 012246

EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

PAID OFF ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Actual Amount Collected/Paid by Customer	Overage/Overpayment
12569-0120365	J. Lott	\$2,354.84	\$2,869.02	\$514.18

OPEN ACCOUNTS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the “Amended Loan Agreement”	Overage
12569-0135845	A. Ruiz	\$5,174.51	\$6,117.48	\$942.97
12569-0129849	C. Collins	\$5,462.00	\$6,457.34	\$995.34
12569-0137379	R. Russell	\$14,850.26	\$17,693.00	\$2,842.74
12569-0152730	R. Brown	\$6,468.15	\$7,646.85	\$1,178.70
12569-0138894	C. Taylor	\$2,533.45	\$3,108.82	\$575.37



EXAMINATION COMMENTS AND CONCLUSIONS

Loan Number	Customer Name	Total Amount to be Paid Under the Original Loan Agreement	Total Amount to be Paid under the "Amended Loan Agreement"	Overage
12569-0148778	T. Oliver	\$6,037.84	\$7,323.41	\$1,285.57

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

REPEAT VIOLATION

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 "Title loan" defined.

1. "Title loan" means a loan made to a customer pursuant to a loan agreement which, under its original terms

(b) Requires the customer to secure the loan by either:

(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee or any agent, affiliate or subsidiary of the licensee.

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

Julie Palmer was added as a co-borrower on the loan account of Brandie Palmer under loan number 12569-0156389 and the co-borrower's name is not on the title of the vehicle.

FEDERAL

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



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 016925 09566
ROA 012248

EXAMINATION COMMENTS AND CONCLUSIONS

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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BRIAN SANDOVAL
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW
Director

GEORGE E. BURNS
Commissioner

CHAPTER 604A
REPORT OF EXAMINATION

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

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

THIS REPORT IS STRICTLY CONFIDENTIAL

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

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

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

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

Ma. Theresa Dihiansan, CAMLS
Examiner In Charge

APP 016928 09568
ROA 012251

EXAMINATION COMMENTS AND CONCLUSIONS

INTRODUCTION

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

The licensee's website www.titlemax.com 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.



EXAMINATION COMMENTS AND CONCLUSIONS

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;



EXAMINATION COMMENTS AND CONCLUSIONS

- (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.



EXAMINATION COMMENTS AND CONCLUSIONS

Collection Agency Utilized by the Licensee

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

FDCPA

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

FinCen Registration

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

Complaints Filed Since the Previous Examination

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

Total Sample Size

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

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	464	5	1.08%
Delinquent Loans	100	5	5.00%
Closed Loans	No Inventory	5	0.00%
Declined Loans	0	0	0.00%
Total Loans =	564	15	2.66%

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.



EXAMINATION COMMENTS AND CONCLUSIONS

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



EXAMINATION COMMENTS AND CONCLUSIONS

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

CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

STATE

REPEAT VIOLATION

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

Notwithstanding any other provision of this chapter to the contrary:

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

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

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

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

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

The text of the Amended Agreement provides:

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

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

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

OPEN ACCOUNTS

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

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



EXAMINATION COMMENTS AND CONCLUSIONS

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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8

9 **BEFORE THE DEPARTMENT OF BUSINESS AND INDUSTRY**

10 **LAS VEGAS, NEVADA**

11 * * *

12 **IN THE MATTER OF:**
13 **FINANCIAL INSTITUTIONS DIVISION,**

14 **Claimant,**

**CLAIMANT FINANCIAL
INSTITUTIONS DIVISION'S
OBJECTION TO
RESPONDENTS' PROPOSED
EXHIBIT 104**

17 vs.

18 **TITLEMAX OF NEVADA, INC. and**
19 **TITLEBUCKS d/b/a TITLEMAX,**

20 **Respondents.**
21

22 COMES NOW, the Financial Institutions Division, Department of Business and
23 Industry, State of Nevada ("Division"), through legal counsel, Adam Paul Laxalt, Attorney
24 General of Nevada, David J. Pope, Senior Deputy Attorney General, Vivienne Rakowsky,
25 Deputy Attorney General, and Rickisha Hightower-Singletary, Deputy Attorney General, and
26 hereby submits their objections to Respondents' Proposed Exhibit 104, and in support
27 thereof, state the following:

28 1. On July 18, 2016, the parties commenced the final hearing in this matter. At the

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ROA 012261

1 conclusion of said hearing, Respondents moved to introduce into evidence their
2 proposed Exhibit 104, labeled as "FID 604A Loan Review Worksheets—
3 Summary."

- 4 2. Respondents referenced the existence of the worksheet at the beginning of the
5 hearing and expressed the desire to have it admitted into evidence. Respondents
6 stated that it concerned typographical errors but had some attorney notes that they
7 needed to remove. Although the Court requested the spreadsheet several times,
8 Respondents did not provide the spreadsheet to the Petitioners until after the
9 hearing had concluded.
- 10 3. The Division objects to Respondents' proposed Exhibit 104 on multiple grounds.
- 11 4. First, Respondents' proposed exhibit was not timely filed. Respondents did not
12 introduce the proposed exhibit into evidence during the hearing, but rather waited
13 until after the parties delivered their closing statements. In fact, the Division did not
14 receive the proposed exhibit until the night after the hearing. Accordingly, the
15 Division did not have adequate time to review the proposed exhibit or the
16 information contained therein. Since that time, the Division has completed a
17 cursory review of the proposed exhibit, and it appears to be an attempt by
18 Respondents to bolster their case and to provide irrelevant, immaterial, and
19 redundant arguments and/or information that was not presented during the course
20 of the hearing. Specifically, Respondents' "Notes in Violations/Technical
21 Exceptions/Other Comments Section" contains information and comments that are
22 beyond the scope of the hearing and are irrelevant and immaterial. Other
23 information is needlessly repetitious of the Division's already admitted summaries.
- 24 5. Second, the Division, through the undersigned counsels, filed and served its
25 Motion in Limine to Admit Division's Exhibit "A" & Summaries on or about June 14,
26 2016. The Division's motion was filed almost one month prior to the
27 commencement of the final hearing in this matter. Respondents' proposed exhibit
28 is in essence a response to the Division's Exhibit "A" and Summaries. However,

1 Respondents did not object to the Division's Exhibit "A," nor did they object to the
2 Division's Summaries. Accordingly, this court admitted the Division's Exhibit "A"
3 and Summaries into evidence. Therefore, Respondents have waived any
4 response, objections, or the like that they may wish to present regarding the
5 Division's Exhibit "A" and Summaries.

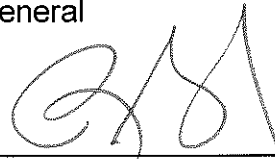
6 6. Lastly, Respondent will prepare and file an errata correcting any typographical
7 errors that may have been contained in the Division's Summaries.

8 For the foregoing reasons, the Division respectfully requests that the Court excludes
9 Respondents' proposed Exhibit 104, or in the alternative, strike from the document the
10 information labeled as "Notes in Violations/Technical Exceptions/Other Comments Section,"
11 "Errors/Missing Information on FID Worksheets in Ex. A," and any information and/or
12 statements in the section labeled as "Errors on Condensed Summaries of Wk. Sheets
13 Produced in Lieu of Ex. A," which the Division did not reference in its Summaries.

14 Respectfully submitted this 26th day of July, 2016.

15
16
17 ADAM PAUL LAXALT
Attorney General

18
19 By:


20 RICKISHA HIGHTOWER-SINGLETARY
Deputy Attorney General
21 VIVIENNE RAKOWSKY
Deputy Attorney General
22 DAVID J. POPE
Senior Deputy Attorney General
23 *Attorneys for the Claimant*
24
25
26
27
28

CERTIFICATE OF SERVICE

I HEREBY CERTIFY, that I electronically filed the foregoing **CLAIMANT FINANCIAL INSTITUTIONS DIVISION'S OBJECTION TO RESPONDENTS' PROPOSED EXHIBIT 104** on the 26th day of July, 2016, with the Clerk of Court and have served the same by First-Class Mail, postage prepaid and e-mail as follows:

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Attorneys for TitleMax of Nevada, Inc.

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

IN THE MATTER OF:

TITLEMAX OF NEVADA, INC. AND
TITLEBUCKS d/b/a TITLEMAX

**TITLEMAX'S POST-HEARING
MEMORANDUM**

TitleMax of Nevada, Inc. dba TitleMax and/or TitleBucks ("TitleMax"), by and through its attorneys of record, the law firm of Holland & Hart LLP, hereby submits the following post-hearing memorandum of law in response to the questions given to the parties on July 20, 2016:

Question One:

Discuss the effect on this action of the statement by the Nevada Supreme Court in *Taylor v. Dep't of Health and Human Services*, 314 P.3d 949, 951 (Nev. 2013) (and its antecedents), that the court "defer[s] to an agency's interpretation of its governing statutes or regulations if the interpretation is within the language of the statute."

Taylor provides that an agency's interpretation of the law will be given deference "only" if the interpretation "is within the language of the statute." 129 Nev. —, 314 P.3d at 951. The strict language of *Taylor* directs that when an agency's interpretation strays from being "within the language" of the rule, the agency loses any deference to which it might have otherwise been afforded. *Id.* For example, when an agency regulation conflicts with the language of a statute,

1 no deference is given. *Public Agency Compensation Trust v. Blake*, 127 Nev. 863, 868-69, 265
2 P.3d 694, 697 (2011). A court “will not hesitate” to strike an agency’s interpretation of a rule
3 when that interpretation “conflicts with existing statutory provisions.” *State v. State Farm Mut.*
4 *Auto. Ins. Co.*, 116 Nev. 290, 293, 995 P.2d 482, 485 (2000). See also *SFR Investments Pool I v.*
5 *U.S. Bank*, 130 Nev. —, 334 P.3d 408 (2014). The foregoing rules apply to the interpretation of
6 regulations as well as statutes. *Wynn Las Vegas, LLC v. Baldonado*, 129 Nev. —, 311 P.3d
7 1179, 1182 (2013).

8 *Taylor* rejected the language of some older cases in which deference was to be granted if
9 the agency’s interpretation was merely (1) reasonable; and (2) consistent with legislative intent.
10 See *State ex rel. Nevada Tax Comm’n v. Saveway Super Serv. Stations, Inc.*, 99 Nev. 626, 630,
11 668 P.2d 291, 294 (1983). *Taylor* provides no such leeway, and expressly requires that the
12 interpretation of any rule rest “within the language of the statute.” Indeed, a “reasonableness”
13 standard is ripe for abuse, especially in a contested case such as this, which turns on the
14 interpretation of NRS 604A.210, NRS 604A.445, and NAC 604A.230.

15 Despite the foregoing “deference” rule, the district court and the Nevada Supreme Court
16 will always review *de novo* all legal issues, including statutory interpretation, in matters arising
17 from a contested administrative proceeding. *Poremba v. Southern Nev. Paving*, 132 Nev. —,
18 369 P.3d 357 (2016) (“Although we defer to an agency’s findings of fact, we review legal issues
19 *de novo*, including matters of statutory interpretation.”). As a result, even with application of the
20 “deference” rule, any reviewing court will be required to review this matter on a *de novo* basis.
21 More to the point, in *Department of Motor Vehicles and Pub. Safety v. Jones-West Ford, Inc.*, the
22 Nevada Supreme Court concluded that statutory interpretation constitutes “purely legal issues to
23 be reviewed ‘without any deference whatsoever to the conclusions of the agency.’” 114 Nev.
24 766, 773, 962 P.2d 624, 629 (1998), citing *Manke Truck Lines v. Public Serv. Comm’n*, 109 Nev.
25 1034, 1036-37, 862 P.2d 1201, 1203 (1993) (holding that questions of statutory construction are
26 purely legal issues to be “reviewed without any deference whatsoever to the conclusions of the
27 agency”).

28 ///

1 It is unclear in the context of a contested administrative case in which an Administrative
2 Law Judge has been appointed whether the "agency interpretation" which may be entitled to
3 deference refers to the decision of the Administrative Law Judge or to the position of the
4 Claimant FID as an adversarial party. Many of the cases involving whether to apply the
5 "deference" rule arise from contested cases in which the agency interpreted the law when
6 adjudicating the matter itself, without the benefit of an administrative law judge. *See, e.g.,*
7 *Taylor*, 129 Nev. at —, 314 P.3d at 950 (appeal of dismissal of state employee); *Poremba*, 132
8 Nev. at —, 369 P.3d at 358 (reviewing the decision of an agency hearing officer); *Wynn*, 129
9 Nev. at —, 311 P.3d at 1180-81 (reviewing Labor Commissioner decision). This is obviously
10 not one of those cases. Rather, this is an adversarial proceeding in which the FID is a party and
11 an Administrative Law Judge was appointed to stand in the shoes of the agency pursuant to
12 NRS 233B.122. The rule provides as follows:

13 **NRS 233B.122 Certain members of agency prohibited from taking part in**
14 **adjudication; replacement of disqualified officer.**

- 15 1. No agency member who acts as an investigator or prosecutor in any contested
16 case may take any part in the adjudication of such case.
- 17 2. If an officer of an agency disqualifies himself or herself or is disqualified from
18 participating in the adjudication of any contested case in which a decision will be
19 rendered which is subject to judicial review, the officer shall send within 3
20 working days after the disqualification a notice of it to the authority which
21 appointed him or her to the agency. The appointing authority shall within 5
22 working days after receiving the notice appoint a person to serve in the place of
23 the disqualified officer only for the purpose of participating in the adjudication
24 of the contested case.
- 25 3. The person appointed under subsection 2 shall have the same qualifications
26 required by law of the officer whom the person replaces and is entitled to the
27 same salary and per diem and travel expenses allowed to that officer.

28 NRS 233B.122 (emphasis added). To the extent any deference would be allowed in a contested
case where an administrative law judge was appointed, it appears said deference is to be directed
to the administrative law judge. *See Western Surety Co. v. Adco Credit, Inc.*, 127 Nev. 100, 102-
03, 251 P.3d 714, 716 (2011).

1 This is wholly unlike an ordinary contested case in which the agency adjudicates the
2 matter independently and is not an adversarial party. Rather, in this matter an independent
3 Administrative Law Judge has been appointed to "serve in the place of the disqualified officer."
4 In other words, it appears that it is the ALJ's interpretation of the law that is entitled to deference
5 (to the extent any is afforded at all), not the interpretation of the FID, which has a vested stake in
6 the outcome of the proceeding. Needless to say, if the administrative law judge were to grant
7 deference to the FID as a party to the proceeding, the proceeding would necessarily take on a
8 "we are the FID and we win because we say so" scenario that creates obvious due process
9 concerns. Regardless, NRS 233B.122 specifically directs that this Administrative Law Judge
10 stands in the shoes of the agency in this proceeding, which will be the "decision" from which any
11 appeal lies.

12 **Question Two:**

13 **Discuss what constitutes willfulness under NRS 604A.900, with citations to controlling**
14 **authority.**

15 NRS 604A.900 provides for certain penalties in the event of a "willful" violation of NRS
16 Chapter 604A. However, NRS Chapter 604A does not define what a "willful" violation is, and
17 TitleMax is unaware of any case law specifically interpreting NRS 604A.900.

18 That being said, the Nevada Supreme Court has previously stated that "'[w]illful' is a
19 word 'of many meanings, its construction often being influenced by its context.'" *Matter of*
20 *Fine*, 116 Nev. 1001, 1021, 13 P.3d 400, 413 (2000) (quoting *Screws v. United States*, 325 U.S.
21 91, 101 (1945) (citing *Spies v. United States*, 317 U.S. 492, 497, (1943)).

22 In the civil context, the United States Supreme Court has held that an act is not "willful"
23 unless the party "knew or showed reckless disregard for the matter of whether its conduct was
24 prohibited...." *McLaughlin v. Richland Shoe Co.*, 486 U.S. 128, 131 (1988). In *McLaughlin*, an
25 employer was fined for failing to pay overtime compensation to its employees as required by the
26 Fair Labor Standards Act (the "FLSA"). *Id.* at 129. The government contended that a willful
27 violation had occurred because the employer "knew or suspected that his actions might violate
28 the FLSA." *Id.* at 130 (emphasis added). The Supreme Court rejected the "knew or suspected"

1 standard, concluding that such a standard would “virtually obliterate[] any distinction between
2 willful and nonwillful violations.” *Id.* at 132-33. Specifically, an employer would be liable for a
3 “willful” violation merely by being negligent in its reading of the law, and would thus punish “a
4 completely good faith but incorrect” reading of the law. *Id.* at 135.

5 The Court has also concluded that a “willful” violation of a statute does not occur if a
6 party’s interpretation of the law, “albeit erroneous, [i]s not objectively unreasonable.” *Safeco*
7 *Ins. Co. of Am. v. Geico*, 551 U.S. 47, 69 (2007). In such an instance, it is particularly instructive
8 if there is an absence of binding court authority, or “authoritative guidance” from the applicable
9 regulatory agency. *Id.* In this case, there is no court case to provide guidance to TitleMax. The
10 FID has never provided authoritative guidance on its position in the form of an advisory opinion.
11 And, its March 2, 2015 letter response to TitleMax (Exhibit 86) did not even attempt to discuss
12 or justify the FID’s position in any way, shape or form.¹ In July 2015, the FID offered to submit
13 the parties’ dispute to a court in the form of an NRS Chapter 29 proceeding, effectively an
14 admission that the parties had a “good faith” dispute over the interpretation of the very rules that
15 are at issue in this proceeding (Exhibit 98).

16 Similar results occur when a statute or regulation is ambiguous, as it is impossible to
17 “willfully” violate an ambiguous rule. *See United States v. Prabhu*, 442 F. Supp.2d 1008, 1029
18 (D. Nev. 2006) (finding of an intentional violation of False Claims Act precluded by “a
19 reasonable interpretation of ambiguous regulations that he, and his staff, believed in good faith
20 were proper.”); *United States v. Napco Int’l, Inc.*, 835 F. Supp. 493 (D. Minn. 1993) (because
21 underlying regulation was ambiguous, court would not apply “an interpretative afterthought” in
22 False Claims Act lawsuit). *Dixon v. Green Tree Servicing, LLC*, 2015 WL 2227741 (N.D. Ind.
23 May 11, 2015), citing *Redman v. Radioshack Corp.*, 768 F.2d 622, 639-40 (7th Cir. 2014); *Long*
24 *v. Tommy Hilfiger USA, Inc.*, 2011 WL 635271, at *6-7 (W.D. Penn. Feb. 11, 2011)
25 (“objectively reasonable” reading of statute precludes finding of willfulness). Of course, the FID

26 ¹ The FID’s position that TitleMax engaged in willful behavior rings particularly hollow when juxtaposed against
27 the FID’s failure to act during this entire period. If TitleMax’s alleged violations were so egregious—as the FID
28 now maintains they were—it could have issued a cease and desist order or sought an injunction under NRS
604A.810. Yet, the FID took no such act, and failed to even attempt to defend its legal position in its letter of March
3, 2015 to TitleMax (see Exhibit 86).

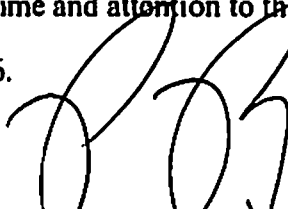
1 conceded at a 2012 Workshop that NRS 604A.210 and NRS 604A.445 were "ambiguous"
2 statutes and that many of its licensees held a contrary interpretation of the law. *See* Exhibit 103.

3 Reliance upon the advice of counsel is also treated as "good faith as a matter of law" in
4 determining whether a party has attempted to comply with a statute, precluding a finding of
5 willfulness. *Baker v. Delta Air Lines, Inc.*, 6 F.3d 632, 645 (9th Cir. 1993), called into doubt on
6 other grounds by *Obrey v. Johnson*, 400 F.3d 691, 699-700 (9th Cir. 2005).

7 * * *

8 TitleMax thanks the Judge for her time and attention to this matter.

9 DATED this 29th day of July, 2016.

10 

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CERTIFICATE OF SERVICE

I hereby certify that on the 29th day of July, 2016, a true and correct copy of the foregoing **TITLEMAX'S POST-HEARING MEMORANDUM** was served by the following method(s):

☒ U.S. Mail: by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

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Business and Industry Financial Institutions
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8 **BEFORE THE DEPARTMENT OF BUSINESS AND INDUSTRY**
9 **LAS VEGAS, NEVADA**

* * *

10 **IN THE MATTER OF:**)
11 **FINANCIAL INSTITUTIONS DIVISION,**)

12 **Claimants,**)

13 **TITLEMAX OF NEVADA, INC. and**)
14 **TITLEBUCKS d/b/a TITLEMAX,**)

15 **Respondents.**)

**FINANCIAL INSTITUTIONS
DIVISION'S POST-HEARING
BRIEF**

16 The Financial Institutions Division ("Division"), by and through the undersigned counsels, hereby
17 submits its post-hearing brief as requested by this Court and states the following:

18 **THE DIVISION'S FINDING OF 307 VIOLATIONS OF NRS 604A.210 and NRS 604A.445 IS**
19 **ENTITLED TO DEFERENCE BECAUSE IT IS SUPPORTED BY SUBSTANTIAL EVIDENCE, AND**
20 **THE DIVISION'S INTERPRETATION OF THE STATUTE IS WITHIN THE LANGUAGE OF THE**
21 **STATUTE.**

22 There is a presumption that the Legislature intended to use the "usual and natural meaning" of words
23 when examining the plain meaning of a statute. *State, Department of Business & Industry v. Check City*, 337
24 P.3d 755, 757-758 (2014). The court should attribute the plain meaning to words in a statute unless doing so
25 would be contrary to the spirit of the act. *Edgington v. Edgington*, 119 Nev. 577, 582, 80 P.3d 1282, 1286
26 (2003). Protective statutes, such as Chapter 604A, should be "liberally construed to effectuate the benefits
intended to be obtained," [and] specific sections of the statute should be read as a whole. *Id.* at 583 and 1288.

27 In *Taylor v. Dep't of Health and Human Services*, 314 P.3d 949, 951 (Nev. 2013), the Nevada Supreme
28 Court stated that it "defer[s] to an agency's interpretation of its governing statutes or regulations if the

1 interpretation is within the language of the statute." The Court determined the interpretation was "within the
2 language of the statute." *Id.* at 951-952.

3 Here, the Division's interpretation of NRS 604A.210 is consistent with the spirit of the act, is within the
4 language of the statute, and the language is clear and unambiguous. NRS 604A.210(2) permits licensees to offer
5 grace periods, except they cannot charge "[a]ny additional fees or *additional interest* on the outstanding loan"
6 during the grace period.

7 The Division applies the plain language of subsection (2) and concludes that no additional interest can
8 be charged. The Division has repeatedly notified TitleMax of this interpretation, however, in attempt to
9 circumvent the statute and the Division's interpretation, TitleMax extends the loan in violation of NRS
10 604A.445 and charges additional interest during the GPPDA in violation of NRS 604A.210(2). Testimony
11 established that TitleMax charges and collects more interest under the GPPDA than it does under the original
12 210 day loans. TitleMax can only collect the interest stated on the Truth-In-Lending Disclosure statement, and
13 providing a grace period would not change this. Grace periods may increase the time to repay the loan, but the
14 amount of interest paid should never change. This interpretation is well within the language of the statute, and
15 therefore the *Taylor* case supports Your Honor affirming the Division's interpretation.

16 The testimony provided by Commissioner Burns regarding proposed regulation to the statute provides
17 further support for the Division's interpretation. Mr. Dan Wulz from the Legal Aid Center of Southern Nevada
18 testified that "[g]race period" means any period of deferment offered *gratuitously* by a licensee to a customer,
19 and that *gratuitously means without charge, and there can be no accrual of the contract rate during any grace*
20 *period. Minutes, Sect. 4-B-5.* Former Assembly Speaker Barbara Buckley, author of the title loan legislation
21 and Executive Director of Legal Aid Center of Southern Nevada, supported the interpretation and agreed with
22 Mr. Wulz' testimony. *Id. at Sect. 4-B-6.*

23 Additionally, TitleMax is the only title lender offering this illegal product. Commissioner Burns testified
24 that all other title lenders comply with NRS 604A.210(2), which further supports the Division's position that the
25 statute is clear and unambiguous. Even if any sections of Chapter 604A were ambiguous as TitleMax alleges,
26 the "statute must be interpreted in accordance with what reason and public policy indicate the Legislature
27 intended, [. . .] and a statute's provisions should be read as a whole, so that no part is rendered inoperative."
28 *International Game Technology, Inc. v. Second Judicial District Court*, 123 Nev. 193, 200, 179 P3d 556, 560

(2008). Here, the public policy is to protect consumers from unaffordable loans, and the policy is further supported by the legislative history and aforementioned testimony regarding proposed regulation to the statute. However, TitleMax's continued use of this illegal product is a direct contradiction of the statute because the GPPDA violates the law, harms consumers, and provides TitleMax with an unfair business advantage over its competitors.

TITLEMAX COMMITTED WILLFUL VIOLATIONS OF CHAPTER 604A BECAUSE IT HAD KNOWLEDGE THAT ITS ILLEGAL GRACE PERIOD PAYMENT DEFERMENT AGREEMENT WAS IN VIOLATION OF CHAPTER 604A, BUT YET IT VOLUNTARILY AND INTENTIONALLY CONTINUED TO OFFER THE ILLEGAL PRODUCT.

"A willfulness determination is a fact-sensitive inquiry, [and] an administrative fact-based determination is entitled to a deferential standard of review." *Century Steel v. State, Division of Industrial Relations*, 122 Nev. 584, 589, 137 P.3d 1155, 1159 (2006). The court should not substitute its judgment for the agency's regarding the weight of the evidence on questions of fact. *Id.* at 590 and 1159. An agency's findings in cases involving both law and fact are entitled to deference and should not be disturbed by the court if supported by substantial evidence. *State Industrial Insurance System v. Khweiss*, 108 Nev. 123, 126, 825 P.2d 218, 220 (1992). If the agency's finding of willfulness is based on substantial evidence, the court's review should go no further. *Garman v. State Employment*, 102 Nev. 563, 565, 729 P.2d 1335, 1336 (1986).

Repeated violations is the most common way to prove willfulness, and agencies can prove willfulness by demonstrating that a "licensee repeatedly violated regulations despite knowledge of them and repeated warnings." *Borgelt v. Bureau of Alcohol, Tobacco and Firearms*, 2009 WL 3149436 at 4. A licensee commits a willful violation when it acts with "either intentional disregard of or plain indifference" to statutes and requirements. *Century Steel*, at 593 and 1161 (upholding a finding of willfulness for violations cited during an examination of an employer for failing to correct the same, non-compliant issues). Plain indifference may also be demonstrated through repeat violations, and a licensee that has knowledge of statutory requirements coupled with repeat violations "permit a court to infer that the licensee was plainly indifferent, and thus acted willfully." *Champion Arms, LLC v. Van Haelst*, 2012 WL 4511393 at 5.

"Willful" has many meanings, and its context and surrounding facts dictate the construction and meaning of the word. *In re Fine*, 116 Nev. 1001, 1021, 13 P.3d 400, 413 (2000). However, as a general rule, willful "denotes an act which is intentional, or knowing, or voluntary rather than accidental." *Id.* The *Fine* Court

1 upheld the Commission's finding of willfulness based on the judge's prior discipline for the *exact same* conduct
2 and concluded that her actions evidenced that she "knowingly acted in derogation, [. . .] and therefore, her
3 actions amounted to willful misconduct." *Id.* at 1023 and 414.

4 As in *Fine*, TitleMax repeatedly committed the exact same violations of NRS 604A.210 and 604A.445.
5 The Division notified TitleMax of the violations during its 2014 examination, and the Division provided notice
6 to TitleMax that its GPPDA was an illegal product and violated NRS 604A.210 and NRS 604A.445. Notice of
7 the violation and the Division's position was provided in an informal meeting at TitleMax's request, during the
8 2014 exit meeting, in a 2015 correspondence and response from the Division's counsel, and on several other
9 occasions. Accordingly, TitleMax had knowledge that its product violated Chapter 604A. Like *Fine*, the
10 Division also disciplined TitleMax in the form of issuing a "Needs Improvement" rating due to the violation.
11 Despite knowledge, ample notice, and disciplinary action, TitleMax intentionally continued to offer the illegal
12 GPPDA simply because it disagreed with the Division. The *Fine* Court stated it best—TitleMax simply "*should*
13 *have known better.*" *Id.* at 1023 and 414. (emphasis added). Like the *Fine* Court, this Court should conclude that
14 TitleMax acted willfully based on its intentional and repeated violations of the exact same conduct.
15 Additionally, the Division's request for a \$10,000.00 fine per violation is supported due to willfulness and
16 TitleMax's repeat pattern of practice as was found in *Fine*.

17 A licensee commits a willful violation when it "understands the requirements of the law, but knowingly
18 fails to follow them or was indifferent to them." *Perri v. Department of Treasure*, 637 F.2d 1332, 1336 (9th Cir.
19 1981) (concluding that the licensee understood the statutory requirements based on his testimony); *See also*
20 *Cucchiara v. Secretary of Treasury*, 652 F.2d 28, 30 (9th Cir. 1981) (finding an understanding of the
21 requirements of the law for willfulness based on notification of hundreds of violations and warning that future
22 violations may be considered willful). Similarly, on direct examination, TitleMax's representative read
23 applicable portions of NRS 604A and testified that he understood what was required by the statutes. Despite
24 admitting to understand the statutory requirements, TitleMax knowingly and intentionally failed to comply with
25 Chapter 604A by continuing to offer the illegal GPPDA. TitleMax's representative also testified that although
26 he understood the statutory requirements, TitleMax intentionally disregarded the Division's interpretation of the
27 statutes simply because it disagreed with the Division.

28 Willfulness refers to a showing that the licensee knew or recklessly disregarded whether its actions

1 were prohibited by statute. *McLaughlin v. Richland Shoe Co.*, 486 U.S. 128, 133 (1988). A licensee's
2 knowledge of legal requirements is "extremely probative to the determination of whether the licensee was
3 plainly indifferent," and thus acted willfully. *Champion Arms*, at 5-7 (reasoning that plain indifference and
4 willfulness were established due to prior violations, warning conferences discussing the violations and the
5 consequences, and the licensee's acknowledgement of the need to comply with the law). Willfulness may be
6 inferred when a licensee is given notice that its actions do not comply with statutes or regulations, but yet the
7 licensee continues with that same practice. *General Store, Inc. v. Van Loan*, 2007 WL 208425 at 5 (2007). The
8 Court found sufficient notice was given to the licensee in *General Store* based on requirements written on a
9 form requiring compliance by the licensee, the licensee having received letters from the ATF referencing
10 violations cited in a prior Report of Violations, and correspondences sent to the licensee by state and federal
11 authorities. *Id.* at 5-6. Despite notice, the Court reasoned that because the licensee "continued to engage in the
12 practice anyway, one may infer that [its] conduct was willful," and the licensee's opinion that its conduct was
13 accurate "does not diminish its culpability." *Id.* The Court also noted that the licensee did not seek approval to
14 alter the requirements of the applicable statute. *Id.*

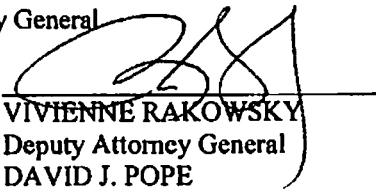
15 TitleMax's actions allow this Court to infer a finding of willfulness. As noted in *McLaughlin*, TitleMax
16 had knowledge of the violations and proceeded in blatant and reckless disregard of the Division's determination
17 that the illegal GPPDA was in violation of NRS 604A.445. Like *General Store* and *Champion Arms*, TitleMax
18 had ample notice that its GPPDA violated NRS 604A. First, TitleMax's own Federal Truth-In-Lending
19 Disclosures ("TILA") and GPPDA forms reference and acknowledge that it must comply with NRS 604A. Both
20 forms define "grace period" and reference the statutory requirements of Chapter 604A.[0]70 and NRS
21 604A.210. The forms even acknowledge and state that TitleMax "does not charge [consumers] *any additional*
22 *fees or interest* for entering into a GPPDA." The GPPDA further states that TitleMax "will not attempt to
23 collect an amount that is greater than the amount owed," and it even notes that the GPPDA is not an extension
24 as defined in NRS 604A.065. These statements are nothing more than an attempt to mislead consumers and
25 provide the insinuation that TitleMax is complying with Chapter 604A, when in fact it is not. Second, the
26 Division notified TitleMax of the GPPDA violations in the 2014 and May 2015 Reports of Examination, during
27 exit meetings for each examination, and during informal meetings and conferences with TitleMax. Third, the
28 Division sent correspondences to TitleMax, in which the Division stated that it "stands by its 'Needs

1 Improvement' rating of the Companies in the 2014 ROE." TitleMax's opinion that the GPPDA complied with
2 NRS 604A.445 and NRS 604A.210 "does not diminish its culpability," as stated by the *General Store* Court.
3 Although Titlemax is not statutorily required to submit its proposed GPPDA to the Division for approval as in
4 *General Store*, it is important to note that the Commissioner testified that many other licensees do so in efforts
5 to obtain input from the Division. It is important to also note that while the Division notified TitleMax that
6 allowing individuals who were not on the certificates of title to be applicants was in violation of the statute,
7 TitleMax continued to do so anyway until being required to change the policy by the DMV.

8 Based on the foregoing, the Division's interpretation of Chapter 604A should be given deference, and
9 Your Honor should uphold the Division's finding that TitleMax's 307 repeat violations of NRS 604A.210 and
10 NRS 604A.445 constitute willful violations.

11
12 ADAM PAUL LAXALT
Attorney General

13 By:

14 
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15 DAVID J. POPE
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16 RICKISHA HIGHTOWER-SINGLETERY
Deputy Attorney General
17 Attorneys for the Claimants
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY, that I served the foregoing **FINANCIAL INSTITUTIONS DIVISION'S POST-HEARING BRIEF** on the 29th day of July, 2016, by email and First-Class Mail, postage prepaid and e-mail as follows:

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An employee of the Office of the Attorney General

1 **BEFORE THE DEPARTMENT OF BUSINESS & INDUSTRY**
2 **LAS VEGAS, NEVADA**

3
4 IN THE MATTER OF:)
5 FINANCIAL INSTITUTIONS DIVISION,)
6 Claimants,)
7 v.)
8 TITLEMAX OF NEVADA, INC. AND)
9 TITLEBUCKS D/B/A TITLEMAX,)
10 Respondents.)
11

FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDER

12 This is a contested case between Claimant, the Financial Institutions Division of
13 the Nevada Department of Business & Industry (FID), and Respondent, TitleMax of
14 Nevada, Inc. and TitleBucks d/b/a TitleMax (TitleMax).

15 **I. PROCEDURAL BACKGROUND**

16 FID commenced this administrative action under NRS 233B.121 with the
17 issuance of an Administrative Complaint for Disciplinary Action and Notice of Hearing
18 ("Complaint") against TitleMax on October 6, 2015. FID alleged that TitleMax was in
19 violation of several provisions of NRS Chapter 604A and sought the imposition of fines,
20 the issuance of a cease and desist order as to the violative practices, the return to
21 customers of certain funds derived as a result of the violative practices, and the
22 imposition of all administrative costs incurred as a result of bringing this action. The
23 Complaint scheduled a hearing date of October 27, 2015.

24 On October 8, 2015, this matter was assigned to an Administrative Law Judge
25 following FID Commissioner George Burns's disqualification pursuant to NRS
26 233B.122.

27 On October 20, 2015, FID issued an Amended Notice of Hearing on
28 Administrative Complaint for Disciplinary Action, rescheduling the hearing date to

1 November 5, 2015.

2 On October 26, 2015, TitleMax filed its Answer to Administrative Complaint.

3 On October 27, 2015, a status check was held, which counsel for both parties
4 attended.

5 On October 29, 2015, a Procedural Order was issued vacating the November 5,
6 2015, hearing date and directing the parties to exchange lists of proposed exhibits and
7 witnesses and FID to disclose the type and amount of penalties it sought. The
8 Procedural Order also directed the parties to submit a joint evidentiary packet and
9 permitted the filing of briefs by December 18, 2015.

10 On December 9, 2015, TitleMax filed a request for a motion in limine precluding
11 FID from admitting into evidence any documents not disclosed by November 13, 2015.
12 FID filed an opposition to TitleMax's motion on February 11, 2016. TitleMax filed its
13 reply in support on March 10, 2016.

14 Also on December 9, 2015, FID requested a 30-day extension to the deadline
15 for the parties' submission of the joint evidentiary packet and briefing.

16 On December 11, 2015, an order was issued granting the requested extension,
17 setting January 18, 2016, as the deadline for the parties' submission of the joint
18 evidentiary packet and briefing.

19 On January 14, 2016, the parties jointly requested an extension to the deadline
20 for their submission of the joint evidentiary packet and briefing to February 12, 2016.

21 On January 15, 2016, an order was issued granting the requested extension,
22 setting February 12, 2016, as the deadline for the parties' submission of the joint
23 evidentiary packet and briefing.

24 On February 12, 2016, both parties submitted their prehearing briefs. Also on
25 February 12, 2016, the parties jointly requested an extension to the deadline for their
26 submission of the joint evidentiary packet to February 24, 2016.

27 Also on February 12, 2016, TitleMax filed a Motion for Declaration Regarding
28 Interpretation of Nevada Law and a Motion for Declaratory Ruling and to Stay

1 Deadlines. FID filed its opposition to the latter motion on February 24, 2016. TitleMax
2 filed its replies in support on March 10, 2016.

3 On February 16, 2016, an order was issued granting the requested extension,
4 setting February 24, 2016, as the deadline for the parties' submission of the joint
5 evidentiary packet.

6 On February 24, 2016, the parties requested an extension to the deadline for
7 their submission of the joint evidentiary packet.

8 On February 26, 2016, an order was issued granting the requested extension,
9 setting March 30, 2016, as the deadline for the parties' submission of the joint
10 evidentiary packet.

11 On March 18, 2016, an Order Denying TitleMax's Motion for Declaratory Ruling
12 and to Stay Deadlines was issued.

13 On March 29, 2016, TitleMax filed a Motion for Clarification of the March 18,
14 2016, order. On April 4, 2016, FID filed its opposition to the Motion for Clarification. On
15 April 18, 2016, TitleMax filed its reply in support of its Motion for Clarification.

16 On March 30, 2016, the parties submitted their joint evidentiary packet.

17 On April 4, 2016, an Order Setting PreHearing Conference was issued,
18 scheduling a prehearing conference with all parties for April 27, 2016.

19 On May 13, 2016, a Procedural Order was issued following the prehearing
20 conference. This Order resolved all pending motions as follows: 1) TitleMax's Motion
21 for Clarification was denied; and 2) TitleMax's Motion for Order in Limine was granted
22 in part, holding that FID was permitted to use as exhibits at the hearing only those
23 documents it disclosed to TitleMax by November 16, 2015. The Procedural Order also
24 scheduled the matter to proceed to hearing beginning July 18, 2016.

25 On June 14, 2016, FID filed a Motion to Admit Division's Exhibit A and
26 Summaries of Exhibit A pursuant to NRS 52.275. On June 20, 2016, TitleMax indicated
27 that it had no opposition to FID's Motion. On June 24, 2016, an Order Deeming
28

1 Documents Admitted was issued.¹

2 On July 18, 2016, this matter proceeded to hearing. At hearing, the following
3 witnesses were called and questioned under oath: Harveen Sekhon, Andrea Bruce,
4 Ma. Theresa Dihanson, George Burns, and Theodore ("Ted") Helgesen. The parties
5 stipulated to the admission into evidence of all marked exhibits, amounting to more than
6 10,000 documents. The hearing concluded on July 20, 2016.

7 **II. FINDINGS OF FACT**

8 TitleMax is licensed under NRS Chapter 604A. As a licensee, TitleMax is subject
9 to the provisions of NRS Chapter 604A and Nevada Administrative Code (NAC) 604A.

10 FID conducts annual examinations of each of its licensees. Each licensee
11 receives one of three ratings at the conclusion of each examination: Satisfactory, Needs
12 Improvement, or Unsatisfactory. If a licensee receives a Satisfactory rating, FID will
13 usually examine it again after one year. If a licensee receives a Needs Improvement
14 rating, FID asks the licensee to respond in writing within 30 days with the steps it intends
15 to take to remedy the problems identified, and then FID will usually re-examine it six
16 months later. If a licensee receives an Unsatisfactory rating, FID asks the licensee to
17 respond in writing within 30 days with the steps it intends to take to remedy the problems
18 identified, and then FID will usually re-examine it three to six months later.

19 FID commenced an annual examination of TitleMax on August 6, 2014, which
20 concluded on December 18, 2014 ("2014 Examination").² As a result of this examination,
21 FID assigned TitleMax a "Needs Improvement" rating, noting several alleged violations
22 of Nevada law.³ Specifically, FID noted that TitleMax allowed people who were not on
23 vehicle titles to become co-borrowers on title loans in contravention of NAC 604A.230,
24 NRS 604A.105, and NRS 604A.115 and TitleMax offered an agreement titled "Grace

25 ¹ At the hearing, TitleMax moved for the admission of proposed Exhibit 104, a summary of errors contained
26 in FID's Summaries of Exhibit A document. FID opposed the admission of TitleMax's proposed Exhibit
27 104, contending that it was filed untimely and did not contain any relevant or material information. FID
28 stated that it would prepare and file an errata to its Summaries of Exhibit A, correcting any typographical
errors contained therein. FID did not file such an errata. Given that the conclusions reached in this Order
did not require reliance on FID's Summaries of Exhibit A document, TitleMax's motion to admit proposed
Exhibit 104 is denied as unnecessary.

² FID Ex. B (00008585-00008581).

³ FID Ex. B (00008577).

1 Period Payments Deferment Agreement" ("GPPDA") in contravention of NRS
2 604A.445.⁴ Examiners from FID and representatives from TitleMax attended a meeting
3 to discuss the examination before its completion on October 7, 2014.⁵ Examiners from
4 FID and representatives from TitleMax also took part in a telephonic exit interview at the
5 conclusion of the examination on December 18, 2014.⁶

6 On February 9, 2015, TitleMax, through its counsel, authored a letter addressed
7 to Ma. Theresa Dihiansan, an Examiner III with the FID.⁷ This 10-page letter set forth
8 the bases for TitleMax's disagreement with the violations of Nevada law FID cited in its
9 2014 Examination. On March 2, 2015, FID responded through its counsel.⁸ FID's letter
10 in response did not substantively address TitleMax's dispute of the alleged violations of
11 NAC 604A.230, NRS 604A.105, NRS 604A.115, and NRS 604A.445.⁹ FID summarily
12 stated that it "st[ood] by its position" with regard to those issues.¹⁰

13 FID commenced a follow-up examination of TitleMax on May 22, 2015, which
14 concluded on June 17, 2015 ("2015 Examination").¹¹ FID assigned TitleMax an
15 "Unsatisfactory" rating, noting several repeat violations of Nevada law.¹² Specifically,
16 FID noted that TitleMax was still offering the GPPDA to customers in contravention of
17 NRS 604A.445.¹³ FID noted that it found no instances in which TitleMax allowed
18 individuals who were not on a vehicle's title to become co-borrowers on the title loan
19 using the vehicle as collateral, and therefore the Report of Examination for the 2015
20 Examination deemed that violation rectified.¹⁴ Examiners from FID and representatives
21 from TitleMax participated in a telephonic exit interview on June 17, 2015.¹⁵

22 On June 1, 2015, TitleMax commenced an action for declaratory relief in
23 Nevada's Eighth Judicial District Court. (Case No. A-15-719176). In the lawsuit, TitleMax

24 ⁴ FID Ex. B (00008574-00008577).

25 ⁵ FID Ex. B (00008580).

26 ⁶ FID Ex. B (00008573).

27 ⁷ TitleMax Ex. 85 (TMX 85-00001-00012).

28 ⁸ TitleMax Ex. 86 (TMX 86-00001-00003).

⁹ TitleMax Ex. 86 (TMX 86-00003).

¹⁰ TitleMax Ex. 86 (TMX 86-00003).

¹¹ FID Ex. C (00008582-00008594).

¹² FID Ex. C (00008591).

¹³ FID Ex. C (00008588).

¹⁴ FID Ex. C (00008588).

¹⁵ FID Ex. C (00008588).

1 requested a declaration 1) that an individual may be a co-borrower on a title loan without
2 violating NAC 604A.230 when said individual is not listed on the title of the vehicle
3 associated with the loan; and 2) interpreting NRS 604A.210 and NRS 604A.445.

4 On July 13, 2015, counsel for FID authored an email to counsel for TitleMax to
5 ask if TitleMax would agree to convert its action for declaratory relief to an action
6 pursuant to NRS Chapter 29 in which the parties stipulate to having a good faith
7 controversy about their rights and seek a judicial declaration.¹⁶ At some point after July
8 23, 2015, TitleMax declined to agree to convert its declaratory relief action to a Chapter
9 29 action.¹⁷

10 On October 6, 2015, FID commenced this administrative action against TitleMax
11 with the issuance of its Complaint.

12 TitleMax stopped offering the GPPDA on new loans in December of 2015.

13 TitleMax stopped allowing non-legal owners to become parties to title loans in the
14 summer of 2015 because, as testified to by Ted Helgesen, the Department of Motor
15 Vehicles stopped allowing TitleMax to perfect its liens unless all parties to the title loan
16 contract were also on the vehicle title.

17 **A. Findings of Fact Particular to the Issues Presented by the GPPDA**

18 Under NRS 604A.445, title lenders may offer two types of title loans to customers:
19 (1) a 30-day loan that may be extended for up to six additional 30-day periods (NRS
20 604A.445(1)-(2)); and (2) a 210-day loan that may not be extended. (NRS 604A.445(3)).
21 TitleMax offers its customers the 210-day loan only.

22 When a customer desires to enter into a 210-day title loan with TitleMax, the
23 customer signs an agreement titled "Title Loan Agreement."¹⁸ This agreement provides
24 that the customer will make payments on the loan in seven installments scheduled 30
25 days apart, with each payment ratably and fully amortized such that the principal and
26 interest will be paid in full on the date of the seventh payment.¹⁹ The agreement informs
27 the customer that the principal amount of the loan will be subject to simple interest

28 ¹⁶ TitleMax Ex. 98 (TMX 98-00001-00004).

¹⁷ TitleMax Ex. 98 (TMX 98-00001-00004).

¹⁸ TitleMax Ex. 91 (TMX 91-001-003).

¹⁹ TitleMax Ex. 91 (TMX 91-001-003).

1 calculated daily.²⁰ A Truth-In-Lending Act (TILA) disclosure accompanies the
2 agreement.²¹ The TILA disclosure sets forth the annual percentage rate applicable to
3 the loan, the projected finance charge, the amount financed, and the projected total of
4 payments.²² The TILA disclosure contains a projection of the total amount the customer
5 will pay in finance charges assuming the customer makes each payment on its due
6 date.²³

7 FID admits that the Title Loan Agreement complies with Nevada law.²⁴

8 At the time the customer enters into the Title Loan Agreement, TitleMax staff
9 informs the customer of the option to enter into a GPPDA. Under the GPPDA, TitleMax
10 "amend[s], modif[ies], and defer[s]" the customer's payment schedule to provide for
11 fourteen installments scheduled 30 days apart, with the first seven payments going
12 toward interest only and the second seven payments going toward principal only.²⁵ The
13 due dates for the first seven payments remain the same as under the Title Loan
14 Agreement, with seven additional payment due dates scheduled every 30 days
15 thereafter.²⁶ Under the GPPDA, the customer's payments are no longer fully and ratably
16 amortized. Under the GPPDA, the loan remains subject to the same annual percentage
17 rate as agreed upon in the Title Loan Agreement. TitleMax customarily allows customers
18 whose accounts are in current status to enter into the GPPDA anytime at least 24 hours
19 after entering into the Title Loan Agreement.

20 A customer who enters into the GPPDA is entitled to make lower monthly
21 payments than he or she would be entitled to make under the Title Loan Agreement.
22 However, a customer who makes payments according to the payments schedule set
23 forth in the GPPDA will ultimately pay more money in interest to TitleMax than he or she
24 would have paid had he or she made payments according to the payments schedule set
25 forth in the Title Loan Agreement. Under both the Title Loan Agreement and the GPPDA,
26 the customer is entitled to make payments early without a penalty.

26 ²⁰ TitleMax Ex. 91 (TMX 91-001-003).

27 ²¹ See, for example, FID Ex. A-1 (000003).

28 ²² *Id.*

²³ *Id.*

²⁴ TitleMax Ex. 102, p. 3 ¶ 17.

²⁵ See, for example, FID Ex. A-1 (000016-000017).

²⁶ *Id.*

1 For example, on January 17, 2015, Customer Esguerra entered into a Title Loan
2 Agreement with TitleMax in which he borrowed a principal amount of \$5,800.00 at an
3 annual percentage rate of 133.7129% for 210 days.²⁷ Under these terms, Customer
4 Esguerra was projected to pay \$2,813.16 in interest over the life of the loan, for a total
5 amount paid of \$8,613.16.²⁸ Customer Esguerra was required to make payments every
6 30 days for 210 days in the amount of \$1,230.45 each, with the last payment coming
7 due on August 15, 2015.²⁹ On March 21, 2015, Customer Esguerra entered into a
8 GPPDA with TitleMax.³⁰ Under the GPPDA, Customer Esguerra was required to make
9 payments every 30 days for 420 days, with the first seven payments being in the amount
10 of \$637.42 each (the seventh payment was still due on August 15, 2015) and the second
11 seven payments being in the amount of \$828.57 each.³¹ Under the GPPDA, Customer
12 Esguerra was projected to pay \$4,461.94 in interest over the life of the loan, for a total
13 amount paid of \$10,261.94.³² Under the GPPDA, Customer Esguerra was projected to
14 pay \$1,648.78 more in interest than he was projected to pay under the Title Loan
Agreement.³³

15 **B. Findings of Fact Particular to the Issues Presented by the Allowance of**
16 **Co-Borrowers on Title Loans**

17 TitleMax allows individuals who are not legal owners of the vehicle that is the
18 collateral for the title loan to become parties to the loan. TitleMax terms these parties
19 "co-borrowers." In the event of a default on the loan, TitleMax does not pursue either the
20 vehicle's legal owner or the co-borrower personally. No evidence was presented that
21 TitleMax has ever sought to recover funds on a defaulted loan from the vehicle's legal
22 owner or a co-borrower. TitleMax's exclusive remedy upon default is repossession of
the vehicle that is the collateral for the title loan.

23 **III. CONCLUSIONS OF LAW**

24 **A. Conclusions of Law Particular to the Issues Presented by the GPPDA**

25
26 ²⁷ FID Ex. A-4 (000083-000087).

²⁸ FID Ex. A-4 (000084).

27 ²⁹ FID Ex. A-4 000084).

³⁰ FID Ex. A-4 (000090-000093).

28 ³¹ FID Ex. A-4 (000091).

³² FID Ex. A-4 (000091).

³³ FID Ex. A-4 (000083-000093).

1 FID asserts that TitleMax violates NRS 604A.445, NRS 604A.070, and NRS
2 604A.210 when it enters into the GPPDA with customers. FID contends that by entering
3 into the GPPDA, TitleMax unlawfully extends the term of the loan, does not ratably and
4 fully amortize installment payments, and charges additional interest. TitleMax argues in
5 response that the GPPDA constitutes an amendment to the original loan, so none of the
6 requirements imposed on the original term of the loan apply to the GPPDA and no
7 additional interest is charged during the grace period.

8 As set forth above, TitleMax offers only 210-day loans pursuant to NRS
9 604A.445(3). The original term of a title loan may be 210 days if the loan complies with
10 four conditions: 1) the loan must provide for payment in installments; 2) the installments
11 must be ratably and fully amortized; 3) the loan must not be subject to any extension;
12 and 4) the loan must not require a balloon payment of any kind. NRS 604A.445(3)(a)-
13 (d).³⁴ TitleMax contends that none of these four requirements apply to the GPPDA
14 because they only apply to the original term of the loan, and the GPPDA is an
15 amendment to the original term of the loan. TitleMax's argument is creative, but would
16 lead to an absurd result. See *Sheriff, Clark County v. Burcham*, 198 P.3d 326, 329, 124
17 Nev. 1247, 1253 (2008) ("[S]tatutory construction should always avoid an absurd
18 result.") (internal quotations omitted). If TitleMax were correct, it and all other title lenders
19 could simply amend every loan agreement they enter into and thereby escape not only

20 ³⁴ NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.
Notwithstanding any other provision of this chapter to the contrary:

- 21 1. The original term of a title loan must not exceed 30 days.
- 22 2. The title loan may be extended for not more than six additional periods of extension, with each
23 such period not to exceed 30 days, if:
 - 24 (a) Any interest or charges accrued during the original term of the title loan or any period of extension
25 of the title loan are not capitalized or added to the principal amount of the title loan during any subsequent
26 period of extension;
 - 27 (b) The annual percentage rate charged on the title loan during any period of extension is not more
28 than the annual percentage rate charged on the title loan during the original term; and
 - (c) No additional 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 fees, are charged in connection with any extension of the title loan.
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.

1 the requirements of NRS 604A.445(3) but even the requirement in NRS 604A.105(b)
2 that a title loan be secured by a vehicle title.³⁵ TitleMax may not opt out from NRS
3 604A.445(3) by creating a new, non-original agreement.

4 Having concluded that the GPPDA is not an amendment to the original loan
5 agreement that is exempt from the requirements of NRS 604A.445(3), the question
6 becomes whether the GPPDA is in compliance with those requirements. Neither party
7 disputes that under the GPPDA, payments are still in installments and no balloon
8 payment is required. Therefore, whether the GPPDA is a lawful product depends on its
9 compliance with the second and third requirements as set forth in NRS 604A.445(3)(b)
10 and (c).

11 ***a. The GPPDA is an unlawful extension of the loan.***

12 NRS 604A.445(3)(c) prohibits a licensee from granting an extension to a title loan
13 with an original term of 210 days. NRS 604A.065(1) defines an extension as "any
14 extension or rollover of a loan beyond the date on which the loan is required to be paid
15 in full under the original terms of the loan agreement, regardless of the name given to
16 the extension or rollover." The definition of extension provides one critical exception:
17 "The term does not include a grace period." NRS 604A.065(2). A grace period is defined
18 as "any period of deferment offered gratuitously by a licensee to a customer if the
19 licensee complies with the provisions of NRS 604A.210." NRS 604A.070.³⁶ Licensees
20 offering grace periods are precluded from charging any fees for granting the grace period
21 and from charging any additional fees or additional interest on the outstanding loan
22

23 ³⁵ **NRS 604A.105 "Title loan" defined.**

24 1. "Title loan" means a loan made to a customer pursuant to a loan agreement which, under its
25 original terms:

26 (a) Charges an annual percentage rate of more than 35 percent; and

27 (b) Requires the customer to secure the loan by either:

28 (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; or

(2) Perfecting a security interest in the vehicle by having the name of the licensee or any agent,
affiliate or subsidiary of the licensee noted on the title as a lienholder.

2. The term does not include a loan which creates a purchase-money security interest in a vehicle
or the refinancing of any such loan.

³⁶ **NRS 604A.070 "Grace period" defined.** "Grace period" means any period of deferment offered
gratuitously by a licensee to a customer if the licensee complies with the provisions of NRS 604A.210.

1 during such a grace period. NRS 604A.210.³⁷ NRS 604A.210 and NRS 604A.270 are
2 the only provisions in Chapter 604A that address grace periods. The critical question is
3 what distinguishes a grace period from an extension, and does the GPPDA
4 impermissibly extend the loan or permissibly grant a grace period?

5 The GPPDA is an illegal extension of the loan in violation of NRS 604A.445(3)(c).
6 Under the GPPDA, customers receive an additional 210 days to pay off their title loan.
7 This arrangement explicitly satisfies the definition of an extension: the date on which the
8 loan is required to be paid in full is extended 210 days. The terms of the GPPDA do not
9 constitute a grace period because TitleMax does not offer the additional 210 days
10 gratuitously. Payments are due from customers every 30 days during the additional 210-
11 day period, and TitleMax derives a benefit in the form of being entitled to more interest
12 over the term of the loan under the GPPDA than it would be entitled to receive under the
13 Title Loan Agreement. Under the example set forth above, Customer Esguerra was
14 projected to pay \$1,648.78 more in interest under the terms of the GPPDA than he was
projected to pay under the Title Loan Agreement.

15 ***b. The GPPDA results in the charging of additional interest.***

16 The conclusion that the GPPDA is an unlawful extension of the loan rather than
17 a grace period renders null TitleMax's argument that it does not charge additional
18 interest during a grace period in violation of NRS 604A.210(2) because it collects all the
19 additional interest up front, during the first 210 days, rather than during the grace period,
20 or the last 210 days. Since the GPPDA does not constitute a true grace period,
21 TitleMax's imposition of seven interest-only payments is simply the impermissible
22 charging of additional interest in excess of the amount that can lawfully be charged.
23 TitleMax obtains the excess interest by ceasing to ratably and fully amortize the
24 installment payments, which is unlawful under NRS 604A.445(2).

25
26 ³⁷ **NRS 604A.210** Chapter does not prohibit licensee from offering customer grace period. The
27 provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the
28 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.

1 When directly comparing the payments a customer must make under the Title
2 Loan Agreement to the payments a customer must make under the GPPDA, it is
3 undisputed that TitleMax stands to earn more money in interest charges under the
4 GPPDA because it charges simple interest on the entire outstanding principal amount
5 for seven months³⁸ rather than charging interest on a steadily-reducing amount of
6 principal as under the Title Loan Agreement.³⁹

7 According to TitleMax, though it stands to earn a greater amount of money in
8 interest charges under the GPPDA than it did under the Title Loan Agreement, that does
9 not constitute the collection of "additional interest on the outstanding balance during the
10 grace period" in violation of NRS 604A.210(2) because it charges and collects all of the
11 interest on the outstanding principal during the first seven payments—which it contends
12 are not part of the grace period. However, if the first seven payments are not part of the
13 grace period added by amendment, then they must be terms from the original Title Loan
14 Agreement, in which case those payments must be ratably and fully amortized, and after
the customer signs the GPPDA, those payments are not fully and ratably amortized.

15 **C. Conclusions of Law Particular to the Issues Presented by the**
16 **Allowance of Co-Borrowers on Title Loans**

17 FID asserts that TitleMax violates NAC 604A.230 when it allows individuals who
18 are not legal owners of the vehicle that is the collateral for the title loan to become co-
19 borrowers on the loan. FID contends that by allowing non-legal owners to become
20 parties to title loans, TitleMax is effectively allowing guarantors on title loans, which is
21 expressly prohibited by NAC 604A.230. FID further argues that TitleMax's conduct is

22
23 ³⁸ The number and amount of payments that the customer has already made at the time the parties enter
24 into the GPPDA is highly relevant to this calculation. If the customer has made payments under the original
25 Title Loan Agreement, the principal amount owed will be lower than if the customer has not, and thus the
amount of interest charged against the outstanding principal during payments 1-7 will inevitably be lower
as well. Whether the customer ends up paying more money in interest charges under the GPPDA than he
or she would have under the original loan agreement is situation-specific to every loan agreement.

26 ³⁹ It is true that a customer may pre-pay on the loan under either the original Title Loan Agreement or the
27 GPPDA, which would result in the customer paying less interest over the life of the loan than if the
customer made each payment on the due date. It is also true that a customer may pay late under either
28 the original Title Loan Agreement or the GPPDA, which could result in the customer paying more in interest
under the original agreement or the GPPDA than if the customer made each payment on the due date.
And it is also true that a customer may pay late under the original Title Loan Agreement even if that
customer did not sign the GPPDA and that customer could end up paying more in interest than the
customer would have paid had the customer made payments on time under the GPPDA.

1 violative of NRS Chapter 604A.450 because TitleMax allows co-borrowers as a means
2 of circumventing the ability-to-repay requirements set forth in that section.

3 NRS 604A.105 provides the definition of a title loan. It specifies that a customer
4 may secure a title loan in one of two ways: by giving the licensee possession of the title
5 to a vehicle the customer legally owns, or by noting the licensee's name on the title as a
6 lienholder. Necessarily, the customer obtaining the title loan must be the legal owner of
7 the vehicle as reflected on the vehicle's title. However, nothing in the language of NRS
8 604A.105 precludes the inclusion of an additional, non-legal owner as a party to the title
9 loan. NRS 604A.105 requires that a vehicle's legal owner procure the loan, but it does
10 not say that the legal owner must be the only party to the loan. If a vehicle's legal owner
11 wishes to include a third party on his or her loan and that third party consents to his or
12 her inclusion, nothing in Chapter 604A precludes it.

13 FID argues that by allowing a non-legal owner to be a party to the loan, TitleMax
14 is effectively allowing a guarantor to the loan, and the use of guarantors is expressly
15 prohibited by NAC 604A.230. However, FID did not present any evidence that TitleMax
16 attempts to pursue or ever has pursued the non-legal owner in the event of a default by
17 the legal owner.⁴⁰ In fact, TitleMax has repeatedly acknowledged, in both its written
18 briefing and the testimony of its corporate representative, Ted Helgesen, that title loans
19 are non-recourse loans in which seizure of the vehicle used as collateral is the lender's
20 only remedy in the event of a default.⁴¹ FID also did not present any evidence that
21 TitleMax received payment from the non-legal owner in any instance. Since TitleMax
22 does not attempt to recover a debt from these non-legal owners, it is not treating them
23 as guarantors nor are they acting as guarantors. TitleMax's practice of allowing a non-
24 legal owner to be a party to the loan does not violate NAC 604A.230's prohibition on the
25 allowance of a guarantor.

26
27 ⁴⁰ The term "guaranty" is defined as "[a] promise to answer for the payment of some debt, or the
28 performance of some duty, in case of the failure of another who is liable in the first instance; a collateral
undertaking by one person to be answerable for the payment of some debt or performance of some duty
or contract for another person who stands first bound to pay or perform." Black's Law Dictionary (10th ed.
2014).

⁴¹ NRS 604A.455(2).