

2022 UPDATE TO:

“STILL WRONG: WRECKED BY DEBT / TITLE LENDING IN ARIZONA 2019”

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2022 UPDATE TO “STILL WRONG: WRECKED BY DEBT / TITLE LENDING IN ARIZONA 2019”

UPDATED USING AZ DIFI SALES FINANCE ROSTER FOR 2021/2022 LICENSE YEAR

Arizona law¹ permits car title lending at 120 to 204% APR for asset-based lending that traps vulnerable families in repeat borrowing and risks repossession of a key family asset or default judgments followed by garnishment of wages to collect. Lenders licensed as Sales Finance companies under the Secondary Motor Vehicle Finance Transaction provisions of Title 44, Chap. 2.1 make cash loans “secured” by the borrower’s vehicle at rates far higher than Arizona’s usury law permits for consumer lender loans.

This brief is an update to the 2019 CEI survey report² on the status of title lending in Arizona and describes the lax law and weak enforcement that has permitted payday loan lookalike “registration” loans to proliferate in Arizona despite the expiration of the payday loan law in 2010. The Brief concludes with recommendations for the Arizona Legislature and Congress.

FINDINGS

- The title loan industry is consolidating. The number of Arizona-licensed Sales Finance companies making car title loans after license renewals for 2021/2022 is 58 companies that hold 66 company licenses and have 425 licensed locations (company plus branch licenses), down from 476 licensed locations in 2019.
- Out-of-state companies control a growing share of licensed locations in Arizona. In 2022, 71 percent of licensed locations are owned by out-of-state companies compared to 59 percent in 2019.
- Former payday lenders are a growing share of the title loan market in 2022 with nine title lenders with 192 licensed locations, or 45 percent of all licensed locations, that were licensed as payday lenders in 2007. This is up from 37 percent in 2019.
- Sales Finance companies are exploiting the weak “Secondary Motor Vehicle Finance Transaction” law and lax enforcement by the Department of Insurance and Financial Institutions and the Office of Attorney General to make triple-digit-rate payday loan lookalike “registration” loans, purportedly “secured” by vehicles that consumers do not

¹ A.R.S. 44-281 “Secondary Motor Vehicle Finance Transaction” loans, in Motor Vehicle Time Sales Disclosure Act ([A.R.S. Title 44](#), Chap. 2.1)

² CEI, “Still Wrong: Wrecked by Debt/Title Lending in Arizona 2019,” August 2019 at <https://economicintegrity.org/wp-content/uploads/2019/08/2019-CEI-Brief-Update-Car-Title-Loan-Survey-8-4-19.pdf> Also, CFA/CEI, “Wrong Way: Wrecked by Debt – Auto Title Lending In Arizona,” January 26, 2016 at <https://consumerfed.org/reports/wrong-way-wrecked-by-debtauto-title-lending-in-arizona/>

own free and clear. In 2022, 23 companies with 343 licensed locations or 81 percent of licensed locations make “registration” loans. This is up from 75 percent of licensed locations making these loans in 2019.

INTRODUCTION

“Title loans” are cash loans secured by the borrower’s vehicle and are made by licensed Sales Finance companies in Arizona. High-cost title lending is available in less than half the states, due to specific authorizing laws, loopholes in state law, or the absence of state usury caps for consumer lending.³ Title loans are banned outright for active-duty servicemembers and their families under the federal Military Lending Act. In Arizona, title loans are authorized by A.R.S. 44-281, the “Secondary Motor Vehicle Finance Transaction” provision of the Motor Vehicle Time Sales Disclosure Act (A.R.S. Title 44, Chap. 2.1) and lenders are licensed by the Department of Insurance and Financial Institutions.

Title loans in Arizona are authorized to cost 120 up to 204 percent APR based on the size of the loan. Title lending under the law enacted in 2000 is a carve-out from Arizona’s Consumer Lender law usury limit and consumer protections. Triple-digit rate title loans did not “sunset” with payday loans in 2010 following the No vote on Prop 200 in 2008. During that transition, many payday lenders switched licenses to become title lenders to continue making high-cost loans. For loan cost examples, see Appendix A.

Title loans are asset-based lending which can trap borrowers in repeat borrowing to avoid losing their vehicles when they are unable to repay loans. According to data collected by the Consumer Financial Protection Bureau, one in five title loan borrowers eventually lose their vehicles to repossession.⁴ In addition to repossession, lenders file civil lawsuits to collect on defaulted loans. For information on the harm title loans can cause for borrowers, see CEI’s summary of research conducted by the Consumer Financial Protection Bureau.⁵

This 2022 Brief updates title loan industry statistics from the 2019 CEI report using Department of Insurance and Financial Institutions Sales Finance licensee information for the 2021/2022 license cycle, includes a new survey of the largest companies making “registration” loans, and updates policy recommendations for the Arizona legislature and Congress.

³ Consumer Federation of America, “Car Title Loan Regulation”, November 16, 2016 at https://consumerfed.org/wp-content/uploads/2017/01/11-16-16-Car-Title-Loan-Regulation_Chart.pdf
Two states, California and Ohio have since closed loopholes used to make CTLs.

⁴ CFPB, Press Release, “CFPB Finds One-in Five-Auto Title Loan Borrowers Have Vehicle Seized for Failing to Repay Debt,” May 18, 2016 at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-one-five-auto-title-loan-borrowers-have-vehicle-seized-failing-repay-debt/>

⁵ <https://nomoreloansharksaz.org/gallery/2019%20az%20factsheet%20car%20title%20loan%20harm%20and%20risks%20cfpb%20rule.pdf>

Title Loans Have a Large Impact on a Small Sector of the Public

Title loan use is concentrated in a small sector of the consumer credit market in Arizona. Less than two percent of households uses car title/registration loans in Arizona. In 2019, the FDIC found that 1.5 percent of Arizona households used auto title loans or 43,500 households. An additional 0.4 percent or 11,600 households reported using payday loans. Since “payday loans” are illegal in Arizona, it is likely that consumers who reported using this product got “registration” loans made by title lenders or took out illegal online payday loans. **The total number of Arizona households using title/payday loans in 2019 was 55,100, prior to the financial disruptions in 2020, according to the FDIC.**⁶

In a typical year, Arizona borrowers pay **\$254,924,519 in fees and interest** for car-title loans, according to research by the Center for Responsible Lending.⁷ The Arizona Department of Insurance and Financial Institutions does not require Sales Finance licensees to file annual reports and does not issue annual reports on licensee loan operations that would provide the public and policymakers with facts about the operation of title lenders in Arizona. Most of the title lenders that operate in Arizona are privately owned and do not report business operations.

Car title lender licensee information in this brief is based on a CEI analysis of the Department of Insurance and Financial Institutions’ Sales Finance licensee roster for 2021/2022 as of November 2021 obtained by public records request, updated by a company-by-company license search on February 23, 2022. The recent update was made necessary due to significant changes in ownership for a major lender. CEI attempted to identify title lenders since DIFI does not publish a separate list of Sales Finance licensees that make loans under the Secondary Motor Vehicle Finance Transaction provision of Arizona law.

Testimony from Pastor Randy Reynolds, Tucson, AZ

Watch a short video of Pastor Randy Reynolds’ testimony about the harm done to consumers in Tucson, AZ by high-interest car title loans, at: <https://vimeo.com/695066550/6bbob2d41f> or scan the adjacent QR code.



⁶ FDIC, “How America Banks: Household Use of Banking and Financial Services/2019 FDIC Survey,” October 2020, at <https://www.fdic.gov/analysis/household-survey/>

⁷ Center for Responsible Lending, “Payday and Car Title Lenders Drain Nearly \$8 Billion in Fees Every Year,” Updated April 2019 at www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-statebystate-fee-drain-apr2019.pdf

TRENDS IN TITLE LOAN MARKET IN ARIZONA SINCE 2019

TREND: CONTINUED CONSOLIDATION OF THE INDUSTRY

The number of companies and locations licensed to make title loans continues to shrink. Following the biennial license renewal for 2021/2022, **58 companies are licensed** to make cash loans under the Secondary Motor Vehicle Finance Transaction provision of Arizona's sales finance law. Those 58 companies hold 66 company licenses. This is down from 2019, when 73 companies held 80 unique licenses to make title loans. These companies had **425 licensed locations** (companies plus branches) as of February 2022, compared to 476 licensed locations in 2019.

LARGEST TITLE LENDERS IN ARIZONA BY NUMBER OF LICENSED LOCATIONS IN 2022

Rank	Name / DBA	AZ DIFI SF License #	Licensed Locations
#1	TitleMax of Arizona, Inc. TitleMax Online of Arizona, LLC	SF-0917582, SF-0920145, SF-1012621	81 (80 + 1)
#2	Buckeye Check Cashing of Arizona, Inc. <i>branches</i> Check into Cash and CheckSmart.	SF-0914026, SF-1029197	48
#3	Populus Financial Group, Inc. <i>branches</i> ACE Cash Express, Inc.	SF-0911038, SF-0911039	37
#4	Allied Cash Advance Arizona LLC	SF-0909493	30
#5	Fast Auto Loans, Inc.	SF-0904877	28
#6	Checkmate Express Corporation	SF-0910900	21
#7	Cash Time Title Loans, Inc.	SF-0903593	19
#8	AAA Auto Title Loans, LLC	SF-0907852	17
#9	LoanMax, LLC	SF-0908734	16
#10	A Speedy Cash Car Title Loans, LLC Todd Car Title, Inc.	SF-0904074, SF-0906262	15 (11 + 4)

#11	Tio Rico Te Ayuda of Arizona Inc.	SF-0946935	9
#12	Wheels Financial Group, LLC	SF-0910582, SF-0924928, SF-0924933, SF-0931438	9
#13	1 Stop Money Centers LLC	SF-0905387	8
#14	Arizona Auto Lenders, Inc.	SF-0904650	8
#15	Presto Loan Centers, LLC	SF-1000814	7
#16	Southwest Title Loans, Inc.	SF-0950286	7
#17	Auto Title Loans And More, LLC	SF-0910837	6
#18	Pegar Investments LLC	SF-0930497	6
#19	Auto Title Loans USA, LLC	SF-0923997	5
#20	Arizona Smart Cash, Inc.	SF-0908728	4
#21	Rapido Express Tax Service Corporation	SF-0920196	3
other companies with 1 or 2 Licensed Locations =			41
Total Number of Licensed Locations =			425

Source: CEI analysis of AZ DIFI Sales Finance Licensee list November 2021 for licenses valid until June 30, 2022, updated with DIFI Sales Finance company license online search 2/23/22.

A major consolidation of two large lenders was finalized in early 2022 when Check Into Cash of Arizona, Inc. surrendered its company and branch licenses after being acquired by Community Choice Financial (CCF) which is licensed as Buckeye Check Cashing of Arizona Inc. In 2019 Check Into Cash of Arizona, Inc. was the fifth largest title lender with 24 licensed locations while Buckeye Check Cashing d/b/a CheckSmart ranked third with 28 licensed locations. As of 2022, Buckeye Check Cashing of Arizona, Inc. is now the second largest title lender in Arizona with 48 licensed locations branded as CheckSmart or Check Into Cash.⁸ The acquisition of Check into Cash branches gives CCF a statewide store network.

For license cycle 2021/2022, nine small title lenders did not renew licenses or surrendered their licenses. Only one new online title lender was identified from the Sales Finance licensee roster.

⁸ DIFI Sales Finance Company license online look-up as of February 23, 2022.

TREND: GROWING SHARE OF THE MARKET HELD BY OUT-OF-STATE LENDERS

A growing majority of Arizona-licensed locations (71 percent in 2022 compared to 59 percent in 2019) is made up of out-of-state companies that have stores here and/or make loans online to Arizona borrowers. These include the *largest title lenders* in the country, such as TMX Finance’s TitleMax stores and website (#1 in the chart above); Community Choice Financial’s CheckSmart and Check Into Cash outlets (#2); Select Management Resources’ LoanMax, LLC (#9); California’s largest title loan chain Wheels Financial Group/800LoanMart (#12); and Community Loans of America’s Fast Auto Loans, Inc. (#5), Simple Fast Loans, and Southwest Title Loans, Inc. (#16).

2022 AZDFI-LICENSED TITLE LENDERS HEADQUARTERED OUTSIDE ARIZONA

Licensee and Parent Company	AZDFI License # and Parent Company Address	Headquarters	No. of Locations
TitleMax of Arizona, Inc. TitleMax Online of Arizona, LLC TMX Finance LLC	SF-0917582, SF-0920145, SF-1012621 15 Bull Street, Ste 200, Savannah, GA 31401	Georgia	81
Buckeye Check Cashing of Arizona, Inc. <i>branches</i> Check Into Cash and CheckSmart Community Choice Financial Inc. / CCF Holdings LLC	SF-0914026, SF-1029197 5165 Emerald Parkway, Suite 100, Dublin, OH 43017	Ohio	48
Populus Financial Group <i>branches</i> Ace Cash Express, Inc.	SF-0911038, SF-0911039 300 E John Carpenter Fwy, Ste 900, Irving, TX 75062	Texas	37
Fast Auto Loans, Inc.	SF-0904877	Georgia	28
Simple Fast Loans	SF-1001084	Georgia	1
Southwest Title Loans, Inc. Community Loans of America	SF-0950286 8601 Dunwoody Pl, Ste 406, Atlanta, GA 30350-2550	Georgia	7
Allied Cash Advance Arizona LLC	SF-0909493	Ohio	30

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CNG Holdings, Inc., owns Axxess Financial Services with brands Check 'N Go and Allied Cash Advance	7755 Montgomery Rd., Suite 400, Cincinnati, OH 45236		
Checkmate Express Corporation	SF-0910900	California	21
Pacific Rim Alliance Corporation	5800 Armada Drive, #240, Carlsbad, CA 92008		
LoanMax, LLC	SF-0908734	Georgia	16
Select Management Resources, LLC	3440 Preston Ridge Rd, Ste 500, Alpharetta, GA 30005-3823		
A Speedy Cash Title Loans	SF-0904074	Kansas	11
Todd Car Title, Inc.	SF-0906262	Kansas	4
CURO Group Holdings Corp	3527 N Ridge Rd, Wichita, KS 67205-1212		
Wheels Financial Group, LLC	SF-0910582, SF-0924928, SF-0924933, SF-0931438	California	9
	15400 Sherman Way, Suite 170, Van Nuys, CA 91406		
USA Cash Services of Arizona Inc.	SF-0918028	Utah	2
	1752 Combe Road, Ste 1, Ogden, UT 84403		
Kathleen Marie Mason	SF-0912627	Nevada	1
AdvanceCash	7780 La Cienega St, Las Vegas, NV 89123-1708		
Approved Financial, Inc.	SF-0942994	Florida	1
	175 SW 7th St Suite 1900, Miami, FL 33130-2992		
CCR Investment Group, Inc.	SF-1002004	California	1
	3710 Artesia Ave Unit B, Fullerton, CA 92833-2542		
MLJD, LLC	SF-0910631	Delaware	1
Auto Equity Loans of DE, LLC	105 Foulk Rd, Wilmington, DE 19803		
Moo Loans	SF-0922904	California	1
	6631 Lankershim Blvd, North Hollywood, CA 91606		
Westlake Services, LLC	SF-0917316	California	1
	4751 Wilshire Blvd, Ste 100, Los Angeles, CA 90010		
Wilshire Commercial Capital LLC	SF-0911158	California	1
	4751 Wilshire Blvd, Los Angeles, CA 90010		
TOTAL NUMBER OF LOCATIONS =			302

TREND: FORMER PAYDAY LENDERS MAKING TITLE LOANS HOLD A GROWING SHARE OF THE MARKET IN 2022 COMPARED TO 2019

The primary tactic used by payday lenders to continue operations after the payday loan law sunset in 2010 was to become licensed as title loan lenders. In 2022, **nine title lenders** with 192 licensed locations (**45 percent** of total licensed locations) were licensed as payday lenders in 2007. This is a reduction of one company due to the acquisition of Check Into Cash of Arizona, Inc. by Buckeye Check Cashing of Arizona. Both companies operated as payday lenders in Arizona prior to sunset of the law in 2010.

FORMER PAYDAY LENDERS STILL LICENSED TO MAKE TITLE LOANS IN 2022

Payday Loan Licensee (2007)	Title Loan Licensee (2020)	# Title Loan Locations
Buckeye Check Cashing II, Inc. #1, Buckeye Checking Cashing of Arizona, Inc. #1 Check Into Cash of Arizona, Inc.	Buckeye Check Cashing of Arizona, Inc. <i>branches</i> Check Into Cash and CheckSmart	48
ACE Cash Express, Inc.	Populus Financial Group, Inc. <i>branches</i> ACE Cash Express, Inc.	37
Allied Cash Advance Arizona LLC	Allied Cash Advance Arizona LLC	30
Fast Payday Loans, Inc.	Fast Auto Loans, Inc.	28
LMSA Financial Corporation Arizona d/b/a Checkmate Payday Loans	Checkmate Express Corporation	21
Galt Ventures d/b/a Speedy Cash, Todd Financial Inc.	A Speedy Cash Car Title Loans, LLC, Todd Car Title, Inc.	15
1 Stop Check Cashing, Payday & Title Loans, LLC	1 Stop Money Centers LLC	8
Arizona Smart Cash Inc.	Arizona Smart Cash, Inc.	4
Kathleen Mason d/b/a Advance Cash	Kathleen Marie Mason	1
	Total =	192

TREND: TITLE LENDERS EXPAND PAYDAY LOAN LOOKALIKE “REGISTRATION” LOANS TO EVADE ARIZONA USURY LAW

Most licensed lenders make traditional title loans. In 2022, **55 companies with 393** licensed locations made loans secured by a clear title to the borrower’s vehicle, the typical title-lending product. Title loan borrowers are usually not required to show an active bank account to obtain loans, since title loans are based on the value of the borrower’s vehicle.

Due to weak laws and lax enforcement, Arizona permits licensed sales finance lenders to charge title loan rates to consumers who do **not** hold a clear title to the vehicle used to “secure” the loan.⁹ Lenders call these products “registration” or “personal” loans and lend to borrowers who have a vehicle registration but not a clear title.

A growing sector of licensed lenders use the title loan law to make loans to borrowers who do not own the vehicles that presumably “secure” the loans. In 2022, **23 companies with 343** licensed locations or **81 percent** of the total, made payday loan lookalike “registration” loans. By comparison, in 2019, 25 licensed lenders with 359 licensed locations or **75 percent** made “registration” loans. In 2016 just 20 companies with almost 50 percent of locations made these loans.

Three Arizona licensees with 32 licensed locations **only** make “registration” loans that do not require a clear title to secure the loan. These companies are Allied Cash Advance Arizona LLC, Simple Fast Loans, Inc., and Kathleen Marie Mason d/b/a Advance Cash.

“Registration” loans are strikingly like the payday loans rejected by Arizona voters in 2008. Arizona licensee Tradition Media Group states “...registration loans and payday loans are extremely similar. Payday loans are not allowed in the state of Arizona, so registration loans exist as kind of a loophole.”¹⁰ California’s LoanMart explains: “What makes registration loans and payday loans so similar? The short terms and the high interest rates. Just like payday loans, registration loans are notorious for tacking on high interest rates to extremely short loan terms.”¹¹

Key Features of Both Title- and Registration-loans as Debt-traps

Triple-digit rates: Arizona lenders making “registration” loans charge triple-digit rates that are higher for a one-month loan than would have been authorized by Prop 200 in 2008 which voters rejected. Arizona law permits lenders to charge \$17 per \$100 per month (204% APR) for

⁹ See “Primer on Title Loans” page 5-6 in 2019 CEI Report for discussion of “registration” loans. <https://economicintegrity.org/wp-content/uploads/2019/08/2019-CEI-Brief-Update-Car-Title-Loan-Survey-8-4-19.pdf>

¹⁰ <https://www.maxcashtitleloans.com/multiple-registration-loans-arizona/> viewed 1/14/22.

¹¹ <https://www.800loanmart.com/title-loan-resources/registration-loan-vs-payday-loan/> viewed 2/21/22.

title loans up to \$500, while Prop 200 would have capped rates at \$15 per \$100 (180% APR) for one-month payday loans.

Small dollar loans: The minimum loan size for “registration” loans offered by the largest lenders in 2022 is well within the payday loan size of up to \$500. Checkmate Express loans start at \$50. Buckeye’s Check Into Cash loans start at \$100 as do Populus Financial Group ACE Cash Express and Tio Rico Te Ayuda. Cash Time Title Loans start at \$200 for “registration” loans.

Payments due on pay dates/single payment loans: Three of the largest “registration” loan lenders require payment in full in a single one-month payment (Check Into Cash, ACE Cash Express, and Checkmate Express). Borrowers are permitted to pay just the finance charge and to renew loans indefinitely, creating de facto balloon payment loan structures. Some lenders offer installment terms that require payment on the borrower’s pay date, whether bi-weekly, semi-monthly, or monthly. These lenders include Allied Cash Advance Arizona, Fast Auto Loans, Cash Time Title Loans, AAA Auto Title Loans/Cash1, A Speedy Cash Car Title Loans, and Tio Rico Te Ayuda. Cash Time discloses information on bi-weekly payment schedules for “Personal” loans of \$200 to \$4,000, repaid over 12 to 51 bi-weekly installments. For example, a \$2000 loan repaid in 38 bi-weekly installments totals \$5,814.97.¹²

Bank Accounts required/secure loans: Borrowers are typically required to have a bank account and provide a voided check, a debit card, ACH authorization to withdraw payments from a bank account, or sign contracts that permit the lender to create demand drafts to withdraw payment. In 2022, all the largest lenders offering “registration” loans listed a bank statement, account information, preprinted check, debit card, or bank account routing numbers as a loan requirement. A few licensees appear to require electronic payment from bank accounts.

Populus’s ACE Cash Express delivers loan proceeds in cash at outlets in Arizona and requires borrowers to repay the loan in person with cash; however, borrowers are required to provide a preprinted check or debit card to obtain the loan from ACE. Store personnel explain that ACE uses the account information to withdraw payment from borrowers’ bank accounts if they fail to return to the store to make a cash payment on the due date.

Some large lenders in Arizona verbally tell borrowers that loans must be repaid electronically from their bank accounts. Without current loan contracts to analyze, CEI cannot confirm that lenders require electronic payments as a condition of receiving credit. However, due to claims by store personnel, it appears that some lenders condition the extension of “registration” loans on a borrower’s agreement to withdraw payments from deposit accounts or enable lenders to create demand drafts (unsigned paper checks) to withdraw payments if the borrower fails to make an in-person payment.

¹² Cash Time, “Arizona-Title Loans”, linked from <https://cashtime.com/faq>, viewed 2/22/22.

Unilateral withdrawals from borrowers’ bank accounts can trigger insufficient funds fees when payments are unexpected. A Mesa borrower filed a complaint¹³ with the Better Business Bureau regarding a Checkmate Express loan from the Mesa, Arizona store:

Registered Complaint

09/30/2021

“I’ve been dealing with medical issues and trying to keep up with payments. **** has been very rude and condescending to me and insulting. He then submitted two checks both for \$558.48 without my consent and causing 6 overdraft fees each fee of \$34.00. Now I’m unable to get my medication that I need and caused my account to be over drafted making me not being able to pay my mortgage payment or car note, Then I get a text message saying I’m still in collections and the online website shows a balance due for \$2103.04 with \$723.15 still being due. This is not accurate and needs to be corrected.”

REGISTRATION LOAN TERMS LARGEST LENDERS

Licensee	Min/Max Loan	Min/Max Term	Cost	Schedule	Access to Bank a/c
TitleMax of Arizona, Inc.	Up to \$2,500		No info on website	Installments	Bank statement
Buckeye Check Cashing of Arizona / CheckSmart	\$150 - \$5,000	Up to 36 months	No info on website	Installments	Bank a/c information
Buckeye Check Cashing of Arizona / Check Into Cash	\$100 - \$1,500	1 month	204% APR for \$500 loan, FC \$83.83	Single payment	Acct. #, routing #
Populus Financial Group / ACE Cash Express	\$100 - \$1,500	1 month	No info on website	Pay in store with cash	Preprinted check or debit card

¹³ [Checkmate | Better Business Bureau® Profile \(bbb.org\)](https://www.bbb.org/us/az/mesa/pr/ofile/check-cashing-services/checkmate-1126-27002976/complaints) viewed 2/28/22. Page cached at: <https://webcache.googleusercontent.com/search?q=cache:XhQCtVzxZ78J:https://www.bbb.org/us/az/mesa/pr/ofile/check-cashing-services/checkmate-1126-27002976/complaints> viewed 3/7/2022

Allied Cash Advance Arizona	\$250 - \$5,000	6 - 24 months	No info on website	Installments, monthly or bi-weekly, on pay dates	Acct. #, routing #
Fast Auto Loans, Inc. ¹⁴	Up to \$900	6, 12, 18 months	Up to 206% APR or 17% a month	Installment, due on pay date	Active checking a/c. Require ACH payment
Checkmate Express Corporation ¹⁵	\$50 - \$2,500	Single payment, can renew indefinitely	Up to 204% APR	Due in full on next payday. Can renew by paying finance charge.	Proof of bank a/c.
Cash Time Title Loans, Inc.	\$200 - \$5,000	Up to 12 months	120% - 204%	Installments, bi-weekly, semi-monthly, monthly	Checking a/c, or debit card
AAA Auto Title Loans / Cash1	\$500 - \$5,000	3 - 36 months	120% - 204% APR	Installment, bi-weekly	Proof of bank a/c. or direct deposit card
A Speedy Cash Car Title Loans, LLC / Todd Car Title, Inc.	Up to \$5,000	Up to 18 months, 39 bi-weekly	Up to 204% APR	Installments, bi-weekly or monthly	Bank a/c info.
Tio Rico Te Ayuda of Arizona Inc.	\$100 - \$1,000	6 - 9 months	120% - 204% APR	Bi-weekly or semi-monthly installments	Bank a/c, debit card
1 Stop Money Centers LLC	Up to \$5,000	12 - 36 months	120% - 204% APR	Monthly installments	Bank a/c, routing #, debit card

¹⁴ Phone call to Prescott, AZ Fast auto Loans store, 2/28/22 for information not on website.

¹⁵ Call to Checkmate Express customer service line for Arizona loans, 2/28/22. No loan term information on website.

TREND: MORE STATES CURB HIGH-COST TITLE LENDING WHILE THE ARIZONA LEGISLATURE REFUSES TO CONSIDER BILLS TO CAP RATES

Arizona voters rejected triple-digit interest rate consumer lending when they voted NO on the payday loan industry’s Prop 200 in 2008 by a margin of 60 to 40 percent.¹⁶ As a result, the Arizona law authorizing single payment “deferred presentment” payday loans at over 450 percent APR sunset on June 30, 2010. Payday loans became subject to the same rate cap as all other lenders under the Consumer Lender Act, a 36% rate cap for loans up to \$3,000 and 24% for loan amounts over \$3,000 up to \$10,000 plus a 5 percent administrative fee up to \$150.¹⁷ *Since title loans were authorized under a separate law, triple-digit rates for those loans continue.*

Recent polling shows strong support for fair interest rate caps in Arizona is even higher than the No on Prop 200 vote. Arizona voters support a 36% interest cap on payday lenders by 70%, with a majority strongly supporting the 36% rate cap. Of those in a national poll that opposed the 36% rate cap, 61% thought the rate should be **lower** than 36%.¹⁸

Other States are Enacting Reforms

Since Arizona voted No on triple-digit rates for payday loans in 2008, voters in Montana, Colorado, South Dakota, and Nebraska have voted to cap small loan rates at 36% APR. The Nebraska Initiative 425 on the 2020 ballot won by an 82.8 percent “Yes” to 17.2 percent “No” vote on lowering the cost of payday loans. Ohio’s legislature closed the “credit services business” loophole exploited by title lenders in 2019.

In 2020, a California law took effect which caps rates at 36% plus the Federal Funds Rate for loans more than \$2,500 up to \$10,000, leading to a sharp reduction in triple-digit rate title lending in California. In the last year for no rate cap on loans over \$2,500, California regulators reported that 71% of auto title loans from \$2,500 to \$4,999 had APRs of 100% or higher.¹⁹ The annual report for 2020 after the law took effect showed that only 4 percent of title loans of \$2,500 to \$4,999 were made at rates over 39.99% APR and 0.37 percent of loans were made at

¹⁶ CEI Brief, “Arizona Voters Said NO to Predatory Payday Lending, January 2022, <https://nomoreloansharksaz.org/gallery/2022%20AZ%20Factsheet%20Brief%201%20Prop%20200.pdf>

¹⁷ AZDFI Regulatory and Consumer Alert, CL/CO-16-01, updated from CL/CO-13-01, June 9, 2016 at https://dfi.az.gov/sites/default/files/FE-AD-PO-Regulatory_and_Consumer_Alert_CL_CO_06%2009-16-2016.pdf

¹⁸ CEI/CRL Brief, “Arizona Voters Overwhelmingly Support 36% Rate Cap,” 2020 at <https://nomoreloansharksaz.org/gallery/2020-02-26%20crl%20cei%20az%20polling%20on%20rate%20cap.pdf>

¹⁹ CA Department of Business Oversight, “Annual Report of Operation of Finance Lenders, Brokers, and PACE Program Administrators Licensed under the California financing Law,” 2019, p.22 at <https://dfpi.ca.gov/wp-content/uploads/sites/337/2020/09/2019-CFL-Aggregated-CFL-Annual-Report.pdf>

100% or more APRs.²⁰ California also took action to stop its largest title loan company from evading the new rate cap by attempting to use a “rent-a-bank” arrangement with a Utah bank to charge rates higher than 36% plus the Federal Funds Rate. The California Department of Financial Protection and Innovation entered into a consent order with Wheels Financial Group, Inc. d/b/a LoanMart to prohibit high-rate lending for a twenty-one-month period.²¹

TitleMax, which had 64 branches in California, informed the Department of Business Oversight that it would stop making new loans in California on January 1, 2020 when the 36% rate cap on loans up to \$10,000 took effect.²²

In early 2021, the Illinois legislature enacted SB 1792, the Predatory Lending Prevention Act, which prohibits lenders from charging more than 36% APR on consumer loans including payday and title loans which cost up to 297% in Illinois. The law sets an inclusive rate cap as defined by the Military Lending Act to include fees and ancillary products.

The 2022 New Mexico legislature enacted HB 132 to cap rates on small loans at 36% with a 5% fee permitted for loans of \$500 or less.²³ NM small loans can currently cost 175%. The Governor issued a statement when she signed the bill into law: “As we continue to grow our economy and create quality jobs for New Mexicans across the state, protecting New Mexico consumers remains critically important... After many years of effort by advocates and legislators, I am glad to finally sign this legislation into law and deliver common-sense protections to vulnerable New Mexicans in rural and urban communities statewide.”²⁴ New Mexico’s rate cap takes effect January 1, 2023.

²⁰ CA DFPI, “Annual Report of Finance Lenders, Brokers, and PACE Administrations Licensed Under the California Financing Law,” 2020, as of January 2022, p. 23 at

<https://dfpi.ca.gov/wp-content/uploads/sites/337/2021/10/2020-CFL-Aggregated-Annual-Report.pdf>

²¹ CA DFPI, Press Release, “DFPI Reaches Agreement to End High-Interest Rate Loans Marketed by LoanMart for 21 months,” December 14, 2021 at

<https://dfpi.ca.gov/2021/12/14/dfpi-reaches-agreement-to-end-high-interest-rate-loans-marketed-by-loanmart-for-21-months/>

²² Press Release, CA Department of Business Oversight, “DBO Continues Crackdown on Illegal Loans in Settlement with Auto Title Lender TitleMax of California, Inc.,” December 16, 2019 at:

<https://dfpi.ca.gov/2019/12/16/dbo-continues-crackdown-on-illegal-loans-in-settlement-with-auto-title-lender-titlemax-of-california-inc/>

²³ HB 132 “Interest Rates for Certain Loans”, New Mexico Legislature at:

<https://www.nmlegis.gov/Legislation/Legislation?chamber=H&legType=B&legNo=132&year=22>

See also “Governor applauds final passage of legislation reforming predatory loan practices”, Office of the Governor - Michelle Lujan Grisham, February 16, 2022 at:

<https://www.governor.state.nm.us/2022/02/16/governor-applauds-final-passage-of-legislation-reforming-predatory-loan-practices/>

²⁴ New Mexico Office of Governor, Press Release, “Governor Caps Interest Rates on Storefront Loans,” March 1, 2022 at

<https://www.governor.state.nm.us/2022/03/01/governor-caps-interest-rates-on-storefront-loans/>

Proposed legislation to rein in abusive title lending in Arizona has not gotten a hearing in any committee since voters rejected the payday lending ballot proposition 200 in 2008.

Bills Filed in 2022

HB 2216 (Butler) would require a clear title for vehicles used to secure a Secondary Motor Vehicle Finance Transaction (car title loan) loan. The bill also caps rates at 36% including fees and ancillary products sold with credit.

HB 2210 (Butler) would empower Arizona regulators to enforce the federal Military Lending Act and require examination of lenders at least once every five years for compliance with the MLA. This authority would prevent car title loans from being made to covered military personnel and prevent lending at rates higher than 36% including fees and ancillary products.

HB 2813 (Liguori) would require a clear title to vehicles used to secure title loans, thereby preventing payday loan lookalike “registration” loans from evading the 36% rate cap of the Consumer Lender law.

None of these bills were scheduled to be heard in committee during the 2022 session.

POLICY RECOMMENDATIONS FOR 2022

THE ARIZONA LEGISLATURE SHOULD CLOSE THE TITLE LOAN CARVE-OUT FROM ARIZONA’S USURY LAW

The Arizona legislature has held the line on approving new forms of usury since before the Prop 200 vote in 2008 to sunset payday lending. Over more than a decade, bills to restore payday loans or to authorize new forms of high-cost lending have failed. To deliver on the reforms voters overwhelmingly support, the Arizona legislature should close the title loan loophole to Arizona’s usury law. Lawmakers can either **repeal** the Secondary Motor Vehicle Finance Transaction provisions of the law, placing these lenders by default under the Consumer Lender law with its 36% rate cap and loan term protections; **reform** Title 44, Chap. 2.1 title loan provisions to cap rates and protect borrowers; or **replace** the current law by enacting a new title loan law that mirrors the consumer protections of the proposed Arizona Fair Lending Act initiative.²⁵

Repealing the Title 44, Chap. 2.1 carve-out from usury law is the simplest solution. Licensed Consumer Lenders already make cash loans secured by borrowers’ vehicles. The most recent DIFI “Consumer Loan Standard Rate of Charge Report” as of 12/31/2021 lists thirteen licensees that quote rates of 36% or less for a \$2500 consumer loan secured by a motor vehicle payable in thirty-six equal monthly installments.²⁶

Requiring licensed title lenders to comply with the Consumer Lender law would not require all licensees to change licenses. In the 2021/2022 licensing cycle, Buckeye Check Cashing of Arizona’s Check Into Cash outlets are licensed as both Sales Finance companies and as Consumer Lenders but do not currently offer lower cost consumer lender loans.²⁷ A few small title loan licensees are also licensed as Consumer Lenders.

²⁵ The Arizona Fair Lending Act, Initiative Petition # I-14-2020, at <https://apps.azsos.gov/election/2020/general/ballotmeasuretext/I-14-2020.pdf>

²⁶ DIFI, “Consumer Loan Standard Rate of Chart Report, Quarterly Report As Of 12/31/2021” at: <https://difi.az.gov/sites/default/files/12.31.21%20Consumer%20Loan%20Standard%20Rate%20of%20Charge%20Report%20WITH%20EXCEL.pdf>

²⁷ Business search on Department of Insurance and Financial Institutions Licensee Lookup function for Consumer Lender and Sales Finance licenses held by Buckeye Check Cashing of Arizona, at https://elicense.az.gov/ARDC_LicenseSearch

COMPARISON OF ARIZONA TITLE LOAN LAW AND ARIZONA CONSUMER LENDER LAW

COMPARISON OF PROTECTIONS FOR CONSUMERS

Key Law Terms	Consumer Lenders	Car Title Lenders
Maximum Loan Amount	\$10,000 DIFI / \$15,000 RSP	No limit
Maximum Interest Rate (APR)	36% on first \$3,000 24% on remainder	204% on \$500 180% to \$2,500 156% to \$5,000 120% over \$5,000
Fees	5% origination fee up to \$150 maximum	5% late pay fee
Maximum Loan Term	24 months + 15 days for \$1,000 60 months + 15 days (tiered) for up to \$6,000 Any agreed term for >\$6,000	No term limits
APR Example	2-year \$2,000 loan at 41% APR	1 month \$2,000 loan at 180% APR
Payment Schedule	Equal installments, no balloon payment terms	No protections, balloon payments permitted
Referral Fees	Prohibited	No protections
Prepayment Penalties	Prepayment allowed at any time. Prepaid finance charges prohibited	No protections

Recommendation: The Arizona legislature should repeal the Secondary Motor Vehicle Finance Transaction provisions of Title 44, Chap. 2.1, placing all nonbank cash lenders under the Consumer Lender law which caps rates at 36% interest for secured and unsecured loans for both closed-end installment and open-end lines of credit. We believe this is what voters intended when they rejected the payday loan carve-out from Arizona’s Consumer Lender law usury protections in 2008. This would also simplify licensing and supervision for the Department of Insurance and Financial Institutions by removing one Sales Finance licensee

category and consolidating examination of all cash lenders into one licensing category subject to the same set of requirements. Such a repeal would also remove high-cost title lenders from the Arizona Regulatory Sandbox Program.

Absent outright repeal of the title loan law, other methods of providing equivalent protections would be to amend the current Secondary Motor Vehicle Finance Transaction provisions or to replace it with a set of protections and requirements that mirror the proposed Fair Credit ballot initiative.

A Reform Agenda Should Include These Protections

Cap Title Loan Rates at Arizona’s Usury Limit using the Military Lending Act definition

The Arizona legislature should cap vehicle-secured small loans at 36% annual rates including fees, ancillary products and other charges associated with the loan. Arizona voters prefer a loan rate cap that includes fees on loans for all consumers by an 88 percent super-majority.²⁸ The Military Lending Act definition includes not only interest, but fees and ancillary services sold with credit. This is the rate cap recently enacted by the Illinois and New Mexico legislatures for consumer loans, including payday and title loans. This 36% rate cap leads to fair competition between title lenders and Consumer Lenders already subject to a 36-percent rate cap.²⁹

Capping rates for secured loans at a relatively high 36% permits lending to borrowers with less than perfect credit while providing lenders with a financial incentive to determine borrower ability-to-repay before making loans. This is the rate cap used in many states’ small loan laws.³⁰

Stop Title Loans from Trapping Borrowers in Never-Ending Debt

Loans secured by the borrower’s vehicle should be repaid in equal installments over a reasonable time-period to enable borrowers to successfully repay loans on a predictable schedule. Interest-only payments for short-term loans that can be renewed indefinitely and balloon payment contracts that trap borrowers in long-term perpetual debt should be prohibited for title loans as they already are for Consumer Lender loans.

²⁸ CEI/CRL Brief, “Arizona Voters Overwhelmingly Support 36% Rate Cap,” 2020 at <https://nomoreloansharksaz.org/gallery/2020-02-26%20crl%20cei%20az%20polling%20on%20rate%20cap.pdf>

²⁹ CEI Fact Sheet, “Title Lenders and Consumer Lenders Should Play by the Same Rules in AZ,” January 2022 at <https://nomoreloansharksaz.org/gallery/2020%20AZ%20Factsheet%20Car%20Title%20Lenders%20cf%20Consumer%20Lenders.pdf>

³⁰ National Consumer Law Center, “Why 36% The History, Use, and Purpose of the 36% Interest Rate Cap,” April 2013 at <http://www.nclc.org/images/pdf/pr-reports/why36pct.pdf>

Close the “Registration” Loan Loophole Used by Title Lenders to Make Payday Loans

Lenders are using the title loan law to make payday-type loans at high rates. Borrowers should only be able to secure title loans with **clear titles** to their vehicles. Currently Arizona permits loans to be “secured” by vehicles for which borrowers do not hold the title and for which lenders cannot obtain a first lien. Lenders should be required to file a lien on titles used to secure loans so that only one loan per vehicle can be obtained. A lien provides a public record that can warn other lenders whether the vehicle being offered to secure a loan is encumbered. Unsecured and secured small loans are made under the protections and usury cap of the Arizona Consumer Lender law.

CONGRESS SHOULD ENACT THE VETERANS AND CONSUMERS FAIR CREDIT ACT TO PROTECT ARIZONA FAMILIES FROM USURY

The Veterans and Consumers Fair Credit Act, S. 2508 and H.R. 5974, expands the protections provided to active-duty service members through the federal Military Lending Act to veterans and all consumers. These companion bills cap interest at 36% APR and prevent hidden fees and loopholes that could drive up the cost of credit. States can have stronger consumer protections, such as Arizona’s Consumer Lender law cap of 24% on loan amounts over \$3,000. *As of March 2022, no member of the Arizona Congressional delegation had signed on to co-sponsor this legislation.*

Recommendation: Congress should enact the Veterans and Consumers Fair Lending Act to extend the 36% interest rate cap in the Military Lending Act to veterans and all consumers to prevent high-interest loans. Arizona’s Congressional delegation should reflect wide-spread support from their constituents for a 36% inclusive rate cap on consumer credit.

THE CONSUMER FINANCIAL PROTECTION BUREAU SHOULD INVESTIGATE ARIZONA TITLE LENDERS FOR COMPLIANCE WITH THE ELECTRONIC FUND TRANSFER ACT (EFTA)

Lenders are prohibited by federal law from conditioning the extension of credit on a requirement for electronic payments from the borrower’s bank account. Section 9131(1) of EFTA, 15 U.S.C. § 1693k(1) states that no person may condition the extension of credit to a consumer on repayment by means of preauthorized electronic fund transfers. Regulation E which implements EFTA provides that “(n)o financial institution or other person may condition an extension of credit to a consumer on the consumer’s repayment by preauthorized electronic fund transfers, except for credit extended under an overdraft credit plan or extended to maintain a specified minimum balance in the consumer’s account.” This prohibition applies to periodic payment credit. It appears that Arizona’s title lenders in some instances are

attempting to extend the payday loan single payment product “secured” by direct access to the borrower’s bank account to the installment payment “registration” loan product.

CFPB is the only federal agency with authority to examine payday loan companies. Given the close similarity of payday loans and “registration” loans, CFPB should examine all lenders offering “registration” loans in Arizona for compliance with the Electronic Fund Transfer Act. In addition, the Federal Trade Commission should bring enforcement actions against any Arizona registration loan lenders using telemarketing who include authorization to create demand drafts to collect payment from consumers’ bank accounts. The Federal Trade Commission’s Telemarketing Sales Rule prohibits telemarketers from using remotely created checks (demand drafts) as payment for goods or services.

The Federal Trade Commission settled an enforcement action against online lender Avant for requiring payment via electronic withdrawals in violation of the federal Electronic Fund Transfer Act and the Telemarketing Sales Rule.³¹ The Consumer Financial Protection Bureau and DIFI should examine licensed lenders in Arizona to ensure that EFTA is not being violated.

³¹ Federal Trade Commission, Stipulated Order for Permanent Injunction and Monetary Settlement, FTC v. Avant, LLC, 1/4/19, page 5-6, at: https://www.ftc.gov/system/files/documents/cases/162_3090_avant_llc_proposed_stipulated_order_4-15-19.pdf

APPENDIX A

CAR TITLE LOAN COST EXAMPLES

TRUTH IN LENDING (TILA) DISCLOSURES FROM BORROWER'S CONTRACTS

Arizona's Secondary Motor Vehicle Finance Transaction (title loan) law caps monthly rates based on the size of the loan as shown below with the resulting required annual rate calculation (monthly rate x 12). The federal Truth in Lending Act requires disclosure of an Annual Percentage Rate (APR) which is disclosed on sample contracts below. The law places no limit on the amount of the loan or the term of the loan.

Bracket	Loan size	Monthly rate cap	Annual rate cap
Bracket 1	Up to \$500	17%	204%
Bracket 2	\$2,500	15%	180%
Bracket 3	\$5,000	13%	156%
Bracket 4	Over \$5,000	10%	120%

Bracket 1 examples: Maximum 204% on loan of \$500

TRUTH IN LENDING ACT DISCLOSURE STATEMENT			
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 203.45 %	FINANCE CHARGE The dollar amount the credit will cost you. \$297.64	Amount Financed The amount of credit provided to you or on your behalf. \$500.00	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$797.64
PAYMENT SCHEDULE			
Number of Payments	Payment Amount	When Payments are Due (the "Due Dates")	
12	61.35	Bi-Weekly beginning 4/07/2017	
1	61.44	Final Payment on 9/22/2017	

TRUTH IN LENDING ACT DISCLOSURE STATEMENT			
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 203.27 %	FINANCE CHARGE The dollar amount the credit will cost you. \$318.71 ^(e)	Amount Financed The amount of credit provided to you or on your behalf. \$500.00	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$818.71 ^(e)
PAYMENT SCHEDULE ^(e)			
Number of Payments	Payment Amount	When Payments are Due (the "Due Dates")	
12	62.98	Bi-Weekly beginning 3/24/2022	
1	62.95	Final Payment on 9/08/2022	

Bracket 2 examples: Maximum 180% on loans up to \$2,500

TRUTH IN LENDING ACT DISCLOSURE STATEMENT			
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 179.98 %	FINANCE CHARGE The dollar amount the credit will cost you. \$690.96 (e)	Amount Financed The amount of credit provided to you or on your behalf. \$800.00	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$1,490.96 (e)
PAYMENT SCHEDULE (e)			
Number of Payments	Payment Amount	When Payments are Due (the "Due Dates")	
17	82.83	Half-Monthly beginning 3/25/2022	
1	82.85	Final Payment on 12/10/2022	

FEDERAL TRUTH IN LENDING DISCLOSURE						
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 178.4433		FINANCE CHARGE The dollar amount the credit will cost you. 5,007.01		Amount Financed The amount of credit provided to you or on your behalf. 2,000.00		Total of Payments The amount you will have paid after you have made all payments scheduled. 7,007.01
Year	Color	Make	Model	License No.	VIN	Title Certificate Number
1995	RED	Chevrolet	██████████	██████████	████████████████████	TITLE LOAN
In addition to the motor vehicle described above, any items listed here will be used as collateral on this loan: Year Color Make Model License No. VIN Title Number						

TRUTH IN LENDING ACT DISCLOSURE STATEMENT			
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 156.21 %	FINANCE CHARGE The dollar amount the credit will cost you. \$5,747.09	Amount Financed The amount of credit provided to you or on your behalf. \$2,500.00	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$8,247.09
PAYMENT SCHEDULE			
Number of Payments	Payment Amount	When Payments are Due (the "Due Dates")	
23	343.66	Monthly beginning 9/27/2018	
1	342.91	Final Payment on 8/27/2020	

Bracket 3 example: Maximum 156% on loans up to \$5,000

Truth-In-Lending Disclosures			
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 121.48%	FINANCE CHARGE The dollar amount the credit will cost you. \$ 6,953.94	Amount Financed The amount of credit provided to you on your behalf. \$ 4,100.00	Total Of Payments The amount you will have paid when you have made all scheduled payments. \$ 11,053.94
Your Payment Schedule will be:			
Number of Payments:	Amount of Payments:	When Payments are Due:	
23	\$460.58	Monthly beginning 10/04/2013	
1	\$460.60	Final Payment on 9/04/2015	
Security: You are giving a security interest in the Vehicle described above. Collateral securing other loans with Creditor may also secure this loan. Late Charge: If a payment is more than 10 days late, you will be charged 5% of the payment. Prepayment: If you pay off early you will not have to pay a penalty. See your contract documents for any additional information about nonpayment, default and any required repayment in full before the scheduled date.			

Bracket 4 example: Maximum 120% on loans over \$5,000

FEDERAL TRUTH-IN-LENDING DISCLOSURES			
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 108.393 %	FINANCE CHARGE The dollar amount the credit will cost you. \$ 7,551.19	Amount Financed The amount of credit provided to you or on your behalf. \$ 5,105.95	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$ 12,657.14
Payment Schedule:			
Number of Payments	Amount of Payments	When Payments Are Due	
23	527.40	Monthly Beginning On 6/8/2015.	
1	526.94	5/8/2017	
Security: You are giving a security interest in the motor vehicle. Filing Fee: \$ 0.00 Prepayment: If you pay off early, you will not have to pay a penalty. See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.			

APPENDIX B

CAR TITLE LOAN CONTRACT EXAMPLES

PAYMENT VIA BORROWER BANK ACCOUNTS

Allied Cash Advance Arizona LLC d/b/a Allied Cash Advance	
Tucson, AZ	Contract signed 5/16/2018
Contract provides two payment options: “Cash only paid at store” and “Cash And Electronic Funds Transfer” which provides:	
“Repayment. Option A: <u>Cash</u> . You agree to pay each installment in cash at the Allied Cash Advance store where you obtained this transaction. Additionally, you agree to provide an electronic funds transfer (“EFT”) authorization, as described below.”	
<p><u>EFT Authorization</u>. You hereby authorize us or our agent to initiate one or more electronic debit entries to your bank account identified below (your “bank account”) to collect the amounts you owe us under the payment schedule disclosed on page 1 of this loan agreement, plus any fees that may arise due to your default on this loan, such as dishonored item fees or late fees. These electronic debit entries may include, but are not limited to, automated clearing house (ACH) entries, remotely created checks (RCC), remotely created payment orders, demand drafts, bank drafts, or similar payment devices. <i>(Emphasis added.)</i></p> <p>“Whether your loan remains in good standing, or goes into default, this authorization shall remain in full force until all amounts you owe are paid in full, you revoke the authorization by contacting us orally or in writing, or the bank informs us we can no longer debit your bank account. Bank Account # _____ Bank Routing # _____ ”</p>	

Cash Time Title Loans, Inc.	
Tucson, AZ	Contract signed 10/09/2018
“How and When You Repay Us: You agree to pay us in accordance with the payment schedule set forth in the Truth in Lending Act Disclosure Statement by voluntarily authorizing us to debit from your bank account and/or debit card or by making arrangements with to pay by another method.” <i>(Emphasis added.)</i>	
“Default Payment Authorization. If you default and we subsequently declare the Accelerated Balance immediately due and payable, you authorize us to seek payment of the entire Accelerated Balance or a portion thereof by doing one or more of the following: (1) charging	

the debit card identified in the Payment Authorization; (2) initiating an electronic debit to the bank account specified in the Payment Authorization through the ACH network or another network; and/or (3) creating one or more drafts drawn on the bank account specified in the Payment Authorization and presenting/depositing the drafts for payment. You agree that we may resubmit any card charge, electronic debit or draft authorized in the paragraph as permitted by law and network rules. We are not responsible for any fees you incur in connection with rejected payments. You may terminate the authorization to this paragraph to charge the debit card or to submit an electronic debit by writing us at.... etc.” *(Emphasis added.)*

A Speedy Cash Car Title Loans, LLC

Tucson, AZ

Contract signed 01/09/2015

“Payments: You agree to pay to us principal and interest in accordance with the Payment Schedule shown above without prior demand, notice or claim of set off. Payments may be made in cash, money order, official certified or cashiers check or by acceptable electronic payment. **If you do not appear in person to pay by 3pm CST, then we will submit your payment due by the EFT/ACH Authorization set out below.**” *(The contract also repeatedly states that the lender does not require preauthorized electronic transfers.)*

1 Stop Money Centers

Phoenix, AZ

Contract signed 01/07/2015

“Appointment Time: 1 Stop’s loans are due on their due date no later than the time that was confirmed on your courtesy call. However, if you go past your appointment time without contacting 1 Stop, your total refinance payment on due date **will be withdrawn from your account using your debit card.**” *(Emphasis added.)*