

MINUTES

ASSEMBLY COMMERCE COMMITTEE

March 23, 1977

Members Present

Chairman Harmon
Vice Chairman Mello
Mr. Barengo
Mr. Demers
Mrs. Hayes
Mr. Moody
Mr. Price
Mr. Weise

Members Excused

Mr. Sena

Guests Present

See Guest List attached.

The meeting was called to order by Chairman Harmon at 3:45 p.m.

Assembly Bill 455 was the first measure discussed.

Mr. John Gianotti, Vice President of Harrah's, appeared in support of the bill. They feel it corrects some problems which they have had in regard to food inspection and the downgrading system. Harrah's endeavors to maintain an A grade at all times for their patrons, but there are occasions when there are minor difficulties. Often these could be corrected with a phone call for an immediate solution, rather than the inspector giving a lowered rating. Therefore, the 3-day correction period before posting a grade is desirable. They are also in favor of a reinspection within 48 hours, rather than the 10 days now allowed.

Senator Keith Ashworth appeared with Larry Close who represents the Prima Donna Restaurant and Casino in Reno. Senator Ashworth stated that they endorse A.B. 455 because many times when an inspector comes into an establishment there are conditions that could be corrected immediately and the inspector would not be required to issue a downgrade. Senator Ashworth cited several examples in this regard. They would also like to have the

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privilege of calling for a reinspection within 48 hours so that cards would not be degraded for a period of time as long as 10 days.

Mr. Jerry Higgins, John Ascuaga's Nugget, also appeared in support of A.B. 455 for the same reasons as Harrah's and the Prima Donna. This legislation would remove many of the problems they now have.

Mr. Bruce Barnum, representing Harvey's Wagon Wheel, said the matter this bill addresses is very pertinent to protect the health and welfare of the people of Nevada. It does this, and it also gives the organizations that are involved an opportunity to make corrections and encourage them to do this as quickly as possible. Mr. Barnum feels it is good legislation.

Mr. James A. Edmundson, Supervisor of Consumer Health Protection Services, Nevada Health Division, appeared in opposition to the bill. Mr. Edmundson said that under the provisions of A.B. 455 the Health Division might as well call the institution 3 days in advance and say they will be in to inspect. Everything would then be in good shape. They object to the 48 hours for reinspection. The inspector in Tonopah also inspects Beatty, Hawthorne and Austin. The 48 hours would work a real hardship on the Division, particularly in these rural areas where long mileage is involved.

Mr. Edmundson further stated that the present law is a word-for-word copy of the U. S. Public Health Services' recommended ordinance and it is in effect in many states throughout the country. The present law is much more of a consumer protection statute than A.B. 455 would provide. While the present law calls for 10 days for a reinspection, many times the Health Division has made the reinspection within 2 to 3 days.

Mr. Gene Clock, Washoe County District Health Department, expressed concern about the 3-day correction period. They do not want to announce their visits to the establishments as they want to establish the correct procedures of food handling and assure that the food is wholesome on a daily basis. Their inspections would be weakened by the proposals in A.B. 455. A copy of the objections of the Consumer Health Service Division of Washoe County District Health Department is attached as Exhibit 1.

Mr. E. Douglass Pushard, Clark County District Health Department, also opposed AB 455. He felt the sanitarians would find the conditions in an establishment had been timed to their visits.

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In large establishments the Health Department does separate out the different departments and issues different permits to bakeries, butcher shops, etc. The staff of the Clark County Health Department is available on a 24-hour basis in southern Nevada, so that when a place is downgraded they do not necessarily have to wait 10 days before reinspection.

Mr. Weise asked if the present system was designed to penalize the establishment or to cure the problems detected. Mr. Pushard said the most important factor was to make sure that the food was handled properly on a day to day basis.

Mr. Paul Carrington, a consumer, stated he was in opposition to A.B. 455. He depends on the rating in a food establishment since he has had food poisoning on several occasions. He thinks that giving a 3-day notice would be adequate in some situations and not in others. Changing the word "shall" on line 21, page 1, to "may" would accommodate all the discussion regarding the bill. That would leave the local government responsible for the decision.

The discussion turned to Assembly Bill 454.

Mr. Julius Conigliaro, Fire Fighters of Nevada, asked that the hearing on this bill be postponed until next week so that they might have an opportunity to get together with the Insurance Commissioner and discuss amendments.

Chairman Harmon stated that the only day available would be Monday, March 28, 1977, which was agreeable to Mr. Conigliaro.

Assembly Bill 413

Mr. Al Wittenberg, representing the Nevada Consumer Finance Association, appeared in opposition to this bill. The important language in the bill simply reduces the maximum amount of loans from \$10,000 to \$3,500 or less. Mr. Wittenberg said he doubted if this was a serious piece of legislation since there were no proponents appearing. He further stated that from the best figures he was able to obtain this reduction represents about 15 or 20 percent of Nevada Consumer Finance Association's total market and would seriously curtail their market and the source of loans for Nevada citizens. Mr. Wittenberg would urge an indefinite postponement.

Preston Tidvall, Superintendent of Banks, stated that he had jurisdiction over installment loan companies in the state. Mr. Tidvall presented the committee with a report for 1975 regarding small loan companies. A copy of this report is

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attached as Exhibit 2. Mr. Tidvall stated that if A.B. 413 is passed it will mean that the installment loan companies will no longer be able to properly serve the public as they would not be able to finance any mobile homes or new automobiles and very few used automobiles. A.B. 413 would have an anti-competitive effect as it would decrease the number of loans available to the public.

COMMITTEE ACTION

Assembly Bill 413: Mr. Weise moved to indefinitely postpone, seconded by Mr. Demers. Motion carried unanimously.

Assembly Bill 457

Mr. Wittenberg appeared in support of the bill and distributed a passout, a copy of which is attached as Exhibit 3. Mr. Wittenberg stated that for the past 3 sessions of the legislature the consumer finance industry of Nevada has sought to bring Nevada in line with approximately 40 other states which allow real property as security for loans. He explained that the key part of the act is lines 40 through 42 on page 5 which remove the law which presently prohibits a licensee from taking real property as security on a loan.

In answer to a question by Mr. Weise, Mr. Raymond Kozlowski, Nevada Consolidated Finance Association, stated that the provisions in this law were consistent with the U.C.C. states. He further stated that all the fees charged are now required to be disclosed by the lender. In answer to a question by Mr. Demers, Mr. Kozlowski said that all the net profits from the operation would remain in Nevada.

Mr. Tidvall also appeared in support of A.B. 457. He stated that in 1973 the Legislature raised the maximum loan limit that installment loan companies could lend from \$7,500 to \$10,000. However, without having the permission to take real estate as collateral, it is obvious they can make very few loans totaling anywhere near that amount. If this bill is passed, Mr. Tidvall feels there would be more competition in the second mortgage market and the public could shop around for the best rate of interest. The real estate loans in installment loan companies would be examined on a yearly basis by examiners of the banking division to ascertain that the provisions of the law are strictly adhered to and the borrowing public would be adequately protected.

Mr. Bob Beach, representing Northern Nevada Finance Corporation, felt that the installment loan companies are losing income since they are not allowed to loan on real property. The people of Nevada would benefit by the passage of A.B. 457.

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Mr. Cal Robinson, a real estate broker, also felt that A.B. 457 is definitely needed in Nevada. This would be a good consumer bill and help some of the high risk borrowers who are not now in a position to get a loan.

Mr. Rennie Ashleman, representing Nevada Mortgage Association and Nevada First Thrift, appeared in opposition to A.B. 457. They are opposed to the concept of small loan people getting into the real estate field. Mr. Ashleman handed the committee an exhibit entitled "Secondary Real Estate Lending in Nevada" which is attached as Exhibit 4, and discussed the competition that already exists. He further stated that if the small loan companies wish to become mortgage brokers, they can do so now. There are no statutory limitations for making these loans, but they must make them at 12% as the mortgage brokers do.

Mr. Lou Schulman, President of Nevada Mortgage Corporation, said that Mr. Ashleman had covered the bases very well and he also feels that the mortgage and thrift companies provide adequate service for the homeowners of Nevada. The mortgage companies are licensed and controlled by the Commissioner of Savings and Loans, they are audited and have to submit a certified report annually, so they are well regulated and have more than adequate reserves. Mr. Schulman also discussed the results of too much competition.

Assembly Bill 456

Mr. Wittenberg, representing Nevada Consumer Finance Association, appeared in support of the bill. A number of states have adopted what are commonly known as industrial loan laws which provide for the sale of thrift certificates to depositors and making of loans under the supervision of a state agency. However, Mr. Wittenberg stated, there are none that allow such activity without the imposition of restrictions for the protection of the savers and borrowers far more stringent than those in the current law in Nevada.

Mr. Wittenberg further stated that the present Nevada Thrift Act allows those licensed thereunder to make loans of \$5,000 or more and charge any rate of interest, impose any charge in any amount and schedule repayments on any terms to which the parties may agree. Since banks, savings and loans associations and consumer finance companies are limited by statute as to the interest rates and terms of the loan in excess of \$5,000, it appears to Mr. Wittenberg that the thrift companies have an unfair competitive advantage. The present law, according to Mr. Wittenberg, borrowed heavily from the Industrial Loan Law of California, but restrictions in that law are not to be found in the Nevada act. The absence of all restrictions creates unfair competitive advantage to those permitted to operate under its provisions and denies normal competition.

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Mr. Wittenberg introduced Mr. Richard Wright, Counsel for the California Loan and Finance Association, and Legislative Analyst for the California Legislature for the California Association of Thrift and Loan Companies. Mr. Wright stated that he had looked over the sections of the bill pertaining to thrift guarantees and finds that the provisions of A.B. 456 would set up a strong thrift guarantee fund. He thinks, however, that the flat \$1 million cap on the size of the fund should be changed to a floating cap.

Mr. Bob Beach appeared in favor of A.B. 456 since, in his opinion, it would provide adequate safeguards for the public.

Mr. Ashleman, representing Nevada First Thrift, appeared in opposition to the bill. A copy Mr. Ashleman's presentation, "Why A.B. 456 is Against Nevada's Public Interest" is attached as Exhibit 5. Mr. Ashleman described Mr. Stern's operations and financial position in detail, and also various portions of the bill with which they disagreed. Mr. Ashleman also offered to present other expert witnesses if the committee desired.

Mike Melner, State Commerce Director, and Pam Willmore, Deputy Commerce Director, appeared in opposition to A.B. 456. Mr. Melner stated that the department felt this was a bad piece of legislation because it "tinkers" with a structure of protection that exists. He also pointed out that if 70 other licensees were allowed, the bill would certainly require a fiscal note since his department could not regulate that many additional companies with its present staff.

Mrs. Willmore also explained why she opposed the bill and said that the thrift companies are operating very well under existing statutes. She felt there were a few things that might be cleaned up, but there is nothing urgent that needs to be done now.

COMMITTEE ACTION

Assembly Bill 455: Mr. Mello moved Do Pass, seconded by Mr. Demers. Unanimously carried.

Assembly Bill 369: Mr. Demers moved Do Pass, seconded by Mr. Mello. Unanimously carried.

Assembly Bill 456: Mr. Demers moved to Indefinitely Postpone, seconded by Mr. Price. Unanimously carried.

The meeting was adjourned at 6:15 p.m.

Jane Dunne
Assembly Attache

GUEST LIST

	<u>NAME</u>	<u>REPRESENTING</u>	<u>WISH TO SPEAK</u>	
	(Please print)		Yes	No
	Paul Cartington	Self BB 455	yes	
	EDNE CLARK	WASH CO. DIST HEALTH	YES	
	James A. Edwards	New Health Div RB 455	yes	
	E. Douglas Pushard	Chaplo. Dist. Health Dept AB 455	yes	
413 +457	(Boston E. Pittsall)	Superintendent of Banks	yes	
	Robert R...	NSEA	yes	No
	Paul Ghilarducci	NSEA		No
454	Joyce Woodhouse	NSEA	yes	
	Mildred Taylor	HIRA + ALIA		No?
	Julius Conradi	F.F. OF NEVADA	YES	
	Ed Bradley	Consumer Finance		NO
	John E. Johnson	Self - Realtor	✓	
	Bill Beach	NFTON 413+457		✓
	Walter J. Linton	Realtor		No
	Alan Stone	Self - NFT		No
	Wm. Robert	Gen Sec Acctg. AB 669		No
	Harry Frost	Nevada State Reins Co.	?	
	John Higgins	SPARKS NOBGET	X	
	W. H. Halpern	SPARKS NOBGET	YES	
	W. H. Ashman	456-457-1076	Y	
	GEORGE R. ANGELL	Household Fin. Co.		X
	R. BEACH	NORTHERN NEV FINANCE	X	
	RICHARD WRIGHT	NEVADA CONSUMER FINANCE ASSN	X	
	Chas. E. Williams	Nevada Consumer Finance Assn		No

GUEST LIST

<u>NAME</u> (Please print)	<u>REPRESENTING</u>	<u>WISH TO SPEAK</u>	
		Yes	No
Raymond S. Kozlowski	Nevada Pers. Fin Ass		
GEORGE D. NICKEL	Nevada Cons Fin Assn		
Douglas S. Bisbee	" " " "		X
Walter Walker	Nevada Cons Fin Assn		X
James Emerson	Nevada First Thrift	✓	
George Lindstrom	Nevada First Thrift	✓	
Arlene Stern	Nevada First Thrift		
Rod Hype	Avail Thrift		
AL W. TRENBERG	Nevada Consumer Finance Assn		

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE March 23, 1977

SUBJECT A.B. 413

MOTION: _____

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mr. Weise Seconded by Mr. Demers

AMENDMENT _____

Moved by _____ Seconded by _____

AMENDMENT _____

Moved by _____ Seconded by _____

VOTE:	<u>MOTION</u>		<u>AMEND</u>		<u>AMEND</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Harmon	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Mello	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Barengo	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Demers	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Hayes	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Moody	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Price	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sena	<u>Not present</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Weise	<u>x</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TALLY: 8

Original Motion: Passed Defeated Withdrawn

Amended & Passed _____ Amended & Defeated _____

Amended & Passed _____ Amended & Defeated _____

Attach to Minutes March 23, 1977
Date

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE March 23, 1977

SUBJECT A.B. 456

MOTION: _____

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mr. Demers Seconded by Mr. Price

AMENDMENT _____

Moved by _____ Seconded by _____

AMENDMENT _____

Moved by _____ Seconded by _____

VOTE:	<u>MOTION</u>		<u>AMEND</u>		<u>AMEND</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Harmon	<u>x</u>	_____	_____	_____	_____	_____
Mello	<u>Not present</u>	_____	_____	_____	_____	_____
Barengo	<u>x</u>	_____	_____	_____	_____	_____
Demers	<u>x</u>	_____	_____	_____	_____	_____
Hayes	<u>x</u>	_____	_____	_____	_____	_____
Moody	<u>x</u>	_____	_____	_____	_____	_____
Price	<u>x</u>	_____	_____	_____	_____	_____
Sena	<u>NOT present</u>	_____	_____	_____	_____	_____
Weise	<u>x</u>	_____	_____	_____	_____	_____

TALLY: 7

Original Motion: Passed Defeated Withdrawn

Amended & Passed _____ Amended & Defeated _____

Amended & Passed _____ Amended & Defeated _____

Attach to Minutes March 23, 1977
Date

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE March 23, 1977

SUBJECT A.B. 369

MOTION: _____

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mr. Demers Seconded by Mr. Mello

AMENDMENT _____

Moved by _____ Seconded by _____

AMENDMENT _____

Moved by _____ Seconded by _____

VOTE:	<u>MOTION</u>		<u>AMEND</u>		<u>AMEND</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Harmon	<u>x</u>	___	___	___	___	___
Mello	<u>x</u>	___	___	___	___	___
Barengo	<u>x</u>	___	___	___	___	___
Demers	<u>x</u>	___	___	___	___	___
Hayes	<u>x</u>	___	___	___	___	___
Moody	<u>x</u>	___	___	___	___	___
Price	<u>x</u>	___	___	___	___	___
Sena	<u>Not present</u>	___	___	___	___	___
Weise	<u>Not present</u>	___	___	___	___	___

TALLY: 7

Original Motion: Passed Defeated Withdrawn

Amended & Passed _____ Amended & Defeated _____

Amended & Passed _____ Amended & Defeated _____

Attach to Minutes March 23, 1977
Date

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE March 23, 1977

SUBJECT A.B. 455

MOTION: _____

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mr. Mello Seconded by Mr. Demers

AMENDMENT _____

Moved by _____ Seconded by _____

AMENDMENT _____

Moved by _____ Seconded by _____

VOTE:	<u>MOTION</u>		<u>AMEND</u>		<u>AMEND</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Harmon	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Mello	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Barengo	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Demers	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Hayes	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Moody	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Price	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Sena	<u>Not present</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Weise	<u>Not present</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

TALLY: 7

Original Motion: Passed Defeated Withdrawn

Amended & Passed _____ Amended & Defeated _____

Amended & Passed _____ Amended & Defeated _____

Attach to Minutes March 23, 1977
Date

March 23, 1977

TO: Harley Harmon,
Chairman Commerce Committee, Assembly

FROM: Consumer Health Services Division
Washoe County District Health Department

SUBJECT: Proposed Changes to Administrative Enforcement
Procedures for Health Inspections of Food
Establishments - AB 455

We consider the following to be possible effects of the proposed changes to N.R.S. 446.910 and 446.915.

N.R.S. 446.910 Section 3 - Requires downgrading of an establishment following discovery of a second consecutive violation of 2 or 4 demerits.

- 1) Many of the violation items are catchalls that may cover 25-50 inspection points in a large food service establishment. In practice many of these are recorded as subsequent violations due to the sheer number of opportunities for violation. A mandatory downgrading based upon one of these repeat items may be unfair to an operator because it may not reflect the overall sanitation level in that area and may not relate at all to the main purposes of the inspection--to insure wholesomeness of food and protect food against infection.
- 2) If a public health environmentalist overlooks a particular violation to avoid a downgrading, he is doing a disservice to the operator who must be exposed to all conditions of improper sanitation in order to make necessary changes. It has been our policy to note all violations as an educational measure as well as a requirement for enforcement.

Exhibit 1 (Pg. 1)

- 3) It is an impossible task to note or describe all the exact conditions that led to a particular recording of a violation. These conditions have to be noted and recalled in some detail to properly justify a downgrading on a repeat violation.
- 4) The mandate for downgrading involving a single inspection item removes the essential judgmental factors in any inspection and invites arbitrary enforcement with little regard for major improvement in food handling techniques, etc.

N.R.S. 446.910 Section 4. A delay up to three days would be required before posting of a B or C rating.

- 1) An operator is usually willing to correct violations brought to his attention; however, a delay in posting of a grade does not necessarily provide any incentive to improve his methods of operation or to maintain them. If an operator knows he will not be immediately penalized by posting of a lower grade and knows approximately when a reinspection will take place, we have lost our main advantages in gaining any sustained improvement in areas such as equipment maintenance or food protection procedures.
- 2) The proposed procedure would require an additional inspection for posting of the card in a downgraded situation. This would require additional staff time that could approach 500 man hours a year for our 1200 permitted establishments. This is based upon a 10% degrading factor for the total number of official inspections.

Exhibit 1 (192)

- 3) A delay of posting of a lower grade even for a period of three days is misleading to the public in that it does not reflect the last official evaluation of an operation's sanitation level. The health authority may have discovered, e.g. health violations in an establishment which point to a high potential for foodborne illness but the customer still sees an A rating on the wall.

N.R.S. 446.915. A reinspection request must be honored within 48 hours of receipt instead of the present 10 days.

- 1) The public health environmentalist is restricted in scheduling his other work.
- 2) The operator knows approximately when he is to be inspected which makes it easier to pass an inspection but does not necessarily reflect a more lasting improvement.
- 3) Our present policy is to respond as quickly as possible on a first come-first serve basis; however, we avoid appointments or approximate times.

cc: Commerce Committee



MIKE O'CALLAGHAN
GOVERNOR
MICHAEL L. MELNER
DIRECTOR

AB 413 + 457

STATE OF NEVADA
DEPARTMENT OF COMMERCE
BANKING DIVISION
CAPITOL COMPLEX
NYE BUILDING, ROOM 220
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 885-4260

PRESTON E. TIDVALL
SUPERINTENDENT OF BANKS

STATE OF NEVADA
DEPARTMENT OF COMMERCE
BANKING DIVISION
CARSON CITY, NEVADA 89710

REPORT OF THE SUPERINTENDENT OF BANKS AND SMALL LOAN COMPANIES
FOR THE PERIOD
DECEMBER 31, 1974 TO DECEMBER 31, 1975
SMALL LOAN COMPANIES LICENSED UNDER THE LAWS OF THE
STATE OF NEVADA

Exhibit 2

CONSOLIDATED REPORT

OF

15 LICENSEES, HAVING 70 OFFICES, SERVING 9 CITIES

Aetna Finance Company, E. Charleston Blvd.	Las Vegas
Aetna Finance Company, S. Fourth Street	Las Vegas
Aetna Finance Company, N. Virginia Street	Reno
Aetna Finance Company, W. Charleston Blvd.	Las Vegas
Aetna Finance Company, Rock Blvd.	Sparks
Aetna Finance Company, S. Eastern Avenue	Las Vegas
Associates Financial Services Company of Nevada, Inc.	Reno
Associates Financial Services Company of Nevada, Inc.	Las Vegas
Associates Financial Services Company of Nevada, Inc.	Las Vegas
Associates Financial Services Company of Nevada, Inc.	Henderson
Avco Financial Services of Nevada, Inc.	Carson City
Avco Financial Services of Nevada, Inc., California Avenue	Reno
Avco Financial Services of Nevada, Inc., Maryland Parkway	Las Vegas
Avco Financial Services of Nevada, Inc., W. Moana Lane	Reno
Avco Financial Services of Nevada, Inc.	Sparks
Avco Financial Services of Nevada, Inc., W. Charleston Blvd.	Las Vegas
Avco Financial Services of Nevada, Inc., E. Charleston Blvd.	Las Vegas
Avco Financial Services of Nevada, Inc., Boulder Highway	Las Vegas
Beneficial Finance Company of Carson City	Carson City
Beneficial Finance Company, Kietzke Lane	Reno
Beneficial Finance Company of Nevada, W. Charleston Blvd.	Las Vegas
Beneficial Finance Company of Elko	Elko
Beneficial Finance Company of Nevada, Las Vegas Blvd., South	Las Vegas
Beneficial Finance Company of Nevada, E. Lake Mead Blvd.	North Las Vegas
Beneficial Finance Company of Nevada, S. Center Street	Reno
Beneficial Finance Company of Nevada	Fallon
Beneficial Finance Company of Nevada, S. Virginia Street	Reno
Beneficial Finance Company of Nevada	Sparks
C.I.T. Financial Services, Inc.	Reno
C.I.T. Financial Services, Inc.	Las Vegas
C.I.T. Financial Services, Inc.	Ely
Century Finance Company of Las Vegas, Fremont Street	Las Vegas
Century Finance Company of Reno	Reno
Commercial Credit Plan, Inc.	Las Vegas
Commercial Credit Plan, Inc.	Reno
Dial Finance Company of Las Vegas, N. Fourth Street	Las Vegas
Dial Finance Company of Las Vegas, No. 1, E. Charleston Blvd.	Las Vegas
Dial Finance Company of North Las Vegas, E. Lake Mead Blvd.	North Las Vegas
Dial Finance Company of Reno, S. Virginia Street	Reno
Dial Finance Company of Keystone Square	Reno
Dial Finance Company of Sparks	Sparks
Dial Finance Company of Las Vegas, No. 2, Maryland Parkway	Las Vegas
Dial Finance Company of Las Vegas, No. 3, W. Charleston Blvd.	Las Vegas
Household Finance Corp. of Las Vegas, Maryland Parkway	Las Vegas
Household Finance Corp. of Las Vegas, E. Charleston Blvd.	Las Vegas
Household Finance Corp. of Nevada, S. Third Street	Las Vegas
Household Finance Corp. of Nevada, W. First Street	Reno

Household Finance Corp. of Nevada, E. Moana Lane	Reno
Household Finance Corp. of Las Vegas, W. Charleston Blvd.	Las Vegas
Model Finance Company, N. Eastern Avenue	Las Vegas
Model Finance Company, E. Charleston Blvd.	Las Vegas
Model Finance Company, W. Charleston Blvd.	Las Vegas
Nationwide Financial Corp. of Nevada, N. Fourth Street	Las Vegas
Nationwide Financial Corp. of Nevada, E. Sahara Avenue	Las Vegas
Nationwide Financial Corp. of Nevada, W. Sahara Avenue	Las Vegas
Nationwide Financial Corp. of Nevada, N. Virginia Street	Reno
Nationwide Financial Corp. of Nevada, S. Wells Avenue	Reno
Nationwide Financial Corp. of Nevada, E. Lake Mead Blvd.	North Las Vegas
Northern Nevada Finance Corporation	Reno
Pacific Finance Loans, E. Charleston Blvd.	Las Vegas
Pacific Finance Loans, Boulder Highway	Las Vegas
Pacific Finance Loans	Sparks
Pacific Finance Loans, N. Decatur Blvd.	Las Vegas
Pacific Finance Loans	Carson City
Public Finance Corp. of Las Vegas, E. Fremont Street	Las Vegas
Public Finance Corp. of North Las Vegas	North Las Vegas
Public Finance Corp. of Las Vegas #2, Maryland Parkway	Las Vegas
Public Finance Corp. of Las Vegas #2, Oddie Blvd.	Sparks
Public Finance Corp. of Las Vegas #2, W. Charleston Blvd.	Las Vegas
U. S. Life Credit Corp., E. Sahara Avenue	Las Vegas

SCHEDULE #1

BALANCE SHEET AS PER BOOKS

	<u>Dec. 31, 1975</u>	<u>Dec. 31, 1974</u>
<u>ASSETS:</u>		
Cash in Office and in Banks	\$ 308,299.57	\$ 1,294,278.92
Loans Receivable	66,221,194.07	66,376,322.74
Furniture, Fixtures and Equipment	412,189.36	493,972.45
Deferred Charges	28,764.46	25,849.40
<u>Other Assets:</u>		
Organization or Development Expense	3,093.61	20,966.37
Purchased Paper (Sales Contracts, Etc.)	9,985,093.02	29,625,395.31
Other Assets	380,800.81	1,813,273.92
<u>TOTAL ASSETS:</u>	<u>\$ 77,339,434.90</u>	<u>\$ 99,650,059.11</u>

LIABILITIES AND CAPITAL:

<u>Accounts and Notes Payable:</u>		
Banks	\$ 222,934.00	\$ 241,000.00
Due to Parent Company or Affiliates	44,518,303.52	56,811,076.17
Other Short Term Notes and Accounts	972,917.14	493,040.74
Other Liabilities	354,017.34	1,061,087.44
<u>Reserves:</u>		
Bad Debts	1,823,471.38	1,845,881.14
Taxes	41,657.15	(16,247.74)
Other Expense Reserves	195,055.95	227,563.88
<u>Deferred Income:</u>		
Unearned Interest and Charges	11,299,980.49	11,266,056.74
Unearned Discount - Other Business	1,621,572.66	7,562,571.66
Branch Office Capital	16,183,835.63	17,247,076.62
<u>Capital Stock</u>	621,224.00	636,224.00
Appropriated Surplus or Capital Reserves	737,000.00	762,000.00
Surplus (Including Undivided Profits)	(1,252,534.36)	1,512,728.46
<u>TOTAL LIABILITIES AND CAPITAL:</u>	<u>\$ 77,339,434.90</u>	<u>\$ 99,650,059.11</u>

SCHEDULE #2

STATEMENT OF INCOME AND EXPENSE

Dec. 31, 1975 Dec. 31, 1974

GROSS INCOME DERIVED FROM BUSINESS:

Interest or Charges Collected on Loans	\$ 10,259,768.73	\$ 10,686,842.86
Default Charges Collected on Loans	213,944.07	277,179.40
Collection on Loans Previously Charged Off	88,996.96	62,861.92
Other Income Derived from Loans, Including Interest Collected on Accounts Previously Charged Off	331,908.71	247,776.96

TOTAL GROSS INCOME:

\$ 10,894,618.47 \$ 11,274,661.14

EXPENSES OF CONDUCTING BUSINESS:

Advertising	\$ 177,394.43	\$ 228,788.65
Auditing	19,392.29	19,227.40
Bad Debts or Reserve for Bad Debts	2,114,914.81	1,936,216.72
Depreciation of Furniture, Fixtures, Equipment and Autos	87,153.91	84,497.89
Expenses, Sundry	231,049.91	260,128.54
Insurance and Fidelity Bonds	35,025.78	30,041.09
Legal Fees and Disbursements	72,581.69	66,517.65
Postage and Express	119,896.61	111,197.62
Printing, Stationery and Supplies	85,170.22	87,394.26
Rent, Lights, Heat and Janitor Supplies	405,203.87	424,291.39
Salaries	2,140,191.77	2,164,663.88
Supervision and Administration	1,524,198.71	947,229.30
<u>Taxes:</u>		
Income Tax	925,399.86	927,327.31
Other Taxes and License Fees	144,071.20	176,450.82
Telephone and Telegraph	253,953.66	271,434.21
Travel, Auto Expense and Allowances	74,316.63	84,595.47
<u>Other Expenses:</u>		
Recording and Acknowledging Fees	677.74	1,416.64
Collection	88,440.96	101,228.97
Credit Reports	87,412.45	90,987.22
Other	241,608.73	199,942.28

TOTAL EXPENSES OF CONDUCTING BUSINESS

(Not Including Interest Paid on Borrowed Funds)

\$ 8,828,055.23 \$ 8,213,577.31

TOTAL NET EARNINGS (Before Deducting Interest Paid on Borrowed Funds)

\$ 2,066,563.24 \$ 3,061,083.83

SCHEDULE #3

RECONCILIATION OF SURPLUS OF NET EARNINGS

	<u>Dec. 31, 1975</u>	<u>Dec. 31, 1974</u>
<u>BALANCE AT END OF PREVIOUS PERIOD</u>	\$ 1,502,713.19	\$ 4,889,193.72
	\$ 1,502,713.19	4,889,193.72
<u>ADDITIONS:</u>		
Total Net Earnings from Business	2,066,563.24	3,061,083.83
Total Net Income from Other Sources	149,876.45	226,737.38
Other Credits to Surplus	1,714,688.49	746,705.20
<u>TOTAL ADDITIONS:</u>	\$ 3,931,128.18	\$ 4,034,526.41
<u>DEDUCTIONS:</u>		
Interest Paid on Borrowed Funds	5,142,565.98	4,496,814.97
Amortization	1,233.00	363.00
Dividends Paid	150,000.00	1,640,000.00
Other Charges to Surplus:		
Transfer of Earnings to Net Worth or Home Office Control	1,302,631.83	1,123,863.86
Other Charges	89,944.92	159,965.11
<u>TOTAL DEDUCTIONS:</u>	\$ 6,686,375.73	\$ 7,421,006.94
<u>NET ADDITIONS TO SURPLUS OR NET WORTH:</u>	\$ (2,755,247.55)	\$ (3,386,480.53)
<u>SURPLUS BALANCE AT END OF PRESENT PERIOD:</u>	\$ (1,252,534.36)	\$ 1,502,713.19

SCHEDULE #4

ANALYSIS OF ASSETS USED AND USEFUL IN BUSINESS

	<u>Dec. 31, 1975</u>	<u>Dec. 31, 1974</u>
Net Loans Receivable of \$10,000.00 or Less	\$ 53,097,742.20	\$ 53,264,384.86
Furniture, Fixtures and Equipment (Less Reserve for Depreciation)	389,039.63	472,164.62
<u>WORKING CAPITAL:</u>		
Cash in Office and in Banks	\$ 296,998.73	\$ 1,484,049.94
Accounts Receivable	133,766.17	109,048.09
Home Office Assets Apportioned to Licensee	1,534,564.43	1,484,747.19
Deferred Charges	145,447.99	109,521.82
Prepaid Expense Prohibited from Collection at Time Loan is Made	2,790,919.21	3,031,162.99
<u>GOING CONCERN VALUE:</u>		
Initial Cost of Establishment of Office	\$ 735,658.37	\$ 821,644.22
Cost of Financing	3,085,573.49	3,240,520.38
Other Values	127,437.58	321,691.25
<hr/>		
<u>TOTAL ASSETS USED AND USEFUL IN BUSINESS:</u>	\$ 62,337,147.80	\$ 64,338,935.36
<hr/>		
<u>AVERAGE TOTAL ASSETS USED AND USEFUL:</u>	\$ 63,338,041.58	\$ 62,243,183.27
<hr/>		
PERCENT OF NET EARNINGS (Before Deducting Interest Paid on Borrowed Funds)	3.26%	4.92%

SCHEDULE #5

ANALYSIS OF CHARGES ON LOANS AND EXPENSE PER ACCOUNT

	<u>Dec. 31, 1975</u>	<u>Dec. 31, 1974</u>
Interest or Charges Earned or Collected During Period	\$ 10,473,712.80	\$ 10,964,022.26
Average Outstanding Loans During Period:		
Amount	55,802,974.10	56,753,683.74
Number of Accounts	53645	55014
Average Monthly Rate Collected	1.56%	1.61%
Average Cost Per Account Per Month	\$ 13.71	\$ 12.44

SCHEDULE #6

ANALYSIS OF LOANS

Dec. 31, 1975

Dec. 31, 1974

ANALYSIS OF LOANS BY SIZE:

Total Loan Balances Outstanding at
Beginning of Period:

Number	53578	54109
Amount	\$ 55,110,266.00	\$ 52,652,692.45

Loans Made During Period:

Loans of \$200.00 or Less

Number	1857	2431
Amount	262,124.45	333,724.55

Loans of \$200.01 to \$400.00

Number	5645	7075
Amount	1,745,470.56	2,146,545.05

Loans of \$400.01 to \$1,000.00

Number	15527	18309
Amount	10,616,167.11	11,965,201.29

Loans of \$1,000.01 to \$2,500.00

Number	13933	16018
Amount	22,340,417.57	25,151,359.81

Loans of \$2,500.01 to \$4,000.00

Number	4010	4224
Amount	12,160,966.05	12,793,707.15

Loans of \$4,000.01 to \$6,000.00

Number	675	688
Amount	3,180,165.44	3,250,394.27

Loans of \$6,000.01 to \$7,500.00

Number	135	104
Amount	882,757.58	691,416.28

Loans of \$7,500.01 to \$10,000.00

Number	57	44
Amount	496,041.69	386,318.58

TOTAL LOANS MADE DURING PERIOD:

Number	41839	48893
Amount	\$ 51,684,110.45	\$ 56,718,666.98

SCHEDULE #6 (cont'd.)

ANALYSIS OF LOANS

	<u>Dec. 31, 1975</u>	<u>Dec. 31, 1974</u>
Loan Balances Purchased		
Number	4668	5839
Amount	\$ 4,767,712.02	\$ 6,739,460.77
Loan Balances Sold		
Number	3547	4703
Amount	3,366,641.61	5,349,440.87
Loan Balances Charged Off		
Number	2815	2959
Amount	2,482,014.12	1,852,016.75
Collections	50,792,219.16	53,799,096.58
<hr/>		
<u>TOTAL LOAN BALANCES OUTSTANDING</u>		
<u>AT END OF PERIOD:</u>		
Number	49954	53578
Amount	\$ 54,921,213.58	\$ 55,110,266.00
<hr/> <hr/>		

ANALYSIS OF LOANS BY TYPE OF SECURITY

Loans Made During Period Based in Whole
or in Large Part on -

Chattel Mortgages on Household Goods

Number	19931	23057
Amount	\$ 29,869,640.09	\$ 33,188,762.11

Automobiles

Number	5252	4787
Amount	8,744,335.43	6,829,762.10

Other Chattels

Number	2822	2508
Amount	3,934,930.58	4,024,804.77

Unsecured Notes

Number	12195	15674
Amount	6,825,690.89	7,847,590.79

Endorsed and/or Co-Maker Notes

Number	1369	2416
Amount	1,706,524.79	4,046,341.10

SCHEDULE #6 (cont'd.)

ANALYSIS OF LOANS BY TYPE OF SECURITY

Dec. 31, 1975 Dec. 31, 1974

Loans Made During Period Based in Whole
or in Large Part on - (cont'd.)

Other Considerations

Number

Amount

270

451

\$ 602,988.67 \$ 781,406.11

TOTAL LOANS MADE:

Number

Amount

41839

48893

\$ 51,684,110.45 \$ 56,718,666.98

SCHEDULE #7

NON-PAYING DELINQUENT ACCOUNTS

	<u>Dec. 31, 1975</u>	<u>Dec. 31, 1974</u>
ACCOUNTS WITH NO PAYMENT FOR -		
<u>One Month</u>		
Number	5199	6170
Amount	\$ 6,309,714.25	\$ 6,949,292.02
<u>Two Months</u>		
Number	926	1275
Amount	878,017.13	1,195,202.14
<u>Three Months or More</u>		
Number	1434	1716
Amount	1,245,554.36	1,495,527.84
<hr/>		
<u>TOTAL</u>		
Number	7559	9161
Amount	\$ 8,433,285.74	\$ 9,640,022.00
<hr/> <hr/>		

SCHEDULE #8

SUITS, POSSESSION AND SALE OF CHATTELS

Dec. 31, 1975 Dec. 31, 1974

SUITS FOR RECOVERY

Suits Pending at Close of Previous Period:

Number of Accounts	140		127
Principal Balances	\$ 149,458.42	\$	106,343.60

Suits Instituted During Period:

Number of Accounts	1208		766
Principal Balances	911,202.53		648,762.41

Totals:

Number of Accounts	1348		893
Principal Balances	1,060,660.95		755,106.01

Suits on Which Judgement was Secured During Period:

Number of Accounts	1006		606
Principal Balances	693,035.11		494,774.98

Suits Settled or Withdrawn Before Judgement:

Number of Accounts	139		147
Principal Balances	142,510.47		110,872.61

Totals:

Number of Accounts	1145		753
Principal Balances	835,545.58		605,647.59

Suits Pending at Close of Period:

Number of Accounts	203		140
Principal Balances	\$ 225,115.37	\$	149,458.42

SCHEDULE #8 (cont'd.)

SUITS, POSSESSION AND SALE OF CHATTELS

Dec. 31, 1975 Dec. 31, 1974

POSSESSION OF CHATTELS OBTAINED BY LICENSEE

Household Goods:

By Legal Process or Contract Right -

When in Use -

Number of Accounts	30		23
Principal Balances	\$ 46,293.15	\$	25,128.25

When Not in Use -

Number of Accounts	13		9
Principal Balances	\$ 22,580.36	\$	17,980.33

By Voluntary Surrender -

When in Use -

Number of Accounts	28		19
Principal Balances	\$ 34,315.73	\$	22,552.05

When Not in Use -

Number of Accounts	12		7
Principal Balances	\$ 17,615.23	\$	7,336.41

Automobiles:

By Legal Process or Contract Right -

When in Use -

Number of Accounts	152		128
Principal Balances	\$ 251,637.85	\$	197,927.62

When Not in Use -

Number of Accounts	24		24
Principal Balances	\$ 44,943.10	\$	49,450.38

By Voluntary Surrender -

When in Use -

Number of Accounts	73		77
Principal Balances	\$ 115,433.75	\$	144,893.67

SCHEDULE #8 (cont'd.)

SUITS, POSSESSION AND SALE OF CHATTELS

POSSESSION OF CHATTELS OBTAINED BY LICENSEE: - (cont'd.)

	<u>Dec. 31, 1975</u>	<u>Dec. 31, 1974</u>
 By Voluntary Surrender - (cont'd.)		
<u>When Not in Use -</u>		
Number of Accounts	38	46
Principal Balances	\$ 60,465.07	\$ 69,717.86
 <u>Other Chattels and Property:</u>		
<u>By Legal Process or Contract Right -</u>		
<u>When in Use -</u>		
Number of Accounts	25	3
Principal Balances	\$ 24,997.50	\$ 6,739.24
 <u>When Not in Use -</u>		
Number of Accounts	19	3
Principal Balances	\$ 22,056.98	\$ 5,309.11
 <u>By Voluntary Surrender -</u>		
<u>When in Use -</u>		
Number of Accounts	16	15
Principal Balances	\$ 18,665.65	\$ 22,400.03
 <u>When Not in Use -</u>		
Number of Accounts	7	11
Principal Balances	\$ 11,240.44	\$ 12,573.25
 <u>Sale of Chattels by Licensee:</u>		
<u>With Borrowers Consent -</u>		
<u>When in Use -</u>		
Number of Accounts	128	66
Amount Due	\$ 99,428.93	\$ 60,515.45
Amount Collected	\$ 162,482.86	\$ 68,152.51
 <u>When Not in Use -</u>		
Number of Accounts	31	44
Amount Due	\$ 27,722.14	\$ 31,270.69
Amount Collected	\$ 26,014.67	\$ 44,463.30

SCHEDULE #8 (cont'd.)

SUITS, POSSESSION AND SALE OF CHATTELS

POSSESSION OF CHATTELS OBTAINED BY LICENSEE - (cont'd.)

Dec. 31, 1975 Dec. 31, 1974

Sale of Chattels by Licensee: (cont'd.)

Without Borrowers Consent -

When in Use -

Number of Accounts	149	112
Amount Due	\$ 119,979.99	\$ 102,948.97
Amount Collected	\$ 143,182.61	\$ 88,393.14

When Not in Use -

Number of Accounts	33	46
Amount Due	\$ 24,331.02	\$ 79,555.22
Amount Collected	\$ 23,105.63	\$ 37,261.34

SCHEDULE #9

REPORT OF INSURANCE IN CONNECTION WITH LOANS

Dec. 31, 1975

Dec. 31, 1974

INSURANCE ON AUTOS:

Number of Loans Made		919		1223
Amount of Loans Made	\$	1,558,383.31	\$	1,958,115.22
Premium Paid	\$	139,843.58	\$	179,007.00
Number of Claims Paid		142		243
Amount of Claims Paid	\$	102,407.95	\$	126,507.04
Refunds on Premiums	\$	27,673.47	\$	34,521.18

INSURANCE ON HOUSEHOLD GOODS:

Number of Loans Made		5728		5911
Amount of Loans Made	\$	8,751,833.21	\$	6,967,099.41
Premium Paid	\$	336,243.83	\$	230,777.69
Number of Claims Paid		42		28
Amount of Claims Paid	\$	29,315.77	\$	27,034.05
Refunds on Premiums	\$	88,043.99	\$	52,855.58

ACCIDENT AND HEALTH INSURANCE:

Number of Loans Made		30249		35839
Amount of Loans Made	\$	36,770,336.73	\$	40,680,239.55
Premium Paid	\$	1,585,900.78	\$	1,890,411.23
Number of Claims Paid		6506		5794
Amount of Claims Paid	\$	684,725.07	\$	591,706.36
Refunds on Premiums	\$	508,743.38	\$	634,549.94

LIFE INSURANCE:

Number of Loans Made		34184		39840
Amount of Loans Made	\$	48,818,747.99	\$	49,449,245.56
Premium Paid	\$	945,427.01	\$	1,057,091.34
Number of Claims Paid		267		297
Amount of Claims Paid	\$	300,727.93	\$	317,030.67
Refunds on Premiums	\$	295,211.35	\$	357,989.86

TOTALS:

Number of Loans Made		71080		82813
Amount of Loans Made	\$	95,899,301.24	\$	99,054,699.74
Premium Paid	\$	3,007,415.20	\$	3,357,287.26
Number of Claims Paid		6957		6362
Amount of Claims Paid	\$	1,117,176.72	\$	1,062,278.12
Refunds on Premiums	\$	919,672.19	\$	1,079,916.56

6 copies

COPY TO H. Miller, C.V. Walsh, Esq., M.L. Vaughan, J.E. Leitner

To George D. Nickel
FROM Kenneth H. Raatz, Esq.
DATE February 18, 1977

SUBJECT Number Of States Permitting Real Estate As Security

RE: YOURS

1. In response to your request, following is a list of those states which permit real estate as security. I have designated those states which have separate second mortgage laws by an asterisk and have noted the UCC states.

Alabama		Nebraska	
California		New Hampshire	*
Colorado	UCCC	New Jersey	*
Connecticut		New Mexico	
Delaware	*	North Carolina	
Florida		North Dakota	
Georgia	*	Ohio	*
Hawaii		Oklahoma	UCCC
Idaho	UCCC	Oregon	
Illinois		Pennsylvania	
Indiana	UCCC	Rhode Island	*
Iowa	UCCC	South Carolina	UCCC
Kansas		Tennessee	
Kentucky		Texas	*
Louisiana		Utah	UCCC
Maryland	*	Virginia	*
Massachusetts	*	Washington	
Mississippi		West Virginia	*
Missouri		Wisconsin	
Montana		Wyoming	UCCC

2. I have also enclosed for your reference copies of the replies received from the various state banking departments in response to inquiries made in connection with the New York second mortgage effort.

3. If you would like a more detailed breakdown of the various state laws under which real estate is permitted as security, we can, of course, put that together for you. However, I would simply note the fact that there is great variety among state laws and the rates and charges permitted, etc. Some are not at all satisfactory. Thus, I believe reference to other state laws should probably be kept of a more general nature, which I believe is your intention judging from the type of information you have requested. If you should find it necessary to present a detailed breakdown of existing state laws permitting real estate as security, we would, of course, attempt to relate the volume of business or lack thereof in a state (i.e. service to the consumer) to the terms of the law (i.e. permissible rate and additional charges, etc.).

4. Best wishes.

339:466

Enclosure

Exhibit 3

DEPARTMENT OF CORPORATIONS



Los Angeles, California
October 15, 1976

IN REPLY REFER TO:

FILE NO. ALPHA

Alfred E. Orlin, President
New York State Consumer
Finance Association
233 Broadway
New York, New York 10007

Reference: REAL ESTATE LOANS

Dear Mr. Orlin:

Reference is made to your letter of September 23, 1976 addressed to Assistant Commissioner E. J. Dolan. Mr. Dolan has requested that I reply to your letter on his behalf.

In reply to your questions, real estate loans, both first trust deeds and second trust deeds, can be made by industrial loan companies, personal property brokers, and credit unions. In addition, mortgage brokers, who are licensed by the Department of Real Estate, arrange real estate loans. These loans are made by private investors.

Under the Industrial Loan Law, industrial loan companies can charge interest on loans of \$2,210 or less at the rate of 2% per month on that portion up to \$700 and 1% per month on the excess balances. [Please refer to Section 18655 of the Industrial Loan Law (all subsequent citations will be for the Industrial Loan Law)]. On loans over \$2,210, the maximum rate of charge is 1 1/2% per month. (Section 18655.1)

An appraisal fee can be charged based upon 1% of the face amount of the loan or the actual cost, whichever is the lesser. (Section 18660.1)

Escrow fees of a reasonable amount may be charged when such services are actually performed. (Section 18660.5)

Collateral insurance, title insurance, credit life and credit disability insurance is allowed, provided insurance is sold at standard rates. (Section 18661)

Filing, recording and/or notary fees are allowable if paid to a public officer. (Section 18660)

During 1975, industrial loan companies made a total of 167,792 loans with principal balances of \$382,537,190. Of these amounts, 8,655 loans with principal balances of \$50,971,828 were made which were

Alfred E. Orlin, President
Reference: REAL ESTATE LOANS

October 15, 1976
File No. ALPHA

secured in whole or part by real property. This represents 5.2% of the total number of loans made and 13.3% of the total principal amounts of loans made.

Personal property brokers (finance companies) can make loans secured in part by real property on loans of \$5,000 or more. [Please see Section 22466 of the Personal Property Brokers Law (all subsequent citations shall be from the Personal Property Brokers Law)].

The maximum rate allowable is 1 1/2% per month. (Section 22451.1) An appraisal fee not to exceed the actual cost of the appraisal or 1% of the face amount of the loan is allowable. (Section 22458.4)

An escrow fee of a reasonable amount may be charged. (Section 22456.5)

Collateral insurance and a policy of title insurance is allowed at standard rates (Section 22458). Credit life and credit disability is also allowed. (Sections 22458.1 and 22458.2)

Filing, recording and/or notary fees are allowed if paid to a public official. (Section 22472)

During 1975, personal property brokers made a total of 883,047 loans with principal balances of \$2,234,826,698. Loans secured in part by real estate represented 3.6% (31,921 loans) of total loans made, and 12.5% (849,918,796) of total principal amount of loans made.

The maximum charges a credit union can charge is 1% per month. (Please see Section 14901 of the Credit Union Law.)

The Credit Union Law does not specifically authorize the payment of an appraisal fee or escrow fee, nor does it prohibit them; therefore, the charges are allowed, provided they are actually incurred. The cost of insurance, filing, recording and/or notary fees are not prohibited by law.

During 1975, credit unions made loans secured by real estate totaling \$224,553,000. This represents 13.9% of all loans made. No statistics are available for the number of loans made.

We have not experienced any difficulties in regulating the real estate lending activities of our licensees. The ability of these lenders to make loans secured in whole or part by real estate has benefited the consumer as it gave the consumer additional sources of funds.

Alfred E. Orlin, President
Reference: REAL ESTATE LOANS

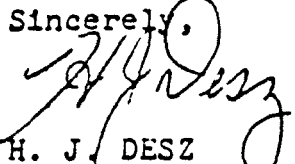
October 15, 1976
File No. ALPHA

We are unable to provide you with any statistics relative to mortgage brokers. This information can be obtained from:

Department of Insurance
714 P Street
Sacramento, California 95814

For your information, we are enclosing copies of the Industrial Loan, Personal Property Broker, and Credit Union Laws in order that you may be able to review the complete cited sections. Should you have any further questions, please feel free to contact me at the Department's Los Angeles office.

Sincerely,


H. J. DESZ
Special Administrator
Personal Property Brokers Law
(213) 736-2761

HJD:gp
Enclosures

FREDERICK T. BERHENKE
ADMINISTRATOR
UNIFORM CONSUMER CREDIT CODE



The State of Colorado
DEPARTMENT OF LAW

OFFICE OF CONSUMER AFFAIRS
1525 Sherman, 3rd Fl
Denver, CO 80203
303-892-3611 Ex 800

October 19, 1976

Mr. Alfred E. Orlin
President
New York State Consumer
Finance Association
233 Broadway
New York, N.Y. 10007

Dear Mr. Orlin:

Your letter of September 23, 1976, which was directed to Harry Bloom, State Bank Commissioner, has been given to our office for reply.

In 1971, Colorado adopted the Uniform Consumer Credit Code which allows second mortgage loans to be made by supervised lenders (finance companies) and certain supervised financial organizations (industrial banks).

A creditor may charge the debtor reasonable expenses for closing costs in connection with any debts secured by an interest in land.

We have no statistics on the volume of second mortgage loans made by Colorado Credit Granters.

Our experience in this field has been favorable.

For your convenience we have enclosed a copy of the Uniform Consumer Credit Code.

Very truly yours,

FREDERICK T. BERHENKE
ADMINISTRATOR - UCCC

By 
JAMES T. DILLON
DEPUTY ADMINISTRATOR - UCCC

JTD/jlc
Enclosure

Exhibit 3



STATE OF IDAHO
DEPARTMENT OF FINANCE
BOISE 83720

September 29, 1976

Mr. Alfred E. Orlin, President
New York State
Consumer Finance Association
233 Broadway
New York, NY 10007

Dear Mr. Orlin:

We have received your letter of September 23, 1976 concerning first and second real estate loans in Idaho. In answer to your questions, please refer to (a), (b), and (c) below.

- (a) Idaho has adopted the Uniform Consumer Credit Code and, therefore, supervised lenders (finance companies) are allowed to make these loans with an interest rate of 36% on the first \$480, 21% from \$480 to \$1600, and 15% from \$1600 to \$40,000, or 18% overall.

They are allowed to take the cost of closing this type of loan on an interest in land. These costs will include title, examination insurance, fees for preparation of deed or settlement statement, and appraisal fees.

- (b) In regards to your question as to the volume of such loans by these lenders, we are unable to answer this as this information is not available at this time.
- (c) Our experience in this field and during examinations has been that the supervised lenders are making this type of loan in great quantities. To date, we have not had any problems with this type of supervision.

There is a clause in the UCCC that states real estate loans cannot be made in an amount under \$1600 and I believe you will find this is the case in the other UCCC states.

If you have additional questions, please feel free to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Potter", written over a horizontal line.

John W. Potter
Deputy Administrator
Uniform Consumer Credit Code Bureau

JWP/db

Exhibit 3



**DEPARTMENT
OF COMMERCE**

BANKING DIVISION

BUSICK BUILDING • SALEM, OREGON • 97310 • Phone 503-378-4140

ROBERT W. STRAUB
GOVERNOR

September 27, 1976

JOHN S. OLIN
Superintendent of Banks

Mr. Alfred E. Orlin, President
New York State Consumer Finance Association
233 Broadway
New York, New York 10007

Dear Mr. Orlin:

All 253 Consumer Finance licensees in Oregon are allowed to make second mortgages under chapter 725 of the Oregon statutes, a copy of which is enclosed.

Under question (a), no loan can be secured by real estate under \$2,000, and the rates of interest and charges vary under our code.

We do not have a separate breakdown as to 2nd mortgage loans in our Annual Report, but a combination of all loans secured by real estate, whether 1st or 2nd mortgages.

One of the benefits to the consumer is equity borrowing without the additional expense of refinancing their original mortgage loan. In our next Legislative Session the Oregon Consumer Finance Association is sponsoring a bill to allow open-end credit which will greatly benefit the consumer insofar as additional expense and time are concerned.

Respectfully,

Steven G. Sanders
Consumer Finance Supervisor

SGS:e
Encl.



CALVIN L. RAMPTON
GOVERNOR

THE STATE OF UTAH
DEPARTMENT OF FINANCIAL INSTITUTIONS

10 West 3rd South - Suite 331
Salt Lake City, Utah 84101
Phone (801) 533-5461

W.S. BRIDGEMAN
COMMISSIONER
FINANCIAL INSTITUTIONS

C.B. QUINN
CHIEF EXAMINER

S.G. VERNON
DEPUTY ADMINISTRATOR
CONSUMER CREDIT

October 4, 1976

Mr. Alfred E. Orlin
President
Consumer Finance Association
233 Broadway
New York, New York 10007

Dear Mr. Orlin:

In reply to your letter we are pleased to inform you that in the State of Utah all financial institutions and regulated lenders are permitted to make loans secured by second mortgages on real property.

A regulated lender may contract for and receive a loan finance charge, calculated according to the actuarial method, not exceeding 18 percent per year on the unpaid balances of the principal.

All other financial institutions may charge a loan finance charge, calculated according to the actuarial method not exceeding the equivalent of the greater of either of the following:

The total of:

1. 36 percent per year on that part of the unpaid balances of the principal which is \$480 or less;
2. 21 percent per year on that part of the unpaid balances of the principal which is more than \$480 but does not exceed \$1,600; and
3. 15 percent per year on that part of the unpaid balances of the principal which is more than \$1,600; or

18 percent per year on the unpaid balances of the principal.

In addition to the loan finance charge a lender may contract for and receive the following additional charges in connection with a consumer loan:

1. Section 70B-3-202 of the Utah Uniform Consumer Credit Code on additional charges is enclosed.
2. Closing Costs -
 - a. fees or premiums for title examination, title insurance, or similar purposes including surveys,

Exhibit 3

Page 2.
Alfred E. Orlin
10/4/76

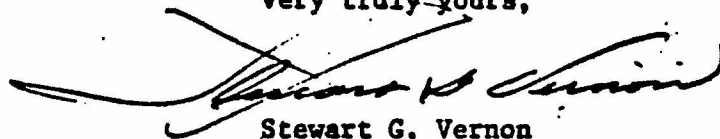
- b. fees for preparation of a deed, settlement statement, or other documents,
- c. escrows for future payments of taxes and insurance,
- d. fees for notarizing deeds and other documents,
- e. appraisal fees, and
- f. credit reports

The annual reports which we receive from the lenders do not ask for the amount of second mortgage loans made, so we are unable to provide you with the volume of such loans made in 1975.

Second mortgage financing allows consumers to use the equity which they have in their homes to obtain needed financing without refinancing their first mortgage which usually increases the long term interest rate and requires the consumer to pay additional unnecessary expenses.

We hope this information will be of some benefit to you.

Very truly yours,



Stewart G. Vernon
Deputy Administrator
Consumer Credit

SGV/bp

Enclosure

Exhibit 3

205



STATE OF NEVADA
DEPARTMENT OF COMMERCE
BANKING DIVISION
CAPITOL COMPLEX
NYE BUILDING, ROOM 220
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 688-4260

MIKE O'CALLAGHAN
GOVERNOR
MICHAEL L. MELNER
DIRECTOR

PRESTON E. TIDVALL
SUPERINTENDENT OF BANKS

October 8, 1976

Mr. Alfred E. Orlin, President
New York State Consumer Finance Association
233 Broadway
New York, N. Y. 10007

Dear Mr. Orlin:

In reply to your letter of September 23, 1976, I wish to advise that the Finance Companies operating in Nevada are prohibited from taking real estate as collateral for loans granted under the provisions of the Nevada Installment Loan and Finance Act at the present time.

It is my understanding that the Finance Company industry is planning to submit a bill in the 1977 Legislature permitting the taking of real estate as collateral. They have tried several times in the past to get legislation of this kind passed but have failed in each instance to get approval of the Legislature. I am personally in favor of such legislation and hope it passes in 1977.

Under the provisions of Nevada's Mortgage Companies Act, which is not under my jurisdiction, first and second Deeds of Trust may be taken as security for loans. The interest rates are set by the Usury Statute, Nevada Revised Statutes Chapter 99. A copy of this statute is enclosed for your perusal.

I have no information in regard to the volume of loans handled under the Mortgage Companies Act nor do I have any information regarding benefits to the consumer or supervision of the lender.

If you are successful in getting your legislation passed in New York, I would be interested in receiving a copy of the enacted legislation.

Sincerely,

PRESTON E. TIDVALL
Superintendent of Banks

PET;jtj

Enc.

SECONDARY REAL ESTATE LENDING IN NEVADA

I. The needs of the public for secondary real estate financing are now abundantly served by current licensees:

State Licensed Mortgage Companies	61	Total Number Of Nevada Homeowners Per 1970 Census	
Thrift Offices	<u>8</u>		
TOTAL	<u>69</u>		
		<u>94,176</u>	69 licensees / $\frac{1,365 \text{ Homeowners Per Licensee}}{94,176 \text{ Nevada Homeowners}}$

II. Nearly all of the profit from secondary mortgage lending now remains in Nevada. Of the sixty-one licensed mortgage companies all but one are owned and operated by Nevadans. It is estimated that well over ninety percent of the money loaned is invested by Nevada residents who receive the profit from the loans made. The eight thrift offices are owned and operated by Nevadans. Thrift companies accept deposits from and make loans only to Nevadans.

III. In creating the small loan companies it was the intent of the legislature to see that the needs of the necessitous borrower would be properly served. The purpose of small loan companies is to eliminate the possibility of the loan shark preying on the necessitous borrower. This need has been ignored in state after state when the small loan companies are permitted to make large loans secured by real property.

IV. The average citizen's major asset is the equity in his home. The licensed mortgage companies are under the supervision of the Commissioner of Savings Associations. Thrift companies are strictly regulated by the Director of Commerce. The management of both are professionals and are local residents and owners of their own businesses. They are not subject to transfer to another area or state. For this reason they are more prudent in lending on their neighbor's home than is an employee of a large corporation whose goal is to inflate his branch's receivables in order to be promoted and move out of the area in which he is operating.

V. Adding the current 70 small loan licensees to the mortgage companies and thrift offices now making second mortgage loans in Nevada would bring the total to 139. Dividing the most recent number of homeowners available by 139 would mean that there would be only 677 homeowners for every office licensed to make homeowner loans. Competition is the American way of life - but such fierce competition is definitely not in the public interest. Such competition leads to lenders ignoring their social responsibility by over-lending. Bankrupts result. Homeowners are foreclosed upon. The necessitous borrower is ignored by the controlled lenders. Loan sharks ensue. Such uncontrolled competition is certainly not in the public interest. These consequences have happened in other states - let's not allow this to happen in Nevada.

Prepared By: NEVADA MORTGAGE ASSOCIATION
 Concerning: AB 456

Exhibit 4

Exhibit 4

RECORDED EXAMPLES OF VIOLATIONS BY NEVADA SMALL
LOAN LICENSEES

NRS 675.350 Prohibited practices by licensees. No licensee shall, h. Take a lien upon real property as security for any loan made this chapter, except such lien as is created by law through the rendition or recording of a judgement.

Book	Page	Document	Trustors Name and Address	Location of Collateral	Date recorded	Amount of Indebtness	Term	Beneficiary
1.	939	607	Deed of Trust William Major Jr. & Sandra G. 520 Sugar Pine- Box 1091 Incline Village, Nevada	Washoe County	12-24-75	\$9780.47	84Months	Beneficial Management Corporation of America and Beneficial Finance Co. of Tahoe Valley
2.	954	639	Deed of Trust Robert D. Stock & Cheryl Stock 11875 Chesapeake Lemon Valley, Nevada	Washoe County	2-27-76	\$6851.05	84	" " "
3.	954	644	Deed of Trust Donald C. Marks & Janet Marks 653 E. Quail Sparks, Nevada	Washoe County	2-27-76	\$9969.47	84	" " "
4.	956	746	Deed of Trust Louis Gutenberger and Patricia Gutenberger 843 Glen Meadows Dr. Sparks, Nevada	Washoe County	3-9-76	\$7134.55	84	" " "
5.	958	386	Deed of Trust William L. Wager and Barbara Ann Wager 340 Richards Way Sparks, Nevada	Washoe County	3-16-76	\$6992.80	84	" " "
6.	958	392	Deed of Trust Reyna Rodrigues 640 Teel Sparks, Nevada	Washoe County	3-16-76	\$9969.47	84	" " "
7.	959	432	Deed of Trust Salvador Sanchez and Patricia Sanchez 1835 Desna Street Reno, Nevada	Washoe County	3-18-76	\$7323.54	84	" " "
8.	960	9	Deed of Trust Thomas G. Bennett and Barbara Bennett 889 East York Sparks, Nevada	Washoe County	3-22-76	\$5562.17	60	" " "
9.	960	787	Deed of Trust William H. Lear and Leonora M. Lear 1705 Byrd Sparks, Nevada	Washoe County	3-25-76	\$9260.74	84	" " "
10.	961	771	Deed of Trust James W. Mc Savaney and Joy C. Mc Savaney 1365 Vance Way Sparks, Nevada	Washoe County	3-30-76	\$8599.25	84	" " "
11.	966	849	Deed of Trust Carole Ann Rampa or Carole ann Milender 9070 Turbine Way Lemon Valley, Nevada	Washoe County	4-19-76	\$6893.95	60	" " "

THESE ARE REAL ESTATE LOANS MADE BY CALIFORNIA SMALL LOAN COMPANY BRANCH OFFICES AFFILIATED WITH NEVADA LICENSEES TO NEVADA HOMEOWNERS.

THE BORROWERS WERE REFERRED TO THE CALIFORNIA AFFILIATE IN ORDER TO CIRCUMVENT THE LEGISLATIVE INTENT OF THE NEVADA SMALL LOAN ACT.

Prepared By: NEVADA MORTGAGE ASSOCIATION

Exhibit 4

WHO IS PROPOSING THAT SMALL LOAN COMPANIES
BE PERMITTED TO MAKE REAL ESTATE LOANS
IN NEVADA ?

NEVADA SMALL LOAN LICENSEE	PARENT COMPANY	PARENT COMPANY ASSETS	SMALL LOAN SUBSIDIARY ASSETS	HOME OFFICE	NUMBER OF SMALL LOAN OFFICES	NUMBER OF OFFICES IN NEVADA
Public Finance Corp.	American Investment	\$ 536,291,000	\$ 488,808,000	St. Louis, Missouri	Not available through Woody's Bank & Finance Manual	5
AVCO Financial Services, Inc.	AVCO Corporation	2,143,340,000	1,700,000,000	Greenwich, Connecticut	Total 1,422 910 in USA - 408 in Canada - 29 in England 104 in Australia	8
Beneficial Finance Co.	Beneficial Corporation	2,543,942,000	1,662,869,000	Wilmington, Delaware	Total 1,698 1,435 in USA - 198 in Canada - 25 in England 60 in Australia - 5 in Puerto Rico	10
Century Finance Company	Cencor, Inc.	69,175,924	46,685,485	Kansas City, Missouri	92 small loan offices in 19 states	2
CIT Financial Services, Inc.	CIT Financial Corporation	7,018,208,000	3,869,640,000	New York City	827 small loan offices in USA and Puerto Rico	3
Nationwide Financial Corp.	CITICORP	57,849,665,000	Not available through Woody's Bank & Finance Manual	New York City	144 small loan offices in 21 states	6
Commercial Credit Plan, Inc.	Commercial Credit Company - a wholly owned subsidiary of Control Data Corporation	4,041,459,000	3,854,244,000	Baltimore, Maryland	Over 800 small loan offices in USA, Canada, Japan and several European Countries	2
Dial Finance Co.	Dial Finance Corp.	381,940,000	363,665,000	Des Moines, Iowa	470 small loan offices in 34 states & one Canadian Province	8
Associates Financial Services Company	Gulf & Western	1,652,971,000	449,593,000	New York City	Not available through Woody's Industrial Manual	4
Household Finance Corp.	Household Finance Corp.	3,211,874,000	2,300,000,000	Chicago, Illinois	1,861 small loan offices in USA, Canada & Puerto Rico	6
Aetna Finance Company	International Telephone & Telegraph Corporation	10,407,941,000	1,000,000,000	New York City	500 consumer lending offices in 34 states and Puerto Rico plus 34 offices nationwide for business loans	6
Pacific Finance Loans	Transamerica Corporation	1,896,259,000	706,742,000	Wilmington, Delaware	760 branch offices in 34 states and 10 Canadian Provinces	5
		<u>\$94,734,790,000</u>	<u>\$16,549,521,000</u> (1)			

Prepared By: NEVADA MORTGAGE ASSOCIATION

(1) Plus CITICORP'S Nationwide Financial Corporation's small loan receivables.

Exhibit 4

WHY AB 456 IS AGAINST
NEVADA'S PUBLIC INTEREST

- 1) The proposed bill attempts to make thrift companies inoperative in the State of Nevada. AB 456 was introduced by the small loan licensees of Nevada. The Nevada Thrift Companies Act is looked upon as the finest thrift act in America thanks to the wisdom of the 1975 Nevada Legislature and Nevada's Director of Commerce.

99.98% of the small loan licensees in Nevada have their main office outside of Nevada with Nevada profits syphoned out of the state. For example: [Source: Superintendent of Banks, State of Nevada]

Small Loan Companies
Last Report of June 30, 1976

- June 30, 1976 (A) Net Earnings - \$2,066,563 (before deducting interest paid on borrowed funds). Over 90% of borrowings with non-Nevada banks, most interest paid to corporations and individuals outside the State of Nevada; ie, New York, Chicago and California banks.
- (B) Transfer of Earnings to Net Worth or Home Office Control (outside of Nevada) - \$1,302,631. Interest paid on borrowed funds are "balloned" in cost by home office when charged to Nevada branches to compensate for so-called home office overhead. Nevada is used as a "vehicle" for home office profits which do not remain in Nevada; ie, 99.98% of small loan licensees have their corporate offices outside of Nevada!

2) To Increase Thrift Insurance Fund:

- (a) Small loan companies will use their own out-of-state corporate funds and bank borrowings. They do not use Nevada savings - this unconscionable increase in the fund shall not affect them. The bill would require \$1,000,000 funding which would not apply, in most cases, to small loan companies.
- (b) The bill requires \$200,000 initial deposit when a thrift company is formed, even if the thrift company has no money on deposit. No state in the United States with a thrift company law has ever considered such financial irresponsibility and monetary madness. This clearly shows that small loan companies do not understand the fundamental and basic concepts of the thrift business and how it operates to serve the public need. Family Savings of Nevada has \$44,495 Federal insurance reserve on assets of \$22,499,000. Nevada First Thrift has \$33,060 in the State Thrift Insurance Guarantee Fund plus cash and reserves of \$2,578,869 of savings deposits invested in Nevada banks, Nevada savings and loans and Government bonds. This is a reserve of over 37% on savings accounts. There is no higher cash reserve to deposits, percentage-wise, in Nevada and possibly in America. Delinquent loans, as of February, 1977, were less than 3/10 of 1%.

(c) To increase the thrift reserve would only put thrift companies out of business without reason, fact or historical reality of the savings business. The reserves would be so high that there would not be sufficient loanable dollars to show a profit. It would preclude any new thrift company from starting in Nevada except the small loan company conglomerates and those not using local Nevada funds.

- 3) The experience of the President of a thrift company would be reduced from 10 years to 5 years. This would be extremely dangerous as experience is the most important safeguard in lending. 10 years must be maintained.
- 4) Page 2, line 24 of AB 456 - In the wisdom of the Nevada Legislature, 667.340 was written into the statute to prevent thrift companies from being owned, controlled and operated by anyone other than Nevada people who have no interest in other types of financial institutions in Nevada or any other state. This prevents financial control of Nevada by other lenders which would work to the disadvantage of Nevada borrowers and savers. It would create a control by gigantic financial corporate giants instead of allowing Nevada thrift companies to ONLY be operated by Nevada residents who have no interest in banks, savings and loans, credit unions, pawnbrokers, or small loan companies in Nevada or any other state.

This section is one of the most important consumer and depositor sections of the Thrift Companies Act of Nevada. Without this Nevada-company-for-Nevada-people policy, the people of Nevada would be at the mercy of the financial corporate giants and money conglomerates, within and outside the State of Nevada. The Nevada Legislature enacted 677.340 to protect the public interest.

To change this section of the law would only destroy public protection for the people of Nevada and inaugurate a monopoly bonanza for the small loan company conglomerates.

- 5) For 677.670 to be changed clearly shows that the small loan industry of Nevada cares not for the people of Nevada but for their own personal profits.

To reduce the gross amount of loans from \$5,000 (current law) to \$3,500 would destroy the basic intent of the Thrift Companies Act.

The intent of the Thrift Companies Act is to service those loans larger than small loans and smaller than normal bank loans. By reducing the size of the gross loan to \$3,500 would only affect the small necessitous borrower as a \$3,500 gross loan would actually be \$1,000 to \$1,500 of net dollars received by the small borrower. Another clear indication of the small loan intent to get the maximum benefits of a larger loan and have the borrower obligate his residence (real property) to secure a small loan. The Nevada Legislature must be warned of this danger and threat to necessitous Nevada borrowers. Small loan companies should be only allowed to make maximum loans of \$3,500 net or the needy borrower will never be served properly.

Under current Nevada small loan law, a licensee can make loans as low as \$25 which they should be doing but are not! Small loan companies receive interest rates in excess of 36% per year on small loans but yet their number of small loans show a yearly decrease because they do not wish to serve the small, needy borrower. The major reason is the higher labor cost to serve in the making of small loans. Small loans are a service business, licensed to serve the people of Nevada, which they are not doing. What should be done is to reduce the maximum loan amount made of \$10,000 down to where it rightfully and socially belongs - \$3,500 NET MAXIMUM FOR SMALL LOAN COMPANIES. This is the only way all the people of Nevada can be served. Thrift companies are precluded from making loans of less than \$5,000 gross (or roughly \$2,500 to \$3,500 net). This was done to protect thrift depositors from the hazards of small loans and to serve the market that small loans do not serve. Small loans are more than fully compensated by the 36% annual rate, including service charge. If they are not making maximum profits, it cannot be the law but their poor operations and syphoning of profits by their home office (all out of state) which are to blame. This is what would happen if they got into the thrift business! Should the State Legislature put Nevada thrift companies out of business to guarantee small loan companies maximum and unconscious-able profits? Nevada law allows small loan lenders to charge on small loans, interest rates and charges, rates that rank as some of the very highest allowed by any of our 50 states.

- 6) WHAT IS THE SMALL LOAN INDUSTRY'S MOTIVATION FOR THE PROPOSED CHANGES IN THE NEVADA THRIFT COMPANIES ACT? Simply stated, it is to permit them to take real property as collateral on loans. All of the other proposed changes are simply subterfuge and there to confuse the real issue.

The Nevada Thrift Companies Act is looked upon by the entire financial community, nationwide, as a landmark of outstanding legislation which protects both borrower and depositor.

The Director of Commerce, who regulates Nevada thrift companies, has not recommended the changes as set forth in AB 456.

To change the Nevada Thrift Companies Act as proposed in AB 456 would be a legislative tragedy and a profound disservice to the people of Nevada.