Members present:

Chairman Jeffrey
Vice Chairman Robinson
Assemblyman Bennett
Assemblyman Bremner
Assemblyman Chaney
Assemblyman Horn
Assemblyman Sena
Assemblyman FitzPatrick
Assemblyman Rusk
Assemblyman Tanner
Assemblyman Weise

A quorum being present, Chairman Jeffrey called the meeting to order at 2:14 p.m. and stated that the committee would hear AB 547, AB 516 and AB 582.

AB 547: Joe Midmore, representing Nevada Consumer Finance Assoc., addressed the committee first. His comments are attached and marked as Exhibit "A".

In answer to a question from Mr. Weise, Mr. Midmore stated that 42 states, including all those surrounding Nevada, currently have similar provisions in their law. In answer to a question from Mr. Rusk, Mr. Midmore stated he did not feel allowing real property loans to be handled by these small loan companies would have a great effect on the amount of money still available through those companies for smaller personal loans. And responding to Dr. Robinson, Mr. Midmore stated that currently these companies loan for a maximum period of 84 months.

Mr. Bob Beach, Nevada Consumer Finance Association and managing partner of Northern Nevada Finance, Inc., stated that opening up this area of lending on real estate would not dry up the funds available for personal loans up to $2,500 because those smaller loans comprise the bulk of their work and also have a much higher yeild than would the real estate loans. He stated that the maximum percentage rate of interest which would be allowed on this new class of loans is 18%.

Mr. Beach then discussed with the committee the relative benefits of a person borrowing these funds from their companies than from mortgage brokers. He stated that considering the current market, their payback amount would be considerably less than the payback to the mortgage brokers. He stated that he felt this would bring more competition to the market and make available to those who needed it a way of obtaining these funds.

He stated that he did not feel opening up this area would bring in companies from out of state who would, necessarily, dominate the marketplace because he had worked with those people in other areas of his business for five years and had had no problems which he could not work out with them. He said that he felt, as the state continues to grow, the competitive market will bring more money available to the consumers, if this bill is passed.

Mr. Beach stated that the market in small personal loans is very strong at this time.

In answer to a question from Dr. Robinson, Mr. Beach stated that they currently loan money on used cars based upon the "Blue Book" and that they are practically the only source of financing for older cars. In answer to a question posed by Mr. Weise, Mr. Beach stated that he did feel passage of this measure would bring in additional capital to the state which would, in turn, be available for lending in all areas.

Mr. Weise stated that he would hate so see someone with a moderate or low income lose their house on foreclosure of a second deed of trust, just because they didn't know how to handle their money matters. Mr. Beach commented that their company is not in business to foreclose on loans, but to make sure that they are paid back the money they had loaned out to assist those people.

Mr. Daykin, Legislative Counsel, explained to the committee the technical changes in the bill which had been made to clarify existing statutes. He stated that the only substantive changes in the bill were those directly relating to inclusion of real property as collateral, together with the contingent title reports, etc, and the limitation on interest rates on those types of loans. He stated that it also provided for reasonable fees and costs in the event sale is necessary.

Mr. George Angel, Household Finance Co., stated that in other states where they were permitted to make second deeds of trustloans their real estate loans comprised only approximately 10% of loans outstanding and the balance was made up of other types of loans. And, to Mr. Rusk, he stated that he felt this 10% would come from additional funds which would be available, not from funds which would originally have been available for the smaller loans.

Mr. Rennie Ashleman, representing Nevada First Thrift and the mortgage brokers, stated that he did not feel that these "high risk" people should be asked to put their homes on the line for a loan because they have shown that they haven't been successful in managing their money and may not understand the ramifications of what they are doing. He stated, referring to the payback comparison by Mr. Beach, that with the current market being as high as it is, it isn't as favorable at this time for a person to borrow money from a mortgage broker; however, he stated during normal times, it is more economical for the borrower to go through a mortgage broker. The basic points brought out by Mr. Ashleman are attached as Exhibit "B". He questioned whether or not using the money in the small loan companies for second deeds of trust would not, in fact, draw money away from other loan areas. In relation to this concern, he submitted to the committee a 1975 Annual Report from the Department of Corporations, State of California which is attached and marked as Exhibit "C" and an Analysis of Loans from the Nevada Department of Commerce, Banking Division, which is attached and marked as Exhibit "D". And, he pointed out that these reports indicated a trend away from the smaller loans.

He said that he did not feel there was a necessity for the small

He said that, according to their figures, there are currently 272 licensed office within the state which have the ability to lend money in this area. He stated also that with the structure the way it is, the money propagated by these loans stays within the state.

In answer to a question from Dr. Robinson, Mr. Ashleman stated that banks and credit unions do lend money based on other criteria than real estate and that the thrift companies and mortgage brokers make about 90% of their loans only on real property. And, he added, the interest rates on the other types of loans, compared to rates charged by the small loan companies, are competitive.

Mr. Horn asked Mr. Ashleman if he didn't think there was a difference in the kind of people who would be served by these companies. Mr. Ashleman stated that according to their information, there weren't any meritorious borrowers going begging for funds. And, he stated, it is sometimes very hard to determine what is a valid application for funds when your talking to people who are making inquiries over the phone or just walking in to talk about the possibility of needing a loan.

Mr. Rusk stated that it had been his experience in Reno that there was a large group of owners of homes who held fair sized equities who were unable to find available money through regular lenders and that he had seen large lists of potential borrowers. Mr. Ashleman stated that these lists are compiled all the time because it was necessary for the lenders to show that they have a base market so that they can seek financing. This practice is related to the current usury laws.

Mr. Ashleman stated that under current law, there is no prohibition for the small loan companies to apply for a separate subsidiary which could go into this area, although it would involve setting up a new office.

Mr. Midmore pointed out that it might be true that they could pursue that type of thing, but that it would involve twice the expense relative to salaries, rents, utilities, etc. He also said that the people who have worked with the small loan companies over the years had built up a certain amount of trust in those companies and if they opened a separate office there would be a certain amount of orientation and public relations work which would be necessary. He also stated that the term high risk was recognized by the 1959 legislature and he did not feel there was anything bad about the term because those people knew why they were termed that way and they knew that because of their past records or financial problems, they would be paying higher interests rates on any loans that they obtained. He also stated that many of the customers of these companies are not high risk and that they felt this type of loan being available would just allow them to furnish one more service to all their customers. Mr. Midmore further stated that these companies do not desire to foreclose on any loan; that is not what they are in business for and, in answer to a point raised by

Mr. Horn, Mr Midmore stated he didn't know how wise it would be for the legislature to either pass or prohibit legislation which would protect the consumer from himself.

He also pointed out that even with the number of lenders in the state currently who have the ability to lend on deeds of trust, there are still many people who cannot qualify for those types of loans through banks and brokers and those are the people the small loan companies want to serve.

Joseph O. Sevigny, Superintendent of Banks, Banking Division, Department of Commerce, was next to address the committee and stated that he was not testifying on behalf of or against the bill, as such, but that he wished to give the committee some information which he had compiled and also address himself to any questions of an informational nature that the committee would like to ask. He stated that his division does regulate the small loan industry within the state and that between 1977 and 1979 the small loan companies total available funds had increased some 9.9% and was about equivalent to the funds available through the smaller commercial banks, i.e. Security National, Nevada National and Valley Bank combined.

Mr. Sevigny submitted to and reviewed for the committee a poll which he had personally taken of nine states, primarily located in the west with similar population, etc. compared with Nevada. In answer to a question from Mr. Weise, he stated that according to that study, there had been no foreclosures on loans on second deeds of trust. That poll is attached and marked as Exhibit "E".

In answer to a question from Mr. Weise, he also stated that he felt by opening up this area and making second deed loans, the small companies would be, in effect, propogating more business in the other areas of lending and he felt that they would, in his opinion, not turn away the smaller loan customers.

He stated that Nevada is currently capital short and this might be a way to get that additional capital and helping the small loan companies that are extremely necessary for the consumer base. He said he felt it would open a wealth of funds to the people of the state. In answer to a question from Dr. Robinson, he said that since 1959, in fact since the 1930's, no small loan companies in Nevada have been liquidated. Mr. Sevigny discussed with the committee the effect passage of this bill would have on the competitive nature of the interest and lending market in Nevada. He said that he did not know if allowing the small loan companies to make these kinds of loans would severely impact those already doing so, but he felt the committee should consider: 1) the great demand in this area due to the greatly increased population in the state; 2) bankers are telling him that money is tight; 3) the large lending companies want to do business in Nevada; 4) possible yields on other investments might tend to take money away from the little borrower; 5) business boom in the state may have some effect on the market because you to give it financial fuel; 6) looking at Mr. Ashleman's figures could lead one to different conclusions than indicated; and, 7) the increase in home valuations have provided equities that more people can draw against. That concluded Mr. Sevigny's comments.

Following a brief recess the committee considered:

AB 516: Shirley Kott, Washoe County District Attorney's Consumer Protection Division, stated that her division had worked on this bill with the Better Business Bureau and the Northern Nevada Electrical Dealers Association. She stated that the bill directed itself to helping the consumer and the dealer in repair of electrical appliances. She reviewed the provisions of the bill with the committee briefly. In answer to a question from Mr. Sena, Ms. Kott stated that she did not feel the penalty provisions were too strong in the bill as they were the same as other penalty provisions in the Deceptive Trade Practices Act.

Ms. Kott submitted to the committee some suggested amendments to the bill and they are attached and marked as Exhibit "F" and are to allow oral changes and instructions relative to the repair order, and excluding from the law governmental agencies.

Mr. Tanner questioned Ms. Kott as to how one would perfect a mechanic's lien on a piece of property which was in the person's home, i.e. a refrigerator, etc. Ms. Kott stated that she did not know, but that she would check into this area and report back to the committee.

Don Crawley of the Northern Nevada Better Business Bureau in Reno stated that they established an arbitration board for consumer complaints and that that board keeps track of all the complaints that come before them. He stated that when the Electrical Dealers Association came to them and proposed the provisions of this bill that they reviewed it and approved of it as amended. He said that according to their statistics, appliance repairmen were ranked 7th in number of complaints received and television repairmen were ranked 8th. He stated that this bill was a disclosure bill and was based entirely on what the customer requests of the dealer.

Mr. Charle Wells, State Director of the Nevada Electrical Association and Mr. Tom Kirkpatrick, Vice President of the Northern Nevada Electrical Dealers Association and member of their legislative action committee, were next to speak to the committee. They reviewed with the committee the various sections of the bill which would have a direct cost impact on the dealers and said that all those impositions were self-inflicted and that their association was in support. Directed to Mr. Tanner, Mr. Kirkpatrick stated that the main thing they want the lien provisions for was so that they could lawfully dispose of the large amount of merchandise which they end up with in their shops which has not been claimed by the owners. In answer to a question from Mr. Bremner, Mr. Wells stated that statewide, their membership runs approximately 25% of all dealers.

He stated that their main concern was about fly-by-night repairmen like those who advertise in the throw-away papers and who only have a phone number and when someone tries to contact them after they have promised to fix the appliance, the phone number is either an answering service or is disconnected and the consumer has no recourse.

Mr. Wells suggested an amendment to page 1, line 15 to include CB equipment and other two-way radios. He said he felt this had been left out by the bill drafter.

Mr. Pete Kelly, Nevada Retail Association, stated that his association was not for or against the bill, but they would like to point out that many large establishments which deal in this area have their invoices, etc., mass printed at a central location at it might be very difficult for them to change over and print the individual name and address for each separate store on their invoices. He also stated that posting the notice required in the bill is okay with them, but he wasn't sure that it would be too effective since people are bombarded so constantly with notices posted in various establishments. He also stated that he would work with Ms. Kott on any proposed amendments.

Jim Wadhams, Director of Commerce, stated that he supports the bill in general and stated that it was a similar disclosure bill to the one passed relative to automotive repair which had been fairly successful.

Mrs. Linda Link, CB dealer from Reno told the committee that her prime concern with the bill was estimated repair costs and diagnostic charges. She stated in their business it was hard to tie down how much something was going to cost and they felt the restrictions in the bill would be too hard to comply with.

AB 582: Leonard Saye, Continental Group Agency, stated that the purpose of this bill was to bring health maintenance organizations into line with regular health insurance plans regarding open enrollment provisions. He stated that these organizations place a monetary incentive on persons covered to exercise preventative measures so that they can avoid extensive medical and surgical procedures. He stated that the bill would eliminate an unfair competitive edge that is currently held by the regular insurance groups. Mr. Bremner stated that he felt the way the law currently was, the only restrictions on the hmo's was that they had to abide by the practices which are generally used in any specific area; if the regular health insurance companies have open enrollment, then the hmo's must have open enrollment, and conversely, if the regular health insurance companies don't have it they don't have to either.

Mr. Saye stated that he felt current law was ambiguous and that due to that ambiguity, there were no hmo's in Nevada at this time.

Jim Wadhams stated that he felt the current language in the law was consistent with both types of coverage. And, he stated that if there was any questions on interpretation of that law, those people who were questioning that interpretation should call him.

Mr. Wes McVey, Washoe County Medical Association, stated that they are currently in the process of forming a hmo in Reno and that they are going to be getting federal assistance, but if this bill were to pass, they would not meet the federal requirements.

Chairman Jeffrey discussed with the committee some matters which he wished to have the committee introduce and there were no objections to those introductions.

There being no further business to come before the committee, the meeting was adjourned at 5:06 p.m.

Respectfully submitted,

Linda D Chandler

Linda D. Chandler
Secretary

Date of Hearing 4-5-79

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

NAME (Please print)	REPRESENTING (organization)	WISH TO SPEAK Yes	No.
Joe Midmore	Nevada Consumer Finance Assn.	✓	
Bob Beach	✓ ✓ ✓ ✓	✓	
[illegible]	[illegible]	✓	
Leonard Saye	Continental Group Agency	✓	
Wes McVey	Washoe County Medical Soc.	✓	
Shirley Katt	Washoe County D.A.	✓	
Tom Kirkpatrick	Nevada State Electronics Assn	✓	

A

Thursday 4/5/79

ASSEMBLY COMMITTEE ON COMMERCE

Testimony of: Joe Midmore,
Representing Nevada Consumer Finance Association

Re: A.B. 547

A.B. 547 is, despite its appearance, a very simple bill. It would, as has been pointed out by Mr. Daykin, allow Nevada's consumer finance companies to accept deeds of trust on real property as security on loans, something which they may do in 42 states including every state around us.

They could charge for certain specified services performed in connection with making the loans, such as title searches and appraisals.

The interest rate allowable on such loans would be held to a maximum 18%, about the same as other states around us allow.

That is all A.B. 547 would do.

I believe the committee should be made aware that the consumer finance industry pioneered the second mortgage or second deed of trust business.

As I have noted, there are more than 40 states in which we are empowered to make such loans.

Here in Nevada we operate under the Installment Loan and Finance Act of 1959. Now 20 years ago when that act was passed, the prime rate of interest was around 4½%. Houses, on the average, were worth about $16,000. And the act as originally passed allowed us to make loans of up to $2,500. The 1959 legislature did not believe real property loans fit within the bounds set by the act.

But times change. We all know what homes are valued at now, and the equity which accrues in them. Subsequent legislation to that 1959 act has raised the ceiling on our loans to $10,000.

And we are here to ask you to allow us now to do only what our customers are asking for. Second trust deed loans are now commonly accepted as a way of raising money. They allow people to find necessary capital by using the equity built up in their homes for short term borrowing.

We ask only that we be allowed to offer our customers what other Nevada lenders can offer theirs.

 EXHIBIT "A"

The 1959 act under which we operate came about after the legislature determined, among other things, that there was a widespread demand for loans repayable in installments, which loans might or might not be made on substantial security and that there was a danger of the unscrupulous preying upon such potential borrowers. Frequently these borrowers are high risk prospects who have not been able to do business with other legitimate lenders.

The maximum interest rate at which we suggest we be allowed to make these loans is, we submit, reasonable. At present a brokered second trust deed loan in Nevada is going at an interest rate of about 14%; our floating ursury rate controls that. If you add the brokerage fee of some 10 points and consider that most of the loans run for probably somewhere around two years, it comes to an annual percentage rate which would make what we ask competitive. It need only be added that second TD's now being written here usually include an early payoff penalty. We do not ask for such a provision.

Presumably a legislator makes his decision to vote on a given piece of legislation based on whether it will be beneficial to the people of his constituency and of the state.

Were this bill, for instance, liable to harm those now conducting this business of making second trust deed loans, then it could be considered in an unfavorable light, although I don't think protection of business from legitimate competition is really a legislature's job. However, we know of no state where our entry into this field has had any such harmful effect.

As a matter of fact, this legislation would have the effect of bringing a large new fund, for Nevada, of loanable money onto the market for those people who are most in need of a choice of lenders when shopping for funds. That is the ordinary little guy, the working people.

A couple of years ago the magazine Business Week pointed out that consumer finance companies are still the largest source of second mortgage financing. "They have been at it for years and know what they are doing," the magazine said.

Our companies have been members of the Nevada financial community for many years. We would ask that you pass A.B. 547 and thereby allow us to offer to our Nevada customers the full range of services we deal in, including the expertise in the second trust deed loan field for which we are known.

AB 547 [redacted]

AB 547 [redacted]

SECONDARY RE[redacted]TATE LENDING IN NEVADA

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

Credit Unions - 51 State Licensed Mortgage Companies - 89 Banks - 119 Thrift Offices - 13 TOTAL - 272	Total Number of Nevada Homeowners Per 1970 Census 130,218	272 Current licensees in Nevada	364 Homeowners Per Current Licensee /130,218*Nevada Homeowners

II. Over 90% of all the profit from secondary mortgage lending now remains in Nevada. Of the 89 licensed mortgage companies all but two 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 13 thrift offices are 100% 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 necessitious borrower would be properly served. The purpose of small loan companies is to eliminate the possibility of the loan shark praying on the necessitious 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. Gambling and legalized prostitution makes the problem more severe in Nevada! Unskilled and service industry employees make small lending a necessity.

EXHIBIT "B"

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 Nevada owners of their own businesses. They are not subject to transfer to another area or state and the funds remain in Nevada. 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 85 small loan licensees to the current 272 licensed Nevada offices now making second mortgage loans in Nevada would bring the total to 357. Dividing the most recent number of homeowners available by 357 would mean that there would be only 364 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 necessitious 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. Competition does not lower rates. The facts and figures of all current Nevada small loans, based on their nationwide branch office system is to always charge the MAXIMUM RATE. AB 547 simply means:

1. Over-lending to the public of Nevada.
2. Small loan lenders are now allowed under Nevada statutes to charge up to 36% per year on their loans--- Isn't that enough?

*"A Survey Of The Housing Needs of Nevada" published August 1976 by the Nevada Housing Division, State Department of Commerce

3. The national average for small loan and thrift lenders is,

   a) Western state per capita penetration of 12,456 people
   b) Currently in Nevada for all lenders eligible to make 2nd mortgage loans is 2,757
   c) To allow small loan companies in Nevada would make the figure 2,100, or 597.42% greater than allowed in the the 11 Western States.

4. The latest available published figures from the Nevada Superintendent of Banks, who regulates Small Loan Companies, shows the following figures --

   a) From 1969 the average size loan increased almost $500 from $739 in 1969 to $1,235 in 1975 - an increase of 67%.
   b) The number of loans decreased by 8,229 from 1969 of 50,068 to 1975 of 41,839, while the state of Nevada increased in population.

Small loan people operate under the Nevada Small Loan Law and it should be kept that way to serve the little people and to halt the growth of the loan shark and the criminal involvement. It is very interesting that the Nevada Legislature has allowed small loan lenders to make loans to $10,000.00 - - why do they not make such loans?

AB 547 is simply a special interest bill not serving the best interest of Nevada. Let's keep Nevada for Nevadans - the defeat of AB 547 shall accomplish this goal and protect the public from over-lending and bankruptcy -- guarantee a market for the small necessitious borrower to get money in time of need and protect Nevada depositors, savers and investors who have entrusted their savings to Nevada banks, Nevada mortgage brokers, Nevada credit unions and Nevada thrift companies.

SIDNEY B. STERN
Founder/President
NEVADA FIRST THRIFT

March 26, 1979

EXHIBIT B

1135

PER CAPITA PENETRATION BY LICENSEES BASED ON STATE POPULATION
JANUARY, 1979

State	Max. Loan	Number Licensees Eligible to Make Real Estate Loans (Thrift & Small Loan Companies)	Population (Most Recent) Approx.	Per Capita Penetration (Per Office)
Wyoming		104	425,000	4,086
Texas		1,670	12,917,000	7,734
Montana		52	700,000	15,192
Alaska		21	400,000	19,047
No. Dakota	(Real estate loans not allowed)	63	642,000	Not Allowed
So. Dakota	(Real estate loans not allowed)	47	680,000	Not Allowed
Arizona		466	1,500,000	6,637
Oregon		262	2,400,000	9,160
Idaho		131	857,000	6,542
New Mexico		168	1,200,000	7,142
California	Any Amount	2,549	24,000,000	9,415
Hawaii		20	910,000	45,500
Utah		159	1,200,000	7,547
Nevada	(Real estate loans not allowed)	85	750,000	Not Allowed

1. Average number of state citizens served per capita for the 11 Western State offices eligible to make real estate loans by small loan companies = 12,546 per capita penetration.

2. Nevada currently now has 272 lending offices eligible to make 2nd trust deeds - i.e., banks (119), mortgage brokers (89), credit unions (51) and thrift companies (13) = 272 offices. Nevada approximate population: 750,000.

   (a) 272 ÷ 750,000 = 2,757 per capita penetration.

   (b) 272 (current 2nd mortgage lenders) + 85 small loan companies = 357 (if AB 547 passes). 357 ÷ 750,000 = 2,100 per capita penetration.

March 26, 1979

EXHIBIT B

1137

EXHIBIT B

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

THE FOLLOWING SMALL LOAN COMPANIES COMPRISE 98.8% OF ALL NEVADA SMALL LOAN LICENSEES*

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 Moody'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 Moody'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 Provence	8
Associates Financial Services Company	Gulf & Western	1,652,971,000	449,593,000	New York City	Not available through Moody'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	4,896,259,000	706,742,000	Wilmington, Delaware	760 branch offices in 34 states and 10 Canadian Provinces	5
		$94,734,790,000	$16,549,521,000 (1)			

Prepared By: NEVADA MORTGAGE ASSOCIATION

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

*Nevada has only 1 locally owned and operated Small Loan Licensee.

	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 4091 Incline Village, Nevada	Washoe County	12-24-75	$9780.47	84 Months	Beneficial Management Corporation of America and Beneficial Finance Co. of Tahoe Valley
2.	952	439	Deed of Trust	Robert D. Stock & Cheryl Stock 11575 Chesapeake Lemmon Valley, Nevada	Washoe C unty	2-27-76	$6851.05	84	" " "
3.	954	[illegible]	Deed of Trust	Donald C. Marks & Janet Marks 653 E. Quail Sparks, Nevada	Washoe County	2-27-76	$9969.47	84	" " "
4.	956	7[illegible]6	Deed of Trust	Louis Gutenberger and Patricia Gutenberger 843 Glen Meadows Dr. Sparks, Nevada	Washoe County	3-9-76	$7134.55	84	" " "
5.	958	356	Deed of Trust	William L. Wager and Barbara Ann Wager 340 Richards Way Sparks, Nevada	Washoe County	3-16-76	$6992.80	84	" " "
6.	959	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 1935 Cesna Street Reno, Nevada	Washoe County	3-18-76	$7323.54	84	" " "
8.	960	9	Deed of Trust	Thomas G. Bennett and Barbara Bennett 539 East York Sparks, Nevada	Washoe County	3-22-76	$5562.17	60	" " "
9.	960	737	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 1305 Vance Way Sparks, Nevada	Washoe County	3-30-76	$8599.25	84	" " "
11.	966	549	Deed of Trust	Carole Ann Rampa or Carole ann Milender 9070 Turbine Way Lemon Valley, Nevada	Washoe County	4-19-76	$6893.95	60	" " "

EXHIBIT B

	Book	Page	Document	Trustors Name and Address	Location of Collateral	Date recorded	Amount of Indebtness	Term	Beneficiary
22.	973	340	Deed of Trust	James P. Anestasi and Freda F. Anestasi 11493 Sitka Lemmon Valley, Nevada	Washoe County	5-13-76	$7040.05	84 Months	Beneficial Management Corporation of America and Beneficial Finance Co. of Tahoe Valley.
23.	973	316	Deed of Trust	Frederick E. Yourdon and Joyce A. Yourdon 2455 4th Street Sparks, Nevada	Washoe County	5-13-76	$5483.83	60	" " " "
24.	975	291	Deed of Trust	James Bedford and Diane Bedford 1020 Morris Sparks, Nevada	Washoe County	5-25-76	$6580.59	60	" " " "
25.	987	407	Deed of Trust	John A. Spaulding and Judy A. Spaulding 694 Glen Martin Sparks, Nevada	Washoe County	7-6-76	$9733.22	84	" " " "
26.	987	408	Deed of Trust	Paul R. Rutherford and Susan C. Rutherford 236 Caliente Reno, Nevada	Washoe County	7-6-76	$13,375.13	120	" " " "
27.	991	158	Deed of Trust	Aaron K. Rickels and Lillian L. Rickels 4570 Lakeside Dr. Reno, Nevada	Washoe County	7-21-76	$16,705.03	120	" " " "
28.	994	12	Deed of Trust	Lyle F. Wilson and Shirley J. Wilson 9190 Freemont Lemmon Valley, Nevada	Washoe County	7-29-76	$9780.47	84	" " " "
9.	276	500	Deed of Trust	James A. Young and Samantha L. Young Box 3953 444 Andria Stateline, Nevada	Douglasse County	1-15-76	$12,209.66		" " " "
0.	175	551	Deed of Trust	Ronald Gene Stowell and Jeanette Stowell Box 2071- 392 Benjamin Stateline, Nevada	Douglass County	1-20-76	$13,042.14	120	" " " "
1.	276	130	Deed of Trust	Charles R. Manachester and Carolyn Lee Manachester Box 2275- 158 Hall Court Stateline, Nevada	Douglass County	1-4-77	$21,200.41		" " " "
.	575	699	Deed of Trust	Kathryn T. Delorey P.O. Box 1 Zephyr Cove, Nevada 89449	Douglass County	5-20-76	$5513.24	60	C.I.T. Finance Services P.O. Box Z South Lake, Tahoe, Calif.
.	775	1253	Deed of Trust	J. Elaine Wines and Marcia Wines Box 2217 245 Logging Rd. Ln. Stateline, Nevada	Douglass County	7-22-76	$9969.47	84	Beneficial Management Corporation of America a Delaware Corporation and 1034 Emerald Bay Road, South Lake Tahoe

EXHIBIT B

	[illegible]	Page	Document	Trustors Name and Address	Location of Collateral	Date Recorded	Amount of Indebtness	Term	Beneficiary
24.	1175	537	Deed of Trust	Leland Ray Smith and Rosalind Rice Smith 971 Dean Dr. Gardnerville, Nevada	Douglass County	11-12-76	$6946.49	84 Months	C.I.T. Financial Services P.O. Box 2 South Lake Tahoe, California
25.	135	557	Deed of Trust	Edward W. Scripps II and Jean W. Scripps 340 N. Minnesota, Carson City, Nevada	Carson City	4-30-76	$230,000.00		Budget Fiance 6420 Wilshire Blvd. #1500 Los Angles, California
26.	[illegible]	[illegible]	Deed of Trust	William F. Furlong and Yvonne E. Furlong	Carson City,	5-13-76	$13,208.63	120	Beneficial Management Corporation of America and Beneficial Finance Co. of Tahoe Valley

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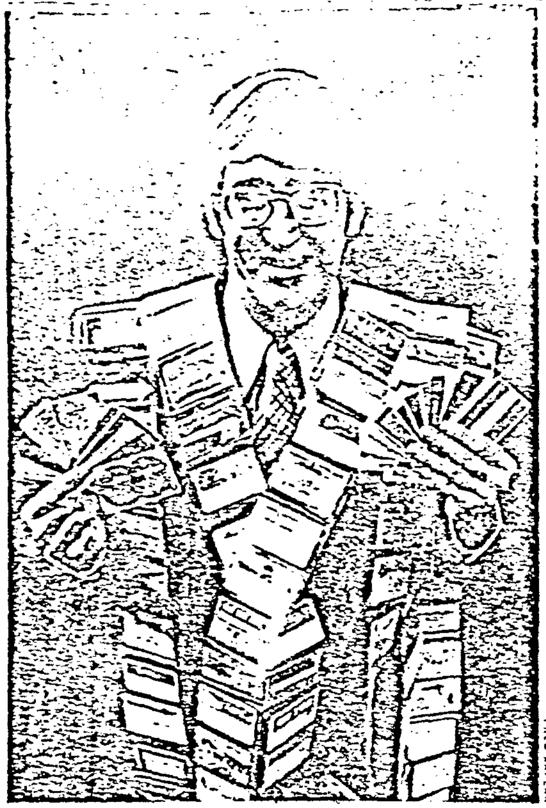
EXHIBIT B



CARD COLLECTOR WALTER CAVANAGH
Only one refusal.

—and, as the 17th-century English poet George Herbert observed, "He that has lost his credit is dead to the world." So the U.S. has not quite become the cashless society, but there are some hints of a less than brave new world aborning. For the past three years, a Cornell University faculty dining club has actually forbidden its customers to pay cash. Professors are issued credit cards by the university and must use them in the club or eat somewhere else. The club is run by the Cornell School of Hotel Administration, which apparently wants to train its students for a world in which cash has become nearly obsolete.

About a third of the holders of bank credit cards pay their bills within 25 days and thus escape the interest charges equal to 18% a year that banks levy on cardholders who pay their accounts more slowly. Last May, however, Manhattan's Citibank began imposing a fee of 50¢ a month on the prompt payers. Bank officials protested that they were losing money handling the quickly settled accounts. Be that as it may, the charge marks a vaguely Orwellian first: customers now have to pay for the privilege of *not* using extended credit.

Fairly Prudent. For the most part, though, the Credit Society is less Orwellian than Galbraithian: a world of affluence. Since World War II, the U.S. has shifted from being a nation of renters to one in which the majority of all families own their own homes. Auto ownership has become almost universal (84% of all families), enjoyment of TV sets even more so (97% of all families have at least one). None of that would have been possible without easy credit. A cash-on-the-barrelhead economy, if one can still be imagined, would be smaller and poorer, with less production, lower incomes, fewer jobs.

Worries that the economy would prove to be a house of cards built on uncollectible debt have largely disappeared. Gerard Lareau, president of the Consumer Credit Counseling Service of Greater New York, offers some rules of thumb for individuals and families: 10% of take-home pay devoted to meeting installment bills is "comfortable," 15% to 16% "manageable," 20% or more dangerous "credit overload." By these standards, most Americans have been using credit fairly prudently: total installment debt currently is slightly less than 13% of total personal income.

The test came in the 1974-75 recession, when credit delinquencies (bills overdue 30 days or more) rose to 2.8% of all consumer debt. Says Robert Sakowitz, president of Sakowitz Inc., a Houston-based chain of specialty stores: "We probably wrote off more bad debts in 1974 than we ever have in all of our 75 years of existence." As the economy has recovered, the delinquency rate has dropped again to less than 2.4%, which does not worry lenders.

But if consumer debt is no danger to the overall economy, life in the Credit Society still has its strains. Psychologically, puritan maxims—do not enjoy something until you have earned enough to pay for it; stay out of debt—maintain a strong hold on the American mind. In a survey of consumers two years ago, pollsters for General Mills Inc. found that 60% of American families considered "not being in debt" an important personal value; 45% identified "being completely out of debt" as a major goal for the future. And how did they face the fact that they might well never reach that goal? By redefining "debt." To many, the word did not mean simply owing money but falling behind in the payments.

Many people still feel vaguely guilty about using credit heavily—especially, of course, when the bills come. Says Manhattan Psychologist Joyce Brothers: "Credit buying is much like being

What It Really Costs

Credit counselors invariably bewail the willingness of consumers to take the first time-payment deal they are offered —and with good reason. To test the benefits of shopping around, TIME staffers in New England, the Midwest and the California-Nevada area asked various lenders what terms they would offer to a salesman who earned $20,000 a year and wanted to borrow $2,000 to take his wife and two children on a vacation. The salesman was assumed to be making mortgage payments on a $40,000 house, and to be paying $110 a month on an auto loan and $50 a month on department-store charge accounts. Conclusion: he would pay anything from 1% to 22% effective annual interest on his vacation loan if he turned to legitimate creditors, 55% for ten weeks if he sought out a Las Vegas loan shark (borrow $2,000, repay $3,100—or else).

The lowest rate was offered by a Pasadena savings and loan. If the salesman had $2,000 or more in a savings account, he could borrow on his passbook and pay 1% more in interest on his loan than he received in interest on his savings. The high-end 22% rate was quoted by a finance company in Los Angeles. Some rates in between:

LIFE INSURERS would lend the money at 5% to 8% interest annually, if the salesman had built up a cash value of $2,000 or more in a policy. Since he would in effect be borrowing his own money, he could repay the principal whenever he felt like it, or not at all. In that case the $2,000 would be deducted from the proceeds paid to his beneficiaries when he died.

CREDIT UNIONS would generally lend to a salesman-member at 12% annually. But if he belonged to Polaroid Corp.'s credit union, an annual refund of interest would reduce the real rate to 9.6%. Payments: about $80 a month for three years.

BANKS offered strikingly varied terms on a straight installment loan. In Boston, National Shawmut Bank would lend at 14% per year for 24 months (monthly payment: $96.02). First National Bank of Boston would offer a "revolving line of credit" with an indefinite repayment period and charge interest of 18% annually on the first $500 of unpaid balance, 12% on the rest. Minimum payment: $55 a month for 41 months. The First National Bank of Kansas City would lend for only one year, at 15.75%. Monthly payment: $180.

FINANCE COMPANIES charged the highest rates. Typically, Household Finance Corp. would demand 18% annually on a 30-month loan. Monthly payment: $83.27.

One happy thought for the salesman: though his loan would be unsecured—since a vacation cannot be foreclosed or repossessed—he would have little trouble getting it. Only one lender, People's Finance Co. of Somerville, Mass., expressed reluctance. If the salesman were salaried, he would get $1,000—the company's maximum to anybody—at 18% interest. If he worked on commission, Manager Edmund Naddaff would turn him down flat. Why? Like many people in the business, Naddaff has his own intriguing theory: a commission salesman, he says, is likely to be "manic-depressive as a person" and thus a poor credit risk.

a c

1975 ANNUAL REPORTS For CALIFORNIA CONSUMER FINANCE LAWS

As concerns the consumer loan area, 1975 saw a 14% decrease in the total number of loans made. The trend away from smaller loans continued. Comparing our 1975 data with that compiled for 1974, we found that the number of loans $200 or less decreased by 31%; loans of $500 or less decreased 27%; loans of $700 or less decreased 26%; and loans of $1,000 or less decreased by 22%. Loans secured by household goods decreased 15%; loans secured by wage assignments decreased 23%; loans secured by motor vehicles increased 7%; and loans secured by a combination of real and personal property increased by 48%.

EXHIBIT "C"

AVERAGE SIZE OF LOAN	
1966	$875
1967	965
1968	1,116
1969	1,216
1970	1,876
1971	1,622
1972	1,631
1973	2,015
1974	2,347
1975	2,531

The average size loan increased 189% from 1966 to 1975.

NUMBER OF LOANS MADE	
1966	1,405,782
1967	1,376,713
1968	1,499,194
1969	1,374,336
1970	1,184,663
1971	1,170,013
1972	1,210,311
1973	1,202,884
1974	1,024,276
1975	883,047

The number of loans made decreased 37% from 1966 to 1975.

SOURCE: State of California
Department of Corporations

AMERICAN INVESTORS MANAGEMENT, INC.
P. O. BOX 3074
RENO, NEVADA 89505

EXHIBIT "D"

ANALYSIS OF LOANS
BIENNIAL REPORT
OF THE
SUPERINTENDENT OF BANKS
AND
SMALL LOAN COMPANIES

AVERAGE SIZE OF LOAN

1969	$739
1970	814
1971	980
1972	1,045
1973	1,104
1974	1,160
1975	1,235

The average size loan increased $496.00 from $739 in 1969 to $1,235 in 1975 - an increase of 67%.

NUMBER OF LOANS MADE

1969	50,068
1970	48,959
1971	49,541
1972	48,682
1973	53,207
1974	48,893
1975	41,839

The number of loans made decreased by 8,229 in the seven year period shown above - a decrease of 16%. The population of the State of Nevada increased during the same period.

SOURCE: State of Nevada
Department of Commerce
Banking Division

AMERICAN INVESTORS MANAGEMENT, INC.
P. O. BOX 3074
RENO, NEVADA 89505

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EXHIBIT "E"

INFORMATION RELATIVE TO A.B. 547

	Law Passed	Number of Mtg. Brokers	Has Small Loan R.E. affected Mtg. Brokers	Complaints	Fore-Closures	Rate	Cap or Max	Sophisticated Lenders in R.E. Area
North Dakota--653,000 LeRoy Gilbertson-- (701)224-2256 Commissioner of Banking and Finance--Robert Keim Deputy	1969	None		Very Few	No	18%	3,500 incr. to 7,500	Yes-Nat'ls.
South Dakota--689,000 Walter E. Wentrode (605)773-3421 Director Banking and Finance Bev Zeigler	Long Time	None		None	No	8% add on	15,000 7-01-79 30,000	Yes
Delaware--582,000 John E. Melarkey (302)678-4235 State Bank Commissioner Garwell--Deputy	Day One	Just Allowed have 9	No	Very Few	No	9% discount	No Max	Yes AllNat'ls.
Montana--761,000 Kent Kleinkoph (406)449-3163 Director Dept. of Bus Regulation Les Alke--Deputy	1959	Not Regulated		None	No	Effective yield 17.25%	7-01-79 25,000	Yes Nationals
New Mexico--1,190,000 Arthur Ortiz (505)827-2217 Director Financial Institutions Div.	1967	21 and increasing	No	None Had some problems chg. for appraisal	No	7% add on	No Limit Some for 25,000	Yes
Wyoming--406,000 Dwight D. Bonham (307)777-7797 State Examiner	1971	No regs	No	None	None	18%	No limit	Yes 2 Independents restNat'ls.

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INFORMATION RELATIVE TO A.B. 547

	Law Passed	Number of Mtg. Brokers	Has Small Loan R.E. affected Mtg. Brokers	Complaints	Fore-Closures	Rate	Cap or Max	Sophisticated Lenders in R.E.Area
Utah--1,268,000 H.D. Borthrick (801)533-5461 Commissioner of Financial Institutions Vernon-Deputy	1969	Not Regulated		None	No	18%	45,000	Yes Mixture
Arizona--2,296,000 Walter C. Madsen (602)255-4421	10 or more yrs.ago	300 and increasing 10 per month	No	No	No	Effective yield 14%	5,000	Yes
Idaho--857,000 Tom D. McEldowney (208)384-3313 Director Dept. Finance	Long Time	4 several years ago Now 15 or 20	No Boom	None by Small Loans Some by Mtg.Brokers	No	18%	45,000	Yes
Synopsis:	In all cases the law has been on the books for a substantial period of time.	5 not regulated. 4 regulated. Of those 4 regulated, 3 show that number of Mtg. brokers are on the increase. All 3 are in the West--New Mexico, Arizona, Utah.	Of the 9, 5 don't know; 4 say no. None say yes.	In all cases 1 state has a minor problem; 8 have no problems.	All states say no foreclosures.	5 are close to or at 18%. 4 are less. None below 12.50%.	6 are over 10,000 or more. 3 of the 6 no limit 3 below.	Allsay that small loan companies are sophisticated, capable lenders.

EXHIBIT E

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7 Kast

AMENDMENTS TO A.B. 516

Page 2, line 1, "add":

Except as otherwise provided in subsection 3, before commencing . . .

Page 2, line 3, "delete":

"fully"

Page 2, line 4, "add":

Obtain the customer's oral or written authorization to perform the work on the work order. If the consent is oral, the electronic service dealer shall make a notation on the work order and on the statement of charges showing:

(a) The name and telephone number of the person consenting to the authorization;

(b) The date and time the consent was given;

(c) The name of the person receiving the consent;

(d) The conditions of the consent, if any.

(Section 3)

Page 2, line 22, "add":

3. An electronic service dealer is not required to comply with provisions of subsection 1 when performing service

EXHIBIT "F"

work on appliances or home electronic equipment used in commercial, industrial or governmental establishments, unless requested to do so by the person requesting service work.

Page 4, line 29, "add":

Commissioner of Consumer Affairs or District Attorney.

NEXT PAGE IS 1219

EXHIBIT F 1147