



**Consumer Federation of America**

## **Driven into Debt:**

### **CFA Car Title Loan Store and Online Survey**

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#### **Introduction:**

Cash loans, variously called car title pawn, car title loans, title pledge loans, or motor vehicle equity lines of credit, are the latest, fast-growing form of high cost, high risk loans targeting cash strapped American consumers. Storefront and online lenders advance a few hundred to a few thousand dollars based on the titles to paid-for vehicles. Loans are usually for a fraction of the vehicle's value and must be repaid in a single payment at the end of the month. Loans are made without consideration of ability to repay, resulting in many loans being renewed month after month to avoid repossession. Like payday loans, title loans charge triple digit interest rates, threaten a valuable asset, and trap borrowers in a cycle of debt.

In April, the Center for Responsible Lending and Consumer Federation of America issued a report titled "Car Title Lending: Driving Borrowers to Financial Ruin."<sup>1</sup> The report described the characteristics and risks of car title lending, the industry, customers, and tactics used to circumvent consumer protections in the small loan market. In addition, the CRL/CFA report proposed a framework of stringent protections necessary to safeguard consumers.

Consumer Federation of America, with the assistance of volunteers and member organizations, prepared this subsequent report to learn more about title lending and consumer protections in a variety of states. The report includes results of 81 store

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<sup>1</sup> Center for Responsible Lending and Consumer Federation of America, "Car Title Lending: Driving Borrowers to Financial Ruin," April 14, 2005, [www.consumerfed.org](http://www.consumerfed.org) and [www.responsiblelending.org](http://www.responsiblelending.org).

surveys in 11 states and a review of 17 online title lenders and provides information on consumer protections that apply to car title loans or pawns in all 50 states.

### **Survey Findings:**

- **Title loans are extremely expensive.** Title loan stores charge a median 25 percent per month finance charge, which translates to 300 percent annual interest, plus additional fees averaging \$25 per loan. Online title lenders quote rates of 24 to 651.79 percent APR for loans fully secured by the title to the borrower's paid-for car, but the low rate is charged by a lender that charges high fees for additional products.
- **Title loans trap borrowers in perpetual debt.** Lenders don't run credit checks or base loans on the borrower's ability to repay. Loans are generally due in one month, with interest only renewals available. Since most lenders hold a duplicate set of car keys, non-judicial repossession is easy.
- **Title lenders structure their loans to evade state usury or small loan rate caps.** In California and South Carolina, loans start at dollar amounts just above the cut-off for small loan rate caps. In Virginia, Iowa and Kansas, title loans are claimed to be open-ended credit to benefit from the deregulation of credit cards in those states. Title lenders making loans via the Internet export high cost loans to consumers in protected states by using dubious choice of law claims from states with no rate caps.
- **Title loans are over-secured.** Title lenders loan a fraction of the value of the car used to secure the loan, with the most frequent loan-to-value set at 50 to 55 percent of the car's value, a higher percentage than we expected. In Virginia, many title lenders will loan up to 100 percent of the value of the car.
- **Information necessary to make an informed credit decision is hard to come by.** Only four title loan websites disclosed an annual percentage rate prior to applications being submitted. Store personnel often quoted monthly finance charges as an interest rate instead of the federally required annual percentage rate. Store clerks gave confusing and contradictory cost information. Consumers were only able to obtain reliable pre-loan information in states that require licensees to post rates and fees or to provide brochures on consumer rights.
- **Rate regulation is necessary to reduce the price of loans.** Store surveys found the lowest rates in Arizona, where rates are capped at no more than 17 percent per month on loans up to \$500, and at lower levels for larger loans. In states with high rate caps, title lenders with few exceptions charged the legal maximum. Rates were highest in states with no rate caps, such as Illinois, where the annualized rates ranged from 300 to 470 percent or New Hampshire where title loans cost 300 to 366.9 percent.

- **Permissive state laws and lender exploitation of loopholes and gaps in protections leave vulnerable consumers exposed to high risk title loans.** Title lending passes for pawn transactions in Georgia<sup>2</sup> and Alabama as a result of court decisions that have not led to corrective state laws. Almost half the states permit predatory title lending, either through weak authorizing laws or failure to close loopholes.
- **State laws set the stage for title loan debt traps** by setting high maximum loan ceilings and permitting one-month balloon payments. For example, Tennessee and Mississippi permit loans as large as \$2,500 to be due in 30 days. New Hampshire caps its title loans at \$10,000 with no rate cap and permits 11 loan renewals with only five percent reductions in the original principle each time, resulting in a balloon payment at the end. Georgia sets a 30 day loan but fails to limit loan size.
- **Internet title loans may deprive consumers of home state law protections.** Some online lenders claim choice of law contract terms from states, such as New Mexico and Delaware, with lax credit laws. Consumers who live in states with protective credit and pawn laws are exposed to online title loan abuses.

## **Borrowers: Lower-Income and Vulnerable Consumers**

Title loans trap vulnerable consumers in a cycle of high cost debt. Consumers risk losing vehicles that they own free and clear, often the most valuable asset they own and necessary for them to hold jobs and provide for their families.

A few state regulators provide information on title loan borrowers. Missouri's Auditor reported that 70 percent of payday and title loan customers earned less than \$25,000 per year.<sup>3</sup> Illinois title loan users had average salaries of less than \$20,000 according to a Department of Financial Institutions study in 1999.<sup>4</sup> New Mexico regulators report that the average income of title loan borrowers, as reported by licensees for 2004, was \$21,818.<sup>5</sup>

Military members are vulnerable to car title lenders that proliferate in some states with large military populations, such as Georgia and Virginia. The Commander of Naval Base, Jacksonville, FL included in a 1998 letter to the Mayor of Jacksonville the example of a petty officer who borrowed \$1,700 for mortgage payments, had paid over \$7,400 in interest, and still owed the full amount of the loan. To keep from losing his \$6,000 car, the sailor either had to come up with the full \$2,070 in principal and interest or pay \$370 each month to roll over the title loan.<sup>6</sup> The National Consumer Law Center's report, "In

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<sup>2</sup> GA 44-12-130(5) defines "pledged goods" to include "any motor vehicle certificate of title."

<sup>3</sup> Missouri Auditor Report No. 22001-36, at 3.

<sup>4</sup> Illinois DFI 1999 Short Term Lending Report at 27.

<sup>5</sup> New Mexico Summary of Title Loans, 2004, on file with author.

<sup>6</sup> Letter from Rear Admiral K. C. Belisle, Commander, Naval Base, Jacksonville to Mayor John Delaney, November 3, 1998, on file with author.

Harm's Way," noted the concentration of title loan outlets outside Kings Bay Submarine Base in Georgia, especially after Florida reformed its title loan law, cutting rates to 30 percent APR.<sup>7</sup> *The Virginian-Pilot* reported that half of the LoanMax stores opened in Virginia were located in Hampton Roads, home to Navy, Air Force, and Army bases; in addition, at least a dozen Fast Auto Loans offices were in the region by mid-2005.<sup>8</sup>

*The Daily Press* in Newport News, Virginia (whose coverage area includes Fort Eustis Army base, Langley Air Force Base, the Naval Weapons Station, and nearby Norfolk Naval Base) summed up the debt trap risk of title loans in an editorial: "Due to the high interest rates, short payback window, and in many cases, the lender's ability to repossess a car after just one missed payment, those in need of quick cash are at high risk of losing their vehicles and getting caught in an ongoing cycle of debt...In this unregulated business, there are scant protections for consumers and no provisions to protect military personnel."<sup>9</sup>

The impact of high cost credit on the military is getting attention in Congress. H.R. 97, introduced by Representative Sam Graves, seeks to cap interest rates for loans to military borrowers at 36 percent APR, about a tenth of the going rate for car title loans, and Senator Elizabeth Dole introduced an amendment to the Defense Authorization bill to require recommendations from the Department of Defense on protections needed to stop predatory lending.

## **Repossession: The High Risk of Loans Secured by Car Titles<sup>10</sup>**

Title loans are typically structured as one month loans that must either be repaid or renewed to prevent repossession of the consumer's car. Cash-N-Go, LLC in Arizona notes that "the normal payment is interest only..."<sup>11</sup> Goldcrest Financial, also in Arizona, discloses that a balloon payment will be due at the end of the loan because payments are interest only. Even larger loans that include installment payment schedules come with unaffordable balloon payments. Title loans are described by Illinois Pro Bono as typically involving a balloon payment, using the example of a \$3,000 loan that requires the borrower to pay \$400 monthly for seven months and then pay a \$3,000 balloon payment in the eighth month. In the bulk of these loans, consumers cannot repay the balloon amount, resulting in repossession or another title loan.<sup>12</sup>

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<sup>7</sup> Tripoli, Steve and Amy Mix, "In Harm's Way – At Home: Consumer Scams and the Direct Targeting of America's Military and Veterans: A Report by the National Consumer Law Center," May 2003, p. 7 and 22-23.

<sup>8</sup> Shean, Tom, "Would You Pay \$125 to Borrow \$500?" *The Virginian-Pilot*, June 17, 2005.

<sup>9</sup> "Uneasy Money," Editorial, *Daily Press*, Newport News, VA, June 24, 2005, p. 14.

<sup>10</sup> For a discussion on the applicability of the Uniform Commercial Code to title loan repossessions, see National Consumer Law Center, *Repossessions and Foreclosures, Fifth Edition*, p. 74-79, Boston, MA, 2002.

<sup>11</sup> Cash-N-Go, LLC, loan documents on file with author.

<sup>12</sup> "Payday Loans and Title Loans," Illinois Pro Bono, [www.illinoisprobono.org](http://www.illinoisprobono.org), visited August 18, 2005.

New Mexico credit regulators collected reports from their licensees summarizing their lending for 2004. Almost two thousand vehicles were repossessed by New Mexico lenders and less than a thousand were reclaimed by consumers who paid the balance and repossession costs.<sup>13</sup> Over a thousand New Mexico consumers lost their means of transportation due to default on title loans in 2004, as reported by licensees. New Mexico regulators did not report the total number of loans made during the year, but less than 20,000 title loans were outstanding at the end of calendar year 2004.<sup>14</sup>

While industry-wide data from other states is not available, Kansas credit regulators told a legislative committee that one company, LoanMax, is applying for 44 repossessions each month or approximately 10 percent of total loan applications. The lender claimed only five percent of loans ended in repossessions in Kansas.<sup>15</sup>

According to a Hampden Group Report, online lender Cashcar.com, based in Mesa, Arizona, asserts that most title loan borrowers are unable to repay balloon payments and have their vehicles repossessed. The company claims to use GPS tracking control devices to monitor vehicles on which it has loaned money, checking for the vehicle's location, speed, and maintenance requirements. Cashcar.com claims to use a device to shut off a vehicle and prevent it from starting if payment is not received. The vehicle is then located for immediate repossession. Once the borrower has made payment via the Internet, Western Union or at company locations, the vehicle starter is then enabled.<sup>16</sup>

Some lenders go to court to collect instead of repossessing borrowers' cars. The additional fees and costs turn relatively small debts into big claims. For example, Express Title & Payday Loans filed in Circuit Court of Cook County, IL to collect \$1,874 from a consumer who failed to repay a \$450 title loan, after adding in \$1,074 in finance charges, and \$350 attorney fees. The original title loan for \$500 was secured by the vehicle and a set of keys, had a disclosed 219 percent APR and \$90 finance charge, and was due in full in one month.<sup>17</sup>

## **Almost Half the States Fail to Protect Against Title Loan Debt Traps**

The only federal legislative action to date regarding car title loans was a non-binding resolution that only passed one house of Congress: House Concurrent Resolution 312, offered by Florida Representative Clay Shaw in 2000. The resolution expressed Congress's request that the federal government and states should exercise greater

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<sup>13</sup> Summary of Title Loans, New Mexico Financial Institutions Division, October 4, 2005. On file with author.

<sup>14</sup> *Ibid.*

<sup>15</sup> Minutes, Kansas House Financial Institutions Committee at [www.kslegislature.org/committeeminutes/05-06/house/hfi/HseFinInt02072005.pdf](http://www.kslegislature.org/committeeminutes/05-06/house/hfi/HseFinInt02072005.pdf)

<sup>16</sup> Hampden Group Report, [www.otcgrowth.com](http://www.otcgrowth.com), visited 8/25/05. Company press release links to OTCGrowth web site. See Press Release, "Hampden Group, Inc. Retains OTCGrowth.com to Maximize Investor Awareness," [www.prnewswire.com](http://www.prnewswire.com), August 4, 2005.

<sup>17</sup> Express Title & Payday Loans v. Exposito, Verified Complaint, Circuit Court of Cook County, Illinois, No. 04MI 107207, March 9, 2004.

oversight of title loan and title pawn transactions, work cooperatively to address abuses by prohibiting title pawn transactions and by prohibiting usurious interest rates in title loan transactions, and ensure that any federal legislative effort preserve the ability of the states to enact stronger protections for consumers. The Senate did not take up a similar resolution.

Companies that make small loans are regulated by states, while pawn companies are typically supervised at the municipal level. To determine the legal status of car title loans across the country, CFA reviewed state usury, small loan, title loan and titling laws and court decisions for all fifty states. Our assessment of the legal status of title loans is broken into those states that have specific laws or regulations that authorize title loans or pawns, those states that fail to cap interest rates for licensed lenders, and states that authorize lower cost title loans. Our analysis identified states whose small loan or usury laws make title lending unattractive to the industry, as well as those states whose laws specifically prohibit pawns based on titles to vehicles. (See CFA 50-State Car Title Loan Legal Status Chart, Appendix A.)

### **States That Authorize High Cost Title Loans/Pawns**

Thirteen states have either enacted title loan laws or court decisions have authorized high cost title loans under pawn laws, and four additional states set no rate caps on loans made by licensed lenders. States that authorize title loans by specific laws or regulations that include very high rate caps are Alabama, Arizona, Georgia, Mississippi, Montana and Tennessee. Car title loans are specifically authorized with no rate caps in Idaho, Illinois, Missouri, Nevada, New Hampshire, Oregon and Utah. Licensed lenders, including title lenders, are permitted to make loans with no rate caps in Delaware, New Mexico, South Dakota and Wisconsin.

Legislation in two of these states, Nevada and Tennessee, was enacted in 2005 to place greater regulatory restrictions on title lenders without lowering the cost of loans to consumers. Nevada now requires that title lenders be licensed by the state and sets loan term limits and posting requirements, but does not cap rates for title loans. As of November, Tennessee requires title lenders to be licensed and regulated by the Department of Financial Institutions, but the cost of title loans remains unchanged, set at \$22 per \$100 per month or an annual rate of 264 percent.

Title pawns in Georgia have been widely criticized as harmful to consumers. Lenders can charge 300 percent annual interest, make loans due in full in 30 days, and keep the proceeds of selling repossessed cars. Georgia's legislature is considering three bills that would create more protections for title pawn customers. Senate Bill 198 would drop the interest rate from the current 25 percent per month limit to 5 percent a month. Customers would have a 60 day grace period before repossession, and after selling the vehicle, pawn brokers would have to return funds over and above what is owed on the loan plus seizure fees back to the borrower. Two House bills cap rates or require return of excess funds after the debt is settled from repossession. Georgia House and Senate

committees have held hearings during the summer and fall of 2005 in preparation for the 2006 legislative session.<sup>18</sup>

### **States That Authorize Lower-Cost Title Loans**

Four states authorize or do not forbid loans secured by titles at lower rates. In Florida and Kentucky, lower rate caps were enacted to reform high cost lending. Florida caps the rate for a title loan at 30 percent per year for the smallest loans, with lower rates for larger amounts. Kentucky caps rates at 36 percent annual interest. In Minnesota, licensed title lenders must also be licensed car dealers, and rates are capped at three percent per month plus a \$20 per month flat storage fee.

In Colorado, small installment lenders use an alternate rate schedule for loans of less than \$1,000, repayable in at least three monthly installments. Although the law does not mention car title loans, it does not prohibit any type of collateral for small loans. According to Colorado's 2004 report, the average size of a small installment loan was \$356, at a cost of \$107.87 repaid on average in less than six months.<sup>19</sup> The highest rate permitted for a \$100 loan repaid in the minimum three installments is 267.19 percent. The annual percentage rate for a \$500 title-secured loan repaid in five months at the maximum rate is 95.17 percent.<sup>20</sup> (See State Title Loan Law Terms Chart, Appendix B.)

In addition to the low cost title loan law, Florida's licensed small loan companies are making loans secured by titles. In August 2005, Florida's Attorney General settled a case with Fast Payday Loans, formerly called Florida Auto Loans, and announced restitution of up to \$5.6 million to consumers in refunds or debt forgiveness. The title lender was alleged to have forced borrowers to buy extra travel club memberships as a condition for receiving a car title loan. Florida Auto Loans sold Nation Safe Drivers Inc. memberships to more than 37,000 borrowers from January 2001 to May 2004, adding \$200 to \$900 in travel club "memberships" to the cost of title loans.<sup>21</sup> During that period the company was licensed as a consumer loan company. The company agreed to stop selling any product or service in conjunction with title loans unless regulators agree. Community Loans of America employees working on behalf of Fast Payday were required to receive training to comply with Florida lending laws.<sup>22</sup>

### **States That Retain Usury or Small Loan Rates Caps**

31 states have small loan rate cap laws or usury limits that restrain car title loan rates. In some cases, lenders size their loans to fall outside rate cap limits. In South Carolina, title loans are called "601" loans because the threshold for small loan rate caps is \$600. A clerk at Car Title Loans in South Carolina told the surveyor, "We are what

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<sup>18</sup> Williams, Dave, "Title Loan Companies Coming Under Scrutiny," *Gwinnett Daily Post*, October 23, 2005 and e-mail communication from Georgia Watch, November 3, 2005.

<sup>19</sup> State of Colorado Department of Law, "2004 Small Installment Lenders Annual Report."

<sup>20</sup> E-mail communication from Colorado Attorney General's Office, November 11, 2005.

<sup>21</sup> "Settlement Reached with Fast Payday Loans," *The Empire Journal*, August 3, 2005.

<sup>22</sup> Settlement Agreement, Florida Office of Financial Regulation, In Re: Fast Payday Loans, Inc., formerly known as Florida Auto Loans, Inc., Administrative Proceeding No. 0030-I-02/04, p. 4.

you call a predatory lender. We have very high interest rates.”<sup>23</sup> California title lenders make loans for more than \$2,500 to escape small loan rate caps.

### **Title Lenders Structure Loans to Evade Rate Caps**

**Sale-Leaseback:** Title lenders operating in states with rate caps sometimes structure loans as “sale-leaseback” transactions in an effort to charge higher rates than credit laws allow. Under sale-leaseback, the lender asserts that the borrower “sold” the car to the lender who then “leases” it back at a rate not permitted for lenders. Borrowers pay monthly fees to “lease” the item with the option to “buy” back the property at the end of the transaction. If payment is not made, the lender may repossess the property, sell it and retain the proceeds.<sup>24</sup>

A Michigan consumer borrowed \$1,500 from APLE Auto Cash Express in Southfield, MI in a sale leaseback transaction, agreeing to pay \$398 in two installments and \$199 in renewal payments every month for another 34 months. To “buy” back the vehicle, a total of 36 monthly rental payments of \$199 each, totaling \$7,164 was required. The borrower signed forms stating that the transaction was not a loan and that the consumer had no equity in the car until fully repaid.<sup>25</sup>

Alabama, Georgia, Illinois, and Minnesota are states that authorize car title loans but specifically prohibit sale-leaseback transactions. Sale-leaseback abuses led the California legislature to enact legislation in 2005 “to prohibit unscrupulous operators from evading California laws governing finance lenders and pawnbrokers, by disguising their transactions as sale and leaseback transactions.”<sup>26</sup> The California Attorney General’s office stated that “this measure addresses the problem of lenders who seek to evade the California Finance Lenders Law by structuring loans as sales and leaseback transactions without obtaining a finance lenders license.” The Governor vetoed the bill and instructed the Department of Corporations to develop a proposal on applying consumer protections to sale leasebacks.

**Open-End Credit:** Another industry tactic is to repackage single payment title loans as “open-end” lines of credit in states with small loan rate caps for closed-end loans. In the 1990’s deregulation of the credit card industry, many states repealed their rate caps that applied to open-end credit.<sup>27</sup> Although car title loans are typically single payment, closed-end credit, title lenders operate as unlicensed open-end lenders in Virginia, Iowa and Kansas.

In Virginia, open-end credit providers are not licensed or supervised by the Bureau of Financial Institutions. There is no cap on interest rates.<sup>28</sup> In the 1990’s, the

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<sup>23</sup> Survey on Car Title Loans, West Columbia, SC, on file with author.

<sup>24</sup> Senate Rules Committee, SB 360 Senate Floor Analysis, September 6, 2005.

<sup>25</sup> APLE Auto Cash Express Rental-Purchase Agreement, on file with author.

<sup>26</sup> Veto Message, Governor Arnold Schwarzenegger, SB 360, October 7, 2005.

<sup>27</sup> National Consumer Law Center, *The Cost of Credit: Regulation and Legal Challenges*, Second Edition, 2000, p. 58.

<sup>28</sup> VA Code 6.1-330.78.

Attorney General brought enforcement actions to put a stop to car title “pawn,” since Virginia’s pawn law requires that the item pawned be in possession of the lender. Closed end small loans are subject to a 36 percent annual interest rate cap. Title lenders found a weakness in Virginia law and are spreading rapidly in urban areas of the state.

A Senate bill was introduced at the 2005 Virginia legislative session to clarify that title loans were subject to the small loan 36 percent rate cap, confirming earlier cases settled by the Office of Attorney General. The bill was stricken from the docket in the face of opposition by the small loan industry and generous campaign contributions. The Consumer Lending Alliance of Tallahassee, Florida gave 33 contributions, totaling \$38,200 to legislators, PACs for both parties and several candidates for Governor and Attorney General.<sup>29</sup>

In Iowa, Georgia-based Anderson Financial Services has opened outlets under the names LoanMax and LoanSmart, making title loans for up to 360 percent annual interest.<sup>30</sup> As in Virginia, title loans in Iowa are structured as open-end to get around small loan rate limits. The Iowa Senate passed a bill to curtail title lending by unanimous vote. The House failed this year to move the bill, despite an eleventh hour appeal by Attorney General Tom Miller, who described title lending as “abusive and unconscionable.”<sup>31</sup> The bill would have capped interest rates for title secured loans at 21 percent annual interest.

Title lenders opened in Kansas less than two years ago. The Kansas Office of the State Bank Commissioner introduced a bill at the 2005 session of the legislature to place a cap on open-end credit. The legislature tabled HB 2143 to place a maximum rate cap of 21 percent annual interest on closed-end consumer credit sales, open-end credit sales and open-end loans. In November, the Interim Study Committee voted to defeat HB 2143.<sup>32</sup>

### **2006 State Legislatures Expected to Take Up Title Lending**

Over two dozen title lending bills were filed during the 2005 state legislative season.<sup>33</sup> The title loan industry is backing model legislation being developed through the American Legislative Exchange Council, a free market association of state legislators and business officials. ALEC’s Task Force on Commerce, Insurance and Economic Development adopted a model Title Pledge Act that is awaiting approval by the Council’s National Board of Directors in December.

ALEC’s model bill is a recipe for predatory lending. Loans for up to \$10,000 due in full at the end of the month are sanctioned. The bill fails to cap interest rates or set limits on the cost of title loans, and exempts lenders operating under the law from state

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<sup>29</sup> Virginia Public Access Project report, [www.vpap.org](http://www.vpap.org), visited August 18, 2005.

<sup>30</sup> Eby, Charlotte, “Getting By, Getting Lost: Title loan shops raise concern,” *The Quad-City Times*, April 26, 2005.

<sup>31</sup> Press release, “A.G. Urges Passage of ‘Car-Title Loan’ Bill,” Iowa Attorney General, April 28, 2005.

<sup>32</sup> E-mail communication from Kansas Office of the State Bank Commissioner, November 2, 2005.

<sup>33</sup> “Pending Title Lending Legislation,” Center for Responsible Lending and Consumer Federation of America, Current as of April, 2005. Additional legislation had been defeated in several states.

usury laws. It codifies balloon payment loan terms that lead to continuous loan flipping, permits automatic loan renewals for six months before requiring small payments toward principal. The bill permits loan-packing with the sale of high-commission ancillary products, and permits lending based only on the value of the asset used to secure the loan. The proposed ALEC bill does not appear to protect borrowers when they default and the vehicle is repossessed. Borrowers would get ten days to cure a default and only ten day's notice to redeem a vehicle, with the exception of "voluntary" surrender of the vehicle. This bill also fails to give consumers the tools needed to enforce any protections, with no private right of action and a short one-year statute of limitations for filing claims. ALEC would also prohibit local governments from enacting ordinances that better protect consumers.<sup>34</sup>

## **CFA Car Title Loan Store Survey**

Consumer and community organizations in 11 states surveyed 81 car title lenders to learn about their loans and practices. The states represent a variety of legal structures for title lending. Car title loans are authorized by specific laws in survey states Arizona, Missouri, Nevada, New Hampshire, Oregon and Utah. Title lenders in Georgia do business under terms of the general pawn law, per a court decision. In South Carolina, title loans are for more than \$600, the threshold for unlimited small loan interest rates. In online title loans offered by California lenders, loans start at \$2,501, to charge more than law allows for small loans. There are no rate caps for licensed lenders in Illinois and Wisconsin, while title lending in Virginia is structured as unregulated open-end credit, since it is illegal to pawn evidence of ownership or to make closed-end small loans at more than 36 percent annual interest rate.

### **Types of Stores Surveyed**

Surveyed stores were almost equally divided between lenders that are solely in the business as title lenders and those that are multi-product lenders who sell title loans as well as payday loans, pawn transactions, or check cashing. Car title loans were called by a variety of names, variously known as car title loans, auto title loans, cash time title loans, car title pawn loans, title pawn loans, and motor vehicle equity lines of credit. Some lenders are conflicted about what to call their products. A Yellow Pages ad for Loans of America states, "This is not an auto title loan – this is a consumer finance loan," in fine print while the big print says, "Cash Loans on Your Title."<sup>35</sup>

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<sup>34</sup> ALEC Commerce, Insurance & Economic Development Task Force, *Title Pledge Act*, 8/5/05 Draft, on file with author.

<sup>35</sup> Yellow Pages ad, Nevada, Loans of America. "Cash Loans on Your Title: It's So Easy," p. 1330-1331. "We will pay off your existing title loan and lower your payments. Up to \$25,000 instantly. You keep the car and the cash. Establish your credit (we report to National Credit Bureau.) Up to 18 months financing (not based on credit.) Same-day loan. Call now or apply online."

## Store Survey Findings:

**Loans based on vehicle value:** Surveyed stores make loans based on the value of the car whose title serves as security for the loan, with the percentage of the car's value ranging from 20 percent at lenders in Utah and Oregon to 100 percent at almost half the Virginia outlets. On average, lenders loan 55 percent of the value of the vehicle. Some of the surveyed car-title pawn lenders limited model year of the cars they would take as collateral to newer cars. Title lenders determine the value of the consumer's vehicle by consulting the Kelly Blue Book, other industry resources, observation of the vehicle or company databases.

**Minimum and maximum loans:** Typical car title loans are for relatively small amounts, with the median minimum loan \$175 and the median maximum loan \$2,500. The smallest loaned amount was \$25, with the maximum loan limit of surveyed stores at \$50,000. Two lenders will make any size loans. The average minimum loan size was \$263 and the average maximum loan size was \$6,488. One Missouri lender based the maximum size loan as 50 percent of the borrower's monthly income, while several Oregon lenders cap loans at 20 to 25 percent of the borrower's monthly net pay. Speedy Loan in Wisconsin told surveyors their loans were capped at 80 percent of the borrower's income.

**Cost of Title Loans:** Almost 60 percent of store personnel quoted the cost of their loans as a percent per month. A third quoted an annual rate as the cost of loans, while more than six percent refused to quote a cost rate to the surveyors. CFA calculated an annual interest rate from the surveys to normalize the range of reporting styles. The median annual cost computed by CFA based on the quoted monthly rate was 300 percent and the mean APR was 294.25 percent. This computation did not include additional fees required as part of the cost of receiving the loan.

**Fees:** Almost a third of surveyed lenders charged fees in addition to the interest rates for their loans. The median fee was \$18. The most common fees were to file a lien against the borrower's car, late fees, processing fees, document fees and origination fees. Some lenders charged car club fees and encouraged or required borrowers to use a roadside assistance service by the lender. The surveyor was told by Fast Title and Payday Loans, Inc. in Arizona that she would be required to buy Continental Car Club service, although the paperwork for the loan lists the auto club membership as not required as a condition of the loan.<sup>36</sup> Fast Auto Loans in Virginia tacked on a \$50 annual membership fee.

**Cost to Borrow \$500:** CFA calculated the dollar cost of borrowing \$500 for a 30 day loan term, using information from staff or posted in the store. Including the fees

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<sup>36</sup> Survey, Fast Title and Payday Loans, Phoenix, AZ, on file with author. In response to a question about fees, the clerk stated there was no set-up fee, but consumers were required to purchase a vehicle roadside service plan, specifically Continental Car Club, whose cost depends on the value of the loan. The CCC flyer from this outlet listed \$50 Roadside Assistance, \$50 Towing, \$15 Flat Repair, \$15 Battery Boost, \$50 Lock-out Service.

charged upfront to get loans and the monthly finance charge, consumers would pay on average \$125 for a \$500 loan. The range was \$62.50 to \$181.

**Retail Staff Ability to Assess Cost of Borrowing Low:** Staff at over 20 percent of the lenders were unable to provide the cost of borrowing \$500 at the title lender. Many others hazarded guesses that were incorrect based on the disclosed fees and interest rates. For example, one Nevada surveyor got several different replies when asking for the total cost of a \$500 loan. Initially, the surveyor was informed that it would cost \$750 per month with a loan period of three months. In person the surveyor was told it would cost 25 percent and later told it was due in 30 days, which would be \$125. Over the phone, she was told it would cost \$250 for three months, despite the Nevada law that limits loan terms to 30 days.<sup>37</sup> The clerk at a Rapid Cash outlet in Oregon told surveyors that a payday loan would be cheaper than a title loan without mentioning that the \$15 per \$100 cost of a payday loan was just for 14 days, while the 30-day title loan cost \$20 per \$100.<sup>38</sup>

**Required Documents Varied:** Lenders required a range of documents to apply for the loan, from the title and the driver's license to more extensive documentation of residence, income, insurance, utility and or phone bills and references. Almost three fourths of surveyed lenders said that they require borrowers to leave behind a duplicate set of car keys. Of the states surveyed, only Oregon law prohibits lenders from holding borrowers' keys. Ten percent require the borrower to sign a power of attorney.

At TitleMax of Clarkston in Georgia, the store clerk started the surveyor's car, put it in reverse, took digital pictures of the car and the license plate, all in advance of the surveyor actually filling out an application form.<sup>39</sup>

Some surveyed lenders asked for sensitive personal and financial information. One lender's application form asked for the names of dependents and their schools.<sup>40</sup> Pawn International, surveyed in Georgia, asked for the borrower's bank name, checking account number, savings account number, credit cards (with name on the account and account numbers), and required the applicant to sign a release and hold harmless agreement for anything arising from the repossession of the car.<sup>41</sup>

**Credit Record:** Few of the lenders assessed the credit histories of the borrowers or their ability to repay the loans. Only seven percent of the lenders used Tele-Track, a specialized reporting service, while an equal number performed full credit checks. Title lenders advertise heavily that they do not run a credit check on borrowers. Yellow Page ads from Arizona tout "No Credit Check," "Bad Credit OK," "Bad Credit, No Credit, No Job, New in Town...OK!!!"<sup>42</sup>

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<sup>37</sup> Survey, Mr. Ship 'n' Chek, Las Vegas, NV, on file with author.

<sup>38</sup> Survey, Rapid Cash, Oregon, on file with author.

<sup>39</sup> Survey, Title Max, Clarkston, GA, on file with author.

<sup>40</sup> Survey, Apollo Title Loans, West Columbia, SC, on file with author.

<sup>41</sup> Survey, Pawn International, Gainsville, GA, on file with author.

<sup>42</sup> Yellow Pages, 2004 Verizon Directory, A A1 Title Loan Company, Phoenix, AZ.

**Application:** Surveyors were only able to obtain actual applications at half of the lenders. One Oregon title lender told the surveyor that he could not see the application materials until he had completed the application. A Virginia surveyor could not get sample contracts from title lenders. Store personnel often refused to answer questions or provide information until the borrower brought in the title.

**Impact of Default:** Most lenders would roll-over the loans for a while before acting to repossess the car, but 48 (59.3 percent) of the lenders said they would ultimately act to repossess the car. Several lenders noted that they would not accept partial payments, a few lenders garnished wages or would seek attachments against borrowers, and a few noted that they would call the references of the borrowers.

Just falling behind on a title loan is expensive. Goldcrest Financial in Arizona describes its collection policy in hand-out literature, listing no grace period, an extra \$12 fee if the lender mails a collection letter, a \$25 returned check fee, and five percent late fees up to \$10 if a payment is more than ten days late. If Goldcrest has to send a collector to the consumer's door, fees of \$50, \$75, or \$100 are imposed, depending on the distance traveled.<sup>43</sup>

Consumers can still owe, even after their cars have been repossessed and sold. The Fast Auto Loans contract used in Virginia includes in the fine print: "If you owe us more than the net proceeds of sale, you will continue to owe this amount."<sup>44</sup> LoanMax has identical language in its Virginia contracts.<sup>45</sup> Its notice letter to defaulting consumers states "any excess proceeds may be returned to you or you may be liable for any deficiency."<sup>46</sup>

**Few Lenders Provide Information on Their Products:** Half of the lenders provided no literature on their loan products at the retail site. Of those that did provide any information or literature, often it was not especially useful. A dozen lenders only provided business cards and/or flyers. Few provided consumer loan brochures, with the exception of South Carolina lenders, who are required to give consumer information to their customers. 20 percent of stores posted rate information.

## Online Title Loan Survey

Title lenders are migrating to cyberspace, but at much lower volume than online payday lenders.<sup>47</sup> CFA's search for title lenders that either advertise online or make loans via the Internet located 17 actual loan sites and a smattering of online ads.

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<sup>43</sup> "Goldcrest Financial Collection Policy," Phoenix, AZ, on file with author.

<sup>44</sup> Fast Auto Loans, Inc. Motor Vehicle Equity Line of Credit contract, Paragraph 13, Virginia, on file with author.

<sup>45</sup> Anderson Financial Services, LLC Loan Max, Motor Vehicle Equity Line of Credit contract, on file with author.

<sup>46</sup> Anderson Financial Services, LLC Loan Max Notice Letter, dated 01/25/05, on file with author.

<sup>47</sup> "Internet Payday Lending: How High-priced Lenders Use the Internet to Mire Borrowers in Debt and Evade State Consumer Protections," report by Consumer Federation of America, November 2004.

## **Making Car Title Loans via the Internet: How it Works**

The car title lending web sites are not fully automated for loan processing. They take applications over the Internet, but after submitting the application the company will have a representative call the consumer to continue the process. Because the surveyor was unable to perform this last step of the transaction, CFA was not able to experience the entire transaction. The web sites claimed to deliver the loan proceeds electronically to the consumer's bank account the next day, send cash to Western Union or Money Gram locations, or cut a check for the amount of the loan. The surveyor was also unable to see the repayment terms to determine how the loans were to be repaid.

### **Online Title Loans Available**

Title loans offered by the surveyed sites had minimum loan terms ranging from three days to a full year, and maximum terms of three to five years. Only four sites quoted interest rates of 2 to 25 percent, quoted on weekly, biweekly, or monthly bases. For the six sites that quoted the annual percentage rate, loans cost from 24 to 651.79 percent APR, but the lowest rate does not include hefty fees. Loans of America advertised interest rates between 2 and 2.5 percent on its web site, however the loans have associated fees which are added into the cost of the loan which significantly increase the cost of borrowing above 2.5 percent per month. One surveyor called Loans of America and was told that a mandatory "one-time collision insurance charge of \$199" would be added into the monthly payments.<sup>48</sup> The Loans of America website calculator projected that payments on a \$500 loan would be \$84.34 per month, or a total loan cost of \$1,012.08. The total costs of repaying the loan would be \$512.08 – or the equivalent of an annual percentage rate of 155.52 percent.<sup>49</sup>

The minimum size loans ranged from \$50 to \$2,500 with maximum loans available either based on income or value of the car or capped at dollar amounts ranging from \$500 to \$50,000. One site noted loans were available for up to 50 percent of the value of the car, while one other listed 25 percent of the value of the car.

### **Online Lender Information**

Nine of the surveyed online title lenders claimed to be licensed in Delaware, California, Arizona, Florida, or Utah. Store physical locations were disclosed on 13 of the sites, listing addresses in South Carolina, California, Texas, Arizona, New Mexico, Nevada and Utah. All but one of the sites listed telephone numbers, while about half the sites listed email addresses or fax numbers.

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<sup>48</sup> Surveyor report, Loans of America, on file with author.

<sup>49</sup> See [www.loansofamerica.com/payinfo.asp](http://www.loansofamerica.com/payinfo.asp) visited November 15, 2005.

## **Qualifications**

Most of the online companies had similar qualification requirements to storefront lenders: full insurance coverage, clear title to the car, verifiable employment/income, and the age of majority. The lenders generally required that the consumer's monthly income be at least \$1,000, whether it was from actual employment or benefits of some other kind.

The size of the loans varied depending on income, state law and the value of the car. The maximum loan limits varied by state. For example in California, the loans had to be over \$2,500 and in the Carolinas over \$600. Some lenders do not care about their borrowers' income. Colorado-based VehiCash states that qualifications are based entirely on the asset, not the borrower. They never run a credit check and "your income is your own private matter."<sup>50</sup>

The companies were divided as to whether the consumer had to live in the company's state to receive the loan. The lenders that claimed to apply New Mexico or Delaware law had no residency requirement, while the companies in other states required that the consumer live in that state.

Very few of the lenders disclosed whether or not they checked credit. One site advertised that it checked credit only for fraud reasons.<sup>51</sup> Another lender said it reported to a credit-reporting agency to help consumers build credit.<sup>52</sup> The other lenders that disclosed this information generally did not check credit. A California title loan ad claims that borrowers will be considered for approval even if they have bad credit, tax liens, denials from other creditors, repossessions or bankruptcies on their record.<sup>53</sup> Some of the companies checked the TeleTrack system instead of running a full credit check. Alternative short-term finance companies, such as payday lenders and car title lenders, use the TeleTrack system to screen for returned checks and payday loan use and to verify identification.<sup>54</sup>

## **Online Title Loan Applications**

The web sites had online applications that consisted of a one to three step application process. The application pages asked for basic identification information, such as name, birth date, social security number, address, phone numbers, and email address; employment information, such as job title, supervisor, length of employment; personal financial information, such as income, expenses, bank name, account number, and routing number; and automobile information, such as VIN number, make, model, year, driver's license number, insurance coverage, and license plate number. Many of the web sites asked for as many as ten personal references. Some applications asked questions about whether consumers had previous bankruptcies.

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<sup>50</sup> [www.vehicash.com/car-title-loans/how-it-works.php](http://www.vehicash.com/car-title-loans/how-it-works.php), visited June 6, 2005.

<sup>51</sup> <http://pinkslipautoauto.com/>, visited May 25, 2005.

<sup>52</sup> [www.loansofamerica.com/equity.asp](http://www.loansofamerica.com/equity.asp), visited June 7, 2005.

<sup>53</sup> [www.tfciloan.com/aboutus.tpl](http://www.tfciloan.com/aboutus.tpl), visited May 12, 2005.

<sup>54</sup> "Risk Advisor: A Teletrack Publication for The Nation's Payday Advance Industry," Fall 2005.

With some companies the information is submitted electronically, many times over an unsecure connection, including sensitive information such as bank account numbers and social security numbers. 70 percent of survey sites were not secure. Others require that the application be printed and faxed along with some supporting documents. Depending on the company, the consumer needed to fax a copy of their driver's license, most recent pay stub, phone bill, utility bill, the front and back of a car title, and a voided check. Some companies also required the consumer to leave a set of keys at the store when they picked up the money.

### **Disclosures and Consent**

Key loan term information is hard to find on title loan web sites. Only six sites disclosed the annual percentage rate for title loans. More than 40 percent of the sites failed to state the minimum value of the car on which a loan would be made.

Lenders claim that consumers agree to the notices and disclosures of the company by submitting the loan application. On some sites the consumer only has to give cursory information before having to agree to the notices and disclosures.

Fastbucks, a company licensed in New Mexico, had the following disclosure posted at the bottom of every page of their website: "This service does not constitute an offer or solicitation for short-term loans in all states. This service may or may not be available in your particular state. The states this site services may change from time to time without notice. All aspects and transactions on this site, will be deemed to have taken place in our office in New Mexico, regardless of where you may be viewing or accessing this site."<sup>55</sup>

### **Legal Notices**

Title lenders may include legal disclosures through links on their web sites. For example, Equity1Auto.com claims to be a New Mexico licensed company with loans covered by New Mexico laws, regardless of where the borrower is located. Consumers agree to permit lenders to electronically collect part or all of the payments, including New Mexico bounced check fee amounts. Equity1Auto customers agree not to bring, join or participate in class action lawsuits and to pay the lender's costs of removing them from a class and to arbitrate all disputes. Loan applicants have to state they are not involved in or contemplating bankruptcy now or in the future. Loan costs are disclosed in the Legal Disclosures section, showing that 30-day loans cost 260 percent APR for loans ranging from \$500 to \$2,500. The minimum finance charge is \$100 to borrow \$500 for one month.<sup>56</sup>

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<sup>55</sup> <http://www.fastbucks.com/cartitleloans.asp>, visited June 7, 2005.

<sup>56</sup> <http://equityoneauto.com/legaldisclosures.html>, visited May 12, 2005.

## **Advice to Consumers**

Risking the loss of a vehicle that consumers own free and clear for a small cash loan for a fraction of the value of the vehicle is a bad deal for consumers. CFA advises consumers to seek help with debt problems from reliable non-profit credit counseling agencies. Other sources of lower cost, less risky credit include traditional small loan companies that make unsecured loans at regulated rates in many states, loans from credit unions, or even cash advances on credit cards.

## **Policy Recommendations**

- States with usury or small loan protections on the books should enact legislation to close the loopholes exploited by high cost title lenders, such as prohibiting the use of sale leaseback transactions to evade rate caps, prohibiting secured loans to be disguised as open-end credit, and by clarifying, if necessary, that paper evidencing ownership of a vehicle cannot be pawned under state pawn laws.
- States that currently authorize high cost title lending should consider repealing those laws. Failing repeal, states should enact rate caps that reflect the over-secured nature of title loans and institute post default procedures and rights to protect consumer assets.
- States should reject model state laws promulgated by industry-influenced organizations that merely codify predatory and abusive lending.
- Congress should enact Senator Elizabeth Dole's predatory lending amendment to the Defense Authorization bill, S. 1042, and take prompt action on the study recommendations due from the Department of Defense 90 days after enactment in order to protect military consumers from predatory lending terms and practices.

## Appendices

### Appendix A. 50 State Law Status Chart

The following chart identifies those states with specific laws or regulations that authorize triple-digit interest rate car title loans, either through court decisions that apply state pawn laws to these transactions, by regulatory guidelines implementing state lender licensing laws, or state laws that establish title loans. States with a listing in the “High Cost” column in italics do not cap rates for title loans. The “No Cap” column includes states that do not impose a rate cap or usury laws for licensed lenders or for the size loans or type of credit used by title lenders. In California, for example, title loans are made for \$2,501 so that small loan rate caps do not apply. This column also includes states that do not cap rates for open-end credit. The four states in the “Lower Cost” column cap rates at lower rates for car title loans. Florida, Kentucky, and Minnesota specifically authorize title loans at relatively low rates, while Colorado’s small loan law requires installment repayments and a somewhat higher rate limit. States in the “Usury/Loan Cap” column cap rates for small loans which make these states unattractive to title lenders that must operate under these laws. The final column identifies states that specifically prohibit pawns based on evidence of ownership, such as title to a vehicle.

## Appendix A: 50-State Car Title Loan Legal Status

State	CTL Law/High Cost	No Cap/Lenders	CTL Law/Lower Cost	Usury/Loan Cap	Not Pawn
Alabama	AL Pawnshop Act				
Alaska				Small Loan Cap	
Arizona	Sec. Motor Veh. Fin.				
Arkansas				Constitutional Cap	
California		<i>Loans over \$2,500</i>		Cal. Fin. Lenders Act	
Colorado			Small Install. Lenders		X
Connecticut				Small Lender Act	
Delaware		<i>Closed-end loans</i>			
Washington, DC				Money Lenders Act	
Florida			Fl. Title Loan Act		
Georgia	Pawnbroker Law				
Hawaii				Fin. Serv. Loan Act	X
Idaho	<i>Enforcement Policy</i>	<i>ICCC</i>			
Illinois	<i>Short Term Lending Regs</i>	<i>Il. Con. Instal. Loans</i>			X
Indiana				UCCC cap	X
Iowa		<i>Open-End credit</i>		Reg. Loan Act	X
Kansas		<i>Open-End credit</i>		UCCC cap	
Kentucky			Title Pledge Lending		X
Louisiana				Con. Credit Law	X
Maine				Maine CCC	X
Maryland				Md. Con. Law Law	
Massachusetts				Small Loan Law	X
Michigan				Credit Reform Act	
Minnesota			Pawnbroker Law	Con. Small Loan Act	
Mississippi	Title Pledge Act				
Missouri	<i>Title Loan Act</i>				
Montana	Title Loan Act				
Nebraska				Installment Loan Act	
Nevada	<i>Financial Services</i>				
New Hampshire	<i>Pawnbroker/Lenders</i>				
New Jersey				Usury cap	
New Mexico		<i>Small Loan Act</i>			
New York				Usury cap	
North Carolina				Con. Finance Act	
North Dakota				Con. Finance Act	X
Ohio				Small Loan Act	X
Oklahoma				Supervised Loan Act	X
Oregon	<i>Con. Finance Act</i>				
Pennsylvania				Con. Discount Co. Act	
Rhode Island				Small Loan Lending	
South Carolina		<i>Con. Pro. Code &gt; \$600</i>		Loan cap < \$600	X
South Dakota		<i>Money Lending Act</i>			
Tennessee	Title Pledge Act				X
Texas				Consumer Loan Act	
Utah	<i>Tit. Lend. Reg. Act</i>				
Vermont				Usury cap	
Virginia		<i>Open-end Credit</i>		Small Loan Act	X
Washington				Consumer Loan Act	X
West Virginia				Con. Credit Prot. Act	X
Wisconsin		<i>WI Consumer Act</i>			
Wyoming				WY Con. Credit Code	X

States in italics do not cap their rates for title loans as indicated.

## **Appendix B. State Title Loan Law Term Chart**

This chart lists the key features of car title loan laws or regulations in the sixteen states that specifically authorize title loans.

## Appendix B: State Car Title Loan Law Terms

State	Citation	Max Loan	Cost Limits	NSF/ Fees	Term Limits	Cost \$500	Sale or Lease-back	Repo Terms	Right to Cure	Surplus/ Deficiency	Prohibited Practices
AL	Ala. Pawnshop Act (Ala. Code § 5-19A-1 et seq.		25%/mon.		Month	\$125/300% APR	Prohibited		30 days	Lender keeps surplus	
AZ	Secondary Motor Veh. Fin. (A.R.S. 44-281-44-295)		17-10%/mon			\$85/204%APR					
FL	FL Title Loan Act (Fla. Stat. Ann. §537.001-537.018)		30% APR up to \$2,000/24/18%		30 days, may extend	\$12.50/30% APR		30 days after notice	Yes	Borrower w/in 30 days	No insurance sold
GA	Pawnbroker Law(GA Code Ann. §44-12-130 et seq		25%/mon 1st 3, 12.5% after	Lien	30 days, may extend	\$125/300% APR	Prohibited	\$5/day storage	Yes	Lender keeps surplus	Not advertise as loan
ID	Enforcement Policy #2000-1, UCCC		No Cap					Notice	Yes	Borrower gets surplus	
IL	IL Admin. Code Tit. 38, §§110.300-410	\$2,000	No Cap	No check cash	2 renewals if pay 20% prin.						No other security
KY	KY Title Pledge Lending Law (§368.200-368.991)	\$4,000	3%/mon./\$1,000	Lien	30 days, may renew 3 times	\$15/36% APR			20 days	Borrower gets surplus	Can't waive rights
MN	Pawnbroker Law (Minn. Stat. § 325J.01 et seq.		3%/mon. + \$20/mon fees		30 day min.	\$35/84% APR	Prohibited	Hold veh. 90 days	60 days	No deficiency balance	No waiver of rights
MS	Title Pledge Act (Miss. Code §75-67-401 - 449	\$2,500	25%/mon.	Sales fee	30 days, may renew	\$125/300% APR			30 days	Borrower gets 85% of surplus, no deficiency	Can't pay off loan with another title loan
MO	Title Loans Law (Mo. Rev. Stat. §367.500-367.533)	\$5,000	No Cap	\$25 NSF, orig. fees	Installments						Not more than 1 loan/title, can't waive rights
MT	Title Loan Act (Mon. Code Ann. §31-1-801 to 827		25%/mon. 1st \$2,000	\$30 NSF, lien at cost	30 days, may renew	\$125/300% APR		Surrender vehicle	20 days	No deficiency balance	No waiver of rights, no hold harmless, no arb.
NV	Nev. Stat. 414 (A. B. 384) repealing §604.010 et seq.	Not over 25% income	No Cap	\$25 NSF	30 days, 6 renewals			Interest 90 days after	15 day notice, offer repayment plan		No crim. Threats, no hold harmless, not by terminal
NH	Pawnbroker/Lender Act (N.H. Rev. Stat. § 399-A)	\$10,000	No Cap	1 NSF/ck.	30 days, 11 renewals						No POA, no confession of judgment, not waive rights
OR	Con. Finance Act (O.R. § 725.600 et seq.		No Cap	1 NSF/ok.	up to 60 days, 6 renewals						No set of keys, no waiver of rights, false ads
TN	TN Title Pledge Act (§45-15-101 to §45-15-120)	\$2,500	1/5 loan + 2%		30 days, may renew	\$110/264% APR			20 days	No deficiency balance	No waiver of rights, no loan on encumbered title
UT	Title Lend. Reg. Act (Utah Code §7-24-101 et seq.		No Cap		May renew					No deficiency balance	No loan w/o ability to repay consideration

## **Appendix C. Store Title Loan Survey**

Staff and volunteers from the following organizations conducted the store survey during the summer of 2005 at eighty one title loan outlets in eleven states:

Arizona Consumers Council  
Georgia Watch  
Land of Lincoln Legal Assistance, Illinois  
Citizen Action Illinois  
Gateway Legal Services, Missouri  
Clark County Legal Services, Nevada  
Oregon Consumer League  
Oregon State Public Interest Research Group  
South Carolina Appleseed Legal Justice Center  
National Consumer Law Center, New Hampshire  
Consumer Law Litigation Clinic, University of Wisconsin Law School  
Public Interest Advocacy Project, Utah  
Virginia Citizens Consumer Council  
Virginia Poverty Law Center

Surveyors asked store personnel about title loans terms and costs, observed posted information and collected materials and application forms when possible. They tried to determine the cost of title loans by asking for the interest rate, extra fees, and the cost of borrowing \$500 with everything included. Surveyors asked what would happen if they could not repay the loan on the due date. They did not complete applications or sign contracts for loans. As a result, the survey does not have completed loan documents or information from post-loan experiences.

## Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application	
																						39 TO	38 MP
	<b>median</b>			\$175	\$2,500		25.0%	300.00%	\$18			\$125.00											
	<b>mean or count</b>			\$263	\$6,488		126.0%	294.25%	\$25			\$122.60											
AZ	Cash Time Title Loans, Inc.	TO	WV	\$300	\$50,000		17.00%	204.00%	\$19/lien		\$19	\$104,000	Y		DL, RG, INS, EY, PY, BL, AD, 5 refs.			15 or 30 days	repo			N	Y
AZ	Speedy Cash	MP	BB	\$150		50%	17.00%	204.00%	\$19/lien	\$15 doc., \$4/lien	\$19	\$104,000	N	Y	INC-\$750 month or BK, INS, DL, BL, AD			30 day IO	collect, attach, repo			eng/span	Y
AZ	Car Cash USA	TO	BB	\$200		33%	15.00%	180.00%		processor's \$9 fee	\$84	\$84,000	Y		BL, INC			2 x mo. IO	negotiate			Flyer, business cards, referral ad	Y
AZ	Cash N Go		BB	\$200		50%	17.00%	204.00%	\$4/lien	\$2.83/day or \$84.90		\$89,000	Y		INS if loan>\$500, BL, DL, RG, EY, INP			2 x mo.	negotiate to pay missed payment w/in month			Req. for title loans	Y
AZ	America's Cash Source	MP	BB	\$50		50%	15.00%	180.00%	\$19/lien		\$519	\$94,000	Y		BL, INS, PH, DL			IO for 6 mos. then principal				flyer, business cards	Y
AZ	Goldcrest Financial	TO	OS				13.00%	156.00%	\$62	\$50 set up fee, \$12/lien	\$562	\$127,000	Y		DL, INS, HS, 2 PY, 2 BL, 5 refs.			2 x mo. IO, principal due 6 mos.	repo			Information sheet entitled "important"	Y
AZ	Fast Title and Payday Loans, Inc	MP	AT				17.00%	204.00%	\$15/mo.	Possible cost of Car Club fees	\$85 plus car \$590 club fee				ID, OY, INP, refs.			30 day IO	repo			Application for Car Club	Y
GA	Instant Car Title Loans	TO	OS, Bb			50%	25% first 3 mos., then 12%	300.00%			\$125	\$125,000	Y		BL			Month, IO	14 day grace period, repo			N	
GA	Titlewave Title Lending	TO	BB	\$0	\$3,000	50%	12.50%	150.00%	\$18/lien	\$127.78 over 6 months, \$85.57 over 12 months		\$80,500	Y		2 PY, INS, DL			Monthly up to 12 months, interest plus prin.	negotiated extension, repo	Ads		required items for title loans.	Y
GA	Bankers Financial Services	TO	BB			50%	300.00%	300.00%		unknown late fee	\$125	\$125,000	Y	Y	INS, SS, RG, PY, HS			Month	negotiate, repo	Late payment fee notice	N	Y	
GA	Pawn International	MP	BB				25.00%	300.00%			NA	\$125,000	Y		BL, 5 refs.				repo	necessary items for pawn		Y	
GA	Advance Finance	MP	Bb								NA	NA										N	

## Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application
	median			\$263	\$6,488		126.0%	294.25%	\$25			\$122.60										
	mean or count			\$175	\$2,500		25.0%	300.00%	\$18			\$125.00										
GA	Title Max	TO	Bb, OS				9.9%-12.5% per month - 0% first 30 days	118.80%-150%			NA	\$62.50							monthly, with refi.	flexible pay dates, repo	Ads	required items for title loans.
IL	Title Cash of Illinois	TO	AT, OS	\$100	\$800	50%	25.00%	300.00%			\$625	\$125.00	Y					2 mo. IO, 3rd mo. Principal	lien, repo, auction		N	Y
IL	Royce Check Advance	MP		\$25	\$500		470.97%	470.97%			\$700	\$200.00						single payment or installments	IO roll-over	Rates chart, some contact info	Fee chart	Y
IL	Cash in a Flash	MP	UK				25.00%	300.00%			\$625	\$125.00	Y					monthly, 3 mos	negotiate, even for partial payment, repo	Interest amount, but not the interest rate	N	Y
IL	Illinois Title Loans, Inc.	MP	AT	\$100	\$25,000		25.00%	300.00%		Car Club fee	\$625	\$125.00	Y					2 mo. IO, 3rd mo. Principal	lien, repo, auction		N	Y
IL	Title Lenders/USA Payday Loans	MP	BB, OS			55%	25.00%	300.00%		lien fee	\$625	\$125.00	Y					2 months	Roll-over	800 number	N	Y
IL	National Quik Cash	MP	BB, OS				329.01%	329.01%			\$775 for 2 months	\$137.50						60 day single payment	Roll-over	CFSA PayDay loan Best Practice poster with fine print	N	
IL	Illinois Title Loans, Inc.	TO	OS, UK			55%	300.00%	300.00%			\$127.40	\$125.00	Y					3 mos. single payment	IO roll-over		Pamphlet on IL title loans	Y
IL	Midwest Title Loans, Inc.	MP	UK				372.00%	372.00%			NA	\$155.00	Y					130 days IO if keep loan for roll-over for a year	roll-over for a year	APR notice of 372% APR on title loan	N	Y
IL	Atlantic Financial Service Groups	TO	BB, OS								\$300	\$150.00	Y					monthly IO for 2 mos., auto roll over		refer a friend info	Insurance Company info (other products)	
MO	Missouri Payday Loan	MP	BB	\$150		33%	25.00%	300.00%			\$639	\$125.00	Y					monthly installment	late fee of 0.83%/day, then repo	Ads	Business cards	
MO	St. Louis Title Loans	TO		\$150	50% monthly income		24.00%	288.00%			\$620	\$120.00	Y					30 day, 2 mos IO, then 10% principal on each payment	repo		N	Y

## Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application
	median			\$263	\$6,488		126.0%	294.25%	\$25			\$122.60										
	mean or count			\$263	\$6,488		126.0%	294.25%	\$25			\$122.60										
MO	Missouri Title Loans	MP	AT			50%	25.00%	300.00%	\$18	\$18 lien fee, \$50 fee for car club	\$643	\$143.00	Y		PY, ID 4 refs.			installments	repo	Car club brochure, payday loan ads	Business cards	
NV	US Auto Title Loan	TO	BB	\$200	\$1,850		22.00%	264.00%	\$40	late fee	\$610	\$110.00	Y		RG, DL, SS, PY, BL, 4 refs.			30 days IO for 6 mon.	5 day grace period, rarely repossess		N	Y
NV	Rapid Cash	MP	BB, income				20.00%	240.00%		unknown	20%	\$100.00	Y		RG, INS, DL, BL, BK			30 days IO for 6 mon.	Return check policy.		List of services	
NV	Money Network Auto Title Loans	TO	BB, \$1,000 min. monthly income	\$200	\$2,700		25%-\$600, 16%-\$600	300.00%			25%	\$125.00	Y		INS, AD, PY, INC>\$1,000 month, PH, ID, BL, 4 refs. Incl. 2 family			30 days IO for 6 mon.	Unknown	No posting though required by law	N	Y
NV	Cash Out	MP	BB	\$100	\$2,500		20.00%	240.00%			\$80-\$100 for 30 days.	\$100.00	Y		RG, INS, 2 PY, BL, ID, BK, refs.			30 days IO for 6 mon.	negotiate, late fee of \$3.33/day for every \$500	No posting though required by law	List of loan requirements.	
NV	Mr. Ship n' Chek	MP	BB				25.00%	300.00%			25%	\$125.00	Y		RG, INS, PY, PH, BL, DL	Y		3 months with indefinite renewal	Unknown	No posting though required by law		
NV	Check City	MP	BB	\$100	\$1,800	25.0%	15.00%	180.00%			\$575	\$75.00	Y		DL, RG, INS, PY, BL, 6 refs.			30 days IO for 6 mon.	call references	Interest rate posted for monthly and annual rate.	N	Y
NV	Nevada Title Loans	MP	BB	\$100			25.00%	300.00%		unknown lien, car club fees	\$638	\$150.00	Y		DL, 4 refs.			30 days IO for 6 mon.	Unknown	No posting though required by law	N	
NH	Loan Max/Manchester	TO	BB-			50%	30.58%	366.96%	\$25		\$677.90	\$177.90	Y					10 or plus 5% prin.	negotiate, repo	No posting though required by law	N	Y

## Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application
	median			\$175	\$2,500		25.0%	300.00%	\$18			\$125.00										
	mean or count			\$263	\$6,488		126.0%	294.25%	\$25			\$122.60										
NH	Loan Max/Concord	TO	BB-			50%	30.58%	366.96%	\$25		\$672.90	\$177.90	Y					30 days	Interest plus 5% to roll-over indefinitely	APR 300+%, No payments less than minimum notice	N	Y
NH	New England Auto and Payday Loans	TO	OS			50%	25.00%	300.00%	\$25	processing fee	\$650	\$150.00	Y	DL				30 days	interest plus 5% of balance to roll-over 4 max times	referral ad	N	Y
OR	Fast Bucks	MP	25% gross monthly income				305.09%	305.09%		\$4.18 per day (\$125.40 for 30 days)		\$125.40		ID, SS				30 days	10 day grace, repo		Requirements for title loans	Y
OR	Carbucks of Oregon	TO	OS				25% or 365%	365.00%		NA		\$152.08						30 days, roll-over \$50 mo. on \$200 loan	repo		N	
OR	Northwest Title Loan	TO	AV			50%	372.00%	372.00%		\$5 per day or \$177.45 per month		\$155.00		ID				60 day, roll-over for \$177.45/mo.	repo		N	
OR	Urgent Money Pay Day Advance	MP	25% Monthly net pay				25.00%	304.16%			\$125	\$125.00		PY, DL				30 days, roll-over up to 6 times for \$25 each time	repo	APR for title loans, fees for all loans, no information on the length of loan for fee amount.	N	
OR	Rapid Cash	MP	25% Monthly net pay				20.00%	243.33%		\$100 per month		\$100.00		RG, AD, INC				30 days for \$20 per \$100 loan	6 roll-overs if cover IO, else repo			Y
OR	Fast Money	MP	WV				30.00%	360.00%		\$150		\$150.00		PY				30 days IO for 7 months	10 days grace, then repo		N	
OR	People's Credit									36% origination fee	\$219	N/A		PY, credit application				installments	Repo sold on ebay		N	

# Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application
	median			\$263	\$6,488		126.0%	294.25%	\$25		NA	\$122.60										
OR	NW Car Title Loans		OS				372.00%	372.00%			NA	\$155.00						installments			N	
OR	Urgent Money	MP		\$200		20.0%	300.00%	300.00%			NA	\$125.00			DL, PY			Single payment	repo after a few roll-overs	Interest rate chart.	N	
OR	Quick Cash	MP					367.00%	367.00%			NA	\$152.92						12 mon. install.			N	
OR	Rapid Cash			20% of monthly income			242.00%	242.00%			NA	\$100.83			RG, BL, PY, DL			Can rollover	repo after 10 days	Interest rate chart.	N	
SC	Absolute Title Loans	TO	Bb	\$600			300.00%	300.00%	\$15 litem		\$2,000	\$165.00	Y		EY			30 day IO	Unknown	Ads	Business card and consumer loan brochure	
SC	Carolina Title Loans	TO	AT	\$600			25.00%	300.00%			NA	\$150.00			INS, EY	Y		Install.	negotiate		N	
SC	Title Cash	TO	OS	\$600	\$2,500		304.17%	304.17%	unknown		NA	\$152.09			RG, INS, EY			30 day IO, min \$167/mo	Unknown		N	
SC	Apollo Title Loans	TO	AT	\$601	\$20,000		300.00%	300.00%	\$15 litem		\$1,200	\$165.00	Y		RG, INS, BL, AD, ID, INC			Install.	negotiate, repo after 31 days	Interest rate chart.	Business card	Y
SC	Car Title Loans	MP	BB	\$601			304.00%	304.00%			\$2,000	\$152.00						Install.	repo	small print payments scales and premium payoff scales	Business card	
SC	Title Max	TO		\$601	\$3,500						NA	NA						30 single payment	Unknown	unknown	Business card	
SC	North American Title Loans	TO	AT	\$601			372.00%	372.00%	\$15 litem		\$2,400	\$201.00	Y		ID, 2 family refs.			\$198.74 per month for \$601 loan, 12 month is the max repayment term		"no partial payments on delinquent accounts" "cash or money order only" "account will be held for 30 days at payoff unless paid with cash"	consumer loans brochure, business card	Y

## Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application
	median			\$263	\$6,488		126.0%	294.25%	\$25			\$122.60										
	mean or count			\$263	\$6,488		126.0%	294.25%	\$25			\$122.60										
SC	All American Title Loans	TO	Bb	\$100	\$601	60%	22.00%	304.00%	\$15 lien	\$450 loan for 6 months \$823	\$167.26	\$167.26	Y		RG, INS, INC			12 monthly payments of \$167.26	Right to cure after 10 days, then repo		Business card, vehicle inspection sheet	Y
SC	Carolina Title Loans	TO	WV	\$601	\$601	50%	300.00%	300.00%		\$1984 for 12 mon.	\$150.00	\$150.00	Y		DL, INC, 4 refs.			\$165.37/month for 12 months.	repo after 30 days, right to cure after 10 days	SC maximum rate schedule.	consumer loans brochure, business card	Y
SC	Title Doc Title Loans	TO	Bb	\$601	\$601		220.00%	220.00%	\$15 lien	\$ 1,500	\$130.21	\$130.21	Y		RG, PY, AD, DL, INS			\$130.21/month for \$601 loan for 12 month period. 12 or 24 month loans	10 day grace period, then immediate repo	SC maximum rate schedule.	Two flyers	Y
SC	TitleMax Title Loan	TO	AT	\$601	\$3,500		152.08%	152.08%	\$15 lien	\$1,230.74 over 12 months, \$1,987.36 over 24 months.	\$102.56	\$102.56	Y		DL, INS, INC, AD, REG, 5 refs.			12 or 24 month repayment periods. \$102.577 or \$82.29 per month.	negotiate	1-800-804-5368.	Referral form, business card, voluntary payback guide printouts, consumer loan brochure	Y
UT	Cash Advance	MP	AT	\$300	\$5,000		150-300%	240.00%	\$6 lien	\$106	\$106.00	\$106.00	Y		PY, BL			10 monthly	\$10 late fee	Rates phone#	Card	Y
UT	Check City	MP	BB			20%	25.33%	304.00%		NA	\$126.65	\$126.65	Y		PY, BL			Monthly install	Repo	Rates phone#		N
UT	Chek Line	MP	AT	\$50	\$4,000		204-300%	300.00%		NA	\$125.00	\$125.00	Y		PY, BL			Month, roll over	Late fee of 17% a day	Rates phone#	Card	N
UT	Easy Money	MP	OS			35%	120.00%			\$725	\$75.00	\$75.00	Y		PY			2 months fee only, 1 month fee and prin.	Garnish wages, repo			Y
UT	Loan Max Title Loans	MP	AT	\$300	\$5,000		377.17%	377.17%	\$6 lien	Int. plus \$6	\$163.00	\$163.00	Y		PY, BL			Month	Late fee, repo	Rates phone#	Card	N
UT	Speedy Loan	MP	BB			33%	304.17%	304.17%		\$500 plus interest	\$126.74	\$126.74	Y		DL, PY, BL			Month	Late fee, repo	Rates phone#	Card	Y
UT	Q. C. Financial Services	MP					304.00%	304.00%		432%	\$126.67	\$126.67			PY, income			installments	Repo	Rates		

## Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application
	median	39 TO		\$175	\$2,500		25.0%	300.00%	\$18			\$125.00		8		6	6				40	40
	mean or count	38 MP		\$263	\$6,488		126.0%	294.25%	\$25			\$122.60	58									
VA	Fast Auto Loans Alexandria	MP	AT, OS, MY	\$0	\$2,500		25.00%	300.00%	\$56 filing fee	N/A		\$181.00	Y	refs.					The first month pay the \$56 filing fee, then 30 day IO	IO roll-over	N	
VA	Loanmax Chesapeake	TO	Bb, OS			50%	360.00%	360.00%	\$10 fee after first 15 days	Varies		\$160.00	Y	ID					installments eventually	Roll-over, repo eventually	business card	
VA	Fast Auto Loans Chesapeake	MP	Bb	\$100	\$2,500					NA		NA	Y	ID					different options available	repo	N	
VA	Speedy Cash Payday Advance	MP	Bb				25.00%	300.00%		Depends		\$125.00	Y						monthly installments generally at \$130/month	repo	N	
VA	Fast Auto Loans Petersburg	TO	OS			100%	25.00%	300.00%	\$56 fee, \$6 lien	\$50 membership \$1,556 for 1 year		\$181.00	Y						repo + storage and other fees	repo + storage and other fees	materials available upon request	Y
VA	Fast Auto Loans Colonial Heights	TO	OS			100%	25.00%	300.00%	\$56 fee, \$6 lien	\$181 for 1 month, \$1,556 for 1 year		\$181.00	Y						repo + storage and other fees	repo + storage and other fees	materials available upon request	N
VA	Loanmax Richmond	TO	OS	none stated			25% first 25 days, 30% after 25 days	360.00%		25% (\$125 interest for 25 days or \$150 per month after)		\$150.00	Y						Single payment	30% IO roll-over, repo, no partial payment w/o pre-app.	N	
VA	Loanmax Petersburg	TO	OS			100%	30.00%	360.00%		\$150 per month		\$150.00	Y						single payment	repo, no partial payment w/o pre-app.	N	
VA	Loanmax Colonial Heights	TO	Bb			100%	30.00%	360.00%		\$150 per month		\$150.00	Y						Single payment	30 day IO roll-over, repo, no partial payments w/o pre-app.	N	

## Appendix C: CFA Car Title Loan Store Survey, Summer 2005

State	Company Name	Lender Type	Assessment	Min. Loan	Max. Loan	Vehicle LTV	Survey Interest	CFA Annual Rate	Fees	Fee Notes	Retail Staff Assessment of Cost to Borrow \$500	Total Cost to Borrow \$500 for One Month - CFA Estimate	Keys	Power of Atty	Documents	Tele-trak	Credit Check	Repay. Sched.	What happens if you can't repay on due date?	Posting	Literature	Application	
	median	39 TO		\$175	\$2,500		25.0%	300.00%	\$18			\$125.00		8			6	6				40	40
	mean or count	38 MP		\$263	\$6,488		126.0%	294.25%	\$25			\$122.60	58										
VA	Loan Smart	TO	OS			100%	22.00%	264.00%			22%	\$110.00	Y					Single payment	Roll-over, repo, no partial payments are accepted without prior approval.			N	
VA	Fast Auto/Payday Loans	MP	UK	\$150			25.00%	300.00%	\$50	Car Club fee	\$125	\$175.00	Y		DL, INC, BK, PY			Depends but for example: \$500 loan is \$150/month	1-800-514-CASH	repo	Reminder to borrower, Terms/Conditions, and sample application	Y	
VA	Loanmax Lynch.	TO	Bb	\$100		50%	30.00%	360.00%			NA	\$150.00	Y		DL			instalments				N	
VA	Fast PayDay Loans, Inc	MP	Bb				25.00%	300.00%			Depends	\$125.00	Y		PY, ID, refs.	Y		single or instalments	repo	Referral ad		N	
WI	Speedy Loan	MP		80% income		33%					NA	NA			DL, ID, BL, PY								
WI	Wisconsin Auto Title Loans	TO	MY	\$100	\$1,000	300% to 360%		300.00%			\$125 to \$150	\$125.00	Y					30 day IO with roll-over	small claims, repo			N	Y
WI	Wisconsin Auto Title & Loan	TO	MY	\$50	\$2,000		25.00%	300.00%			\$625	\$125.00	Y		PH, EY, 4 family refs.			30 day IO with roll-over	small claims, repo		Business card	Y	
WI	Paycheck & Title Loans, LLC	TO	80% gross weekly pay	\$400	\$1,000		25.00%	300.00%			\$625	\$125.00	Y		LL, PY, PH, BL			single payment at 30 day or 30 day IO	small claims, garnish wages			N	Y

**KEY: Lender Type** – TO=Title loan, SB=Sale Leaseback, MP=multi-product, PW=pawnshop; **Assessment** – MY=Model Year, older cars have higher rates; BB=Blue Book; Bb=Black Book; UK=unknown; OS=on site evaluation by lender; AT=Automated computer assessment; WV=wholesale Value; AV=Auction value; **Survey Rate** – Red indicates monthly rate, bold indicates CFA calculated rate from dollar values; **Interest Cost to Borrow \$500 for a Month** – all calculations for \$500 except S. Carolina (italicized) because calculation is based on borrowing \$600, SC consumer loan law limits interest rates below \$600; **Documents** – DL=drivers license, ID=identification, LL=Landlord, PY=paystub, PH=photo ID, BL=bill, AD=proof of address, EY=proof of employment, RG=auto registration, INS=auto insurance, INC=income, BK=bank account, INP=proof of inspection, PH=working phone, HS=proof of lease or mortgage, SS=Social Security card.

## **Appendices D and E. Online Title Lenders and Terms**

### **Methodology**

CFA canvassed the top 100 hits on Google, MSN, and Yahoo under two search terms “car title pawns” and “car title lending.” This produced seventeen online car title companies. CFA did a Who Is search for each website’s URL to determine the owner of the website. While filling the applications with nonsense information, the surveyor documented whether the information was being transmitted over a secure site. Sites that offered title pawns that required the consumer to leave their car at the shop were not included. All searches were conducted at the end of May 2005 to the beginning of June 2005.

**Appendix D: Internet Car Title Lender Company and Website Information**

Company	Website Address	Revealed Address	State	In State Residency Requirement	Choice of State Law	License Claim	Secure Website	Website Privacy Policy
Carolina Title Lending, Inc.	<a href="http://www.cttitleloans.com">www.cttitleloans.com</a>	Y	SC	Yes			No	No
Apple Fast Cash Personal Loans	<a href="http://www.fast-cash-personal-loans.com">www.fast-cash-personal-loans.com</a>					DE	No	Yes
RPM Lenders	<a href="http://www.rpmlenders.com">www.rpmlenders.com</a>	Y	CA			CA	No	No
Coastal Carolina Cash	<a href="http://www.cccarttitleloans.com">www.cccarttitleloans.com</a>	Y	SC	Yes, NC or SC			No	Yes
AM Financial	<a href="http://pinkslipautoloans.com">http://pinkslipautoloans.com</a>	Y	CA	Yes		CA	No	No
Trading Financial Credit, LLC	<a href="http://fciloan.com/main.tpl">http://fciloan.com/main.tpl</a>	Y	CA	Yes		CA	No	No
VehiCash	<a href="http://www.vehicash.com">www.vehicash.com</a>			No	NM		No	Yes
CarBucks	<a href="http://www.carbuckscorp.com">www.carbuckscorp.com</a>			No			Yes	Yes
800 Loan Mart	<a href="http://www.800loanmart.com">www.800loanmart.com</a>	Y	CA	Yes		CA	No	No
Houston Finance	<a href="http://www.autotitleloansonline.com">www.autotitleloansonline.com</a>	Y	TX				No	No
American First Financial Auto Title Loans	<a href="http://www.aztitleloans.com">www.aztitleloans.com</a>	Y	AZ	Yes		AZ	No	No
Equity1Auto.com	<a href="http://equityoneauto.com">http://equityoneauto.com</a>	Y	NM	No	NM		No	Yes
Advanced Credit & Title Loans	<a href="http://www.advancedcreditandtitleloans.com">www.advancedcreditandtitleloans.com</a>	Y	NV	Yes		NV	Yes	Yes
FastBucks	<a href="http://www.fastbucks.com/cartitleloans.asp">www.fastbucks.com/cartitleloans.asp</a>	Y	NM	No			Yes	Yes
Loans of America	<a href="http://www.loansofamerica.com">www.loansofamerica.com</a>					FL	No	No
Easy Money	<a href="http://www.easymoneyutah.com">www.easymoneyutah.com</a>	Y	UT	Yes		UT	Yes	No
Autopawn of California	<a href="http://www.autopawn.com">www.autopawn.com</a>	Y	CA	No		CA law 603-6347	Yes	Yes

**Appendix E: Terms of Internet Car Title Loans by Company**

Company	URL	Min. Loan	Max. Loan	Min. Term	Max. Term	Rate Quoted	Quoted APR	Did Site Quote APR?	Minimum Value of Car	How Loan Delivered	Credit Check	Income Eligibility	Ins. Required
Carolina Title Lending, Inc.	<a href="http://www.ctitleloans.com">www.ctitleloans.com</a>	\$ 601						No			No		
Apple Fast Cash Personal Loans	<a href="http://www.fast-cash-personal-loans.com">www.fast-cash-personal-loans.com</a>	depends on income/car	depends on income/car	30 days	3 years	6%	312.86%	Yes		ACH, Western Union/Money Gram, an overnight check	No	Yes	
RPM Lenders	<a href="http://www.rpmlenders.com">www.rpmlenders.com</a>	\$ 2,500	\$ 100,000					No	\$ 4,500		Yes	Yes	Yes
Coastal Carolina Cash	<a href="http://www.cccartitleloans.com">www.cccartitleloans.com</a>							No				Yes	
AM Financial	<a href="http://pinkslipautoloans.com">http://pinkslipautoloans.com</a>	\$ 2,500						No	\$ 4,000		Yes		
Trading Financial Credit, LLC	<a href="http://ffciloan.com/main.tpl">http://ffciloan.com/main.tpl</a>				4 years			No	\$ 5,000		No		Yes
VehiCash	<a href="http://www.vehicash.com">www.vehicash.com</a>		\$ 10,000	30 days		20%	260.71%	Yes			No	Yes	Yes
CarBucks	<a href="http://www.carbuckscorp.com">www.carbuckscorp.com</a>	\$ 500	\$ 50,000					No				Yes	Yes
800 Loan Mart	<a href="http://www.800loanmart.com">www.800loanmart.com</a>	\$ 2,500	\$ 25,000					No	\$ 4,500			No	Yes
Houston Finance	<a href="http://www.autotitleloansonline.com">www.autotitleloansonline.com</a>	\$ 100	\$ 500					No	only models newer than 10Y	ACH or check		Yes	
American First Financial Auto Title Loans	<a href="http://www.aztitleloans.com">www.aztitleloans.com</a>	\$ 200	\$20,000 (up to 50% of the value of car)	90 days	4 years	depends on credit history		No	\$ 2,500			Yes	Yes
Equity1Auto.com	<a href="http://equityoneauto.com">http://equityoneauto.com</a>		\$ 2,500	30 days			260%	Yes		ACH		Yes	Yes
Advanced Credit & Title Loans	<a href="http://www.advancedcreditandtitleloans.com">www.advancedcreditandtitleloans.com</a>		\$ 2,000					No		ACH		Yes	
FastBucks	<a href="http://www.fastbucks.com/cartitleloans.asp">www.fastbucks.com/cartitleloans.asp</a>	\$2,500 (up to 25% of trade-in value)		3 days		25%	651.79%	Yes		ACH	No		
Loans of America	<a href="http://www.loansofamerica.com">www.loansofamerica.com</a>	\$ 400	\$ 5,000	365 days		2-2.5% based on amount borrowed*		No		ACH	Yes	Yes	
Easy Money	<a href="http://www.easymoneyutah.com">www.easymoneyutah.com</a>	\$ 50	\$ 500				521.43%	Yes		ACH	No		
Autopawn of California	<a href="http://www.autopawn.com">www.autopawn.com</a>	2501	depends on income, car, debt level	180 days	5 years			No	\$ 4,500	ACH or check	Yes	Yes	Yes

\* Although Loans of America advertises interest rates of between 2-2.5% on its website, the loans have associated fees which are added into the cost of the loan which significantly increase the cost of borrowing above 2.5%. One surveyor called and was told that a mandatory "one-time collision insurance charge of \$199" would be added into the monthly payments. The Loans of America website calculator projected that payments on a \$500 loan would be \$84.34 per month, or a total loan cost of \$1,012.08. The total costs of repaying the loan would be \$512.08 – or the equivalent of an annual percentage rate of 155.52%.