

THE COMMONWEALTH OF MASSACHUSETTS

DIVISION OF BANKS AND LOAN AGENCIES

LEVERETT SALTONSTALL BUILDING, GOVERNMENT CENTER

100 CAMBRIDGE STREET

BOSTON, MASSACHUSETTS

COMMISSIONER OF BANKS

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SUPERVISOR OF LOAN AGENCIES

ALFRED P. QUIRK

REPORT ENDING DECEMBER 31, 1980

GOVERNMENT DOCUMENTS  
COLLECTION ..

JUL 25 1985

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General Laws, Chapter 140, Section 98, requires that "The Commissioner shall make an annual report and shall forward therewith a copy of such returns or so much thereof as he may deem necessary".

The figures contained herein were compiled, as usual, by the process of adding together the individual reports filed by each licensee. These reports are executed on a form and in a manner prescribed by the Commissioner. The department vouches for the process of addition, the process by which the additions were arrived at following their filing as the industry guarantees their accuracy and reliability as they were inserted in the individual reports. In some cases, as always, the reports were adjusted when not executed in accordance with instructions. In all such cases the licensee was notified and acknowledged the changes.

As of December 31, 1980, there were one hundred and forty-nine Small Loan Licenses outstanding.

During the calendar year, 1980, 64,737 regulated small loans of \$6,000.00 or less amounting to \$87,572,131.70, which is less unearned charges were made. These figures represent a decrease of 43,098 in the number of loans made and a decrease of \$47,881,192.18 in the net amount of loans made during the previous twelve months period.

The average net loan made for the period was \$1,352.75 compared to \$1,256.12 for the calendar year 1979.

On December 31, 1980, there were 126,396 regulated loans of \$6,000.00 or less outstanding with a face value of \$136,187,936.18 which includes unearned charges amounting to \$30,425,375.41. These figures represent a decrease of 17,999 in the number and a decrease of \$55,856,575.02 in the amount of net loans outstanding since the beginning of the calendar year.

The discrepancy between the number and amount of net loan balances outstanding at the beginning of the period as shown in Exhibit D of this report and the number and amount of net loan balances outstanding at the end of the period as shown in Exhibit D of the previous report is due to sales of assets or non-renewal of licenses of 23 licensees. Annual reports for these 23 companies were used in the compilation of the previous report but reports were not filed for the calendar year, 1980.

It is the opinion of this department that the net loan balances outstanding at the beginning of the period must be considered to truly reflect the total activity of the loan industry in the Commonwealth for the calendar year, 1980.

The average net loan outstanding on December 31, 1980 was \$1,077.47 as compared with \$1,089.66 on December 31, 1979.

Total regulated loans of \$6,000 or less charged off for the period amounted to \$5,509,806.47.

Gross Income for the period totaled \$26,629,791.04 of which \$507,511.17 represents recoveries on loans previously charged off and \$197,115.11 represents other income. Operating expenses aggregating \$12,265,497.97 includes \$2,866,619.35 of home office expenses; charge-offs on bad debts amounting to \$1,525,140.01 and an addition of \$2,834,260.45 to the valuation reserve combine to make a total expense of \$17,310,579.08 which deducted from gross income, leaves a balance of \$9,319,211.96 representing net earnings before deduction of interest on borrowed funds and federal income taxes. A net loss of \$5,140,269.96 remains after deducting interest on borrowed funds amounting to \$14,448,137.92 and federal income taxes amounting to \$11,344,00.



As of December 31, 1980, the book assets amounted to \$134,463,786.07. Cash in Office and in banks amounted to \$587,855.45 which includes \$24,109.12 in compensating balances. Home Office assets allocated to Massachusetts licensees consist of cash of \$1,098,862.33 and other assets of \$1,935,793.75 making a total of \$3,034,656.08. Compensating balances included in the allocation amount to \$377,976.07 which when totaled will produce compensating balances of \$402,085.19. Total assets as shown in Exhibit A less compensating balances produce assets of \$1 37,096,356.96.

This department does not consider compensating balances to be assets. They are used here as a deduction of the liability.

The figures included in the following schedules are compiled from Annual Reports to the Commissioner of Banks as represented by all licensed lenders.

All common asset and expense accounts are allocated on a formula established by this department.

The maximum interest charge permitted on loans of \$3,000 or less, made prior to September 9, 1980 and on loans of \$6,000 or less made between the period from September 9, 1980 to October 16, 1980, for licensed small loan lenders was \$10 per \$100 per annum or 18 percent per annum on the unpaid balances of the amount financed calculated according to the actuarial method plus an administrative fee of \$15 upon the granting of the loan.

The maximum interest charge permitted on loans of \$6,000 or less for licensed lenders made October 17, 1980 and thereafter is 23 percent per annum on the unpaid balances of the amount financed according to the actuarial method plus an administrative fee of \$20 upon the granting of a loan.

An administrative fee is not permitted to be assessed to a borrower more than once during any twelve month period.

Such maximum interest charge shall not exceed 6% per annum after the termination of one year after maturity.

The maximum interest charge permitted on loans of \$6,000 or less for unlicensed lenders is one percent per month on the unpaid principal balance which must include all fees and expenses of every name, nature and description.

However, the maximum interest charge permitted on loans of more than \$1,500.00, secure wholly or partially by a mortgage on real estate, other than a first mortgage having an assessed value of not over forty thousand dollars, and having thereon a dwelling house with accommodations for six or less separate households and occupied in whole or in part at the time of the loan is made as a home by the obligor on the mortgage debt or by any person granting or releasing any interest under said mortgage, is an amount equivalent to one and one half percent per computed on the unpaid balance including all fees and expenses of every name, nature and description except actual recording fees and reasonable attorney's fees.



THE COMMONWEALTH OF MASSACHUSETTS  
ANNUAL REPORT TO THE COMMISSIONER OF BANKS  
FOR THE YEAR ENDING DECEMBER 31, 1980  
(GENERAL LAWS, CHAPTER 140, SECTION 98)

EXHIBIT ACOMPOSITE STATEMENT OF ASSETS, DECEMBER 31, 1980Licensed Agencies149

## Receivables:

(a) Gross Amount . . . . .		\$ 166,613,311.59
(b) Less: Unearned Charges . . . . .		30,425,375.41
(c) Less: Allowance for Bad Debts. . . . .		3,957,724.06
(d) Net Receivables . . . . .		132,230,212.12
Cash in office and in banks. . . . .		587,855.45
Real Estate (Less Allowance for Depreciation - Buildings). . . . .		124,294.65
Furniture, fixtures and equipment (Less allowance for depreciation). . . . .		628,247.70
Deferred Charges or Prepaid Expenses. . . . .		336,414.62
Other Assets:		
(a) Organization and Development Expense	\$ 16,106.88	
(b) Cost of Financing. . . . .	508.00	
(c) Investments. . . . .	23,567.95	
(d) Miscellaneous Notes and Accounts Receivables. . . . .	82,659.94	
(e) Miscellaneous. . . . .	433,918.76	556,761.53
TOTAL ASSETS. . . . .		<u>\$ 134,463,786.07</u>
Home Office Assets allocated to Massachusetts Licensees. . . . .		\$ 3,034,656.08
TOTAL . . . . .		<u>\$137,498,442.15</u>
Compensating Balances included in Cash. . . . .		\$ 24,109.12
Compensating Balances included in Home Office Assets allocated in Massachusetts Licensees. . . . .		<u>377,976.07</u>
TOTAL COMPENSATING BALANCES INCLUDED IN ASSETS. . . . .		<u>\$ 402,085.19</u>





EXHIBIT BCOMPOSITE STATEMENT OF INCOME AND EXPENSEFOR THE YEAR ENDING DECEMBER 31, 1980(LOAN BUSINESS OF \$6,000 OR LESS)GROSS INCOME

Administrative Fees. . . . .		\$ 1,000,663.96
Charges collected and/or earned. . . . .		23,846,807.35
Delinquency Charges collected. . . . .		1,077,693.45
Collection on accounts previously charged off. . . . .		507,511.17
Other Income:		
a) Gain on Sales of Assets. . . . .	\$ 191.43	
b) Income from investments. . . . .	8,419.09	
c) Miscellaneous. . . . .	188,504.59	
		<u>197,115.11</u>
TOTAL GROSS INCOME . . . . .		<u>\$26,629,791.04</u>

EXPENSES OF CONDUCTING BUSINESS

Advertising . . . . .		\$ 458,386.48
Auditing . . . . .		29,703.25
Bad Debts:		
a) Charged Off . . . . .	\$1,525,140.01	
b) Addition to Reserves. . . . .	2,834,260.45	
		<u>4,359,400.46</u>
Depreciation of Furniture, Fixtures, and Equipment. . . . .		189,588.40
Recording and Acknowledging Fees. . . . .		41,872.89
Insurance and Fidelity Bonds. . . . .		45,580.21
Legal Fees and Disbursements. . . . .		407,437.87
Postage and Express . . . . .		263,504.00
Printing, Stationery and Supplies. . . . .		144,874.00
Rent. . . . .		796,695.04
Salaries. . . . .		5,130,107.47
Supervision and Administration . . . . .		196,237.41
Taxes (Excluding Federal Taxes on Income):		
a) State Income. . . . .	\$ 58,424.34	
b) License Fees. . . . .	39,500.00	
c) All other taxes. . . . .	256,063.46	
		<u>353,987.80</u>
Telephone and Telegraph. . . . .		638,129.57
Travel . . . . .		160,662.00
Other Expenses of Conducting Business. . . . .		1,227,792.88
TOTAL . . . . .		<u>14,443,959.73</u>
TOTAL HOME OFFICE EXPENSES. . . . .		<u>2,866,619.35</u>
Cost of Borrowed Funds. . . . .		<u>14,448,137.92</u>
TOTAL EXPENSES . . . . .		<u>\$31,758,717.00</u>
Net Earnings Before Federal Income Taxes. . . . .		(\$ 5,128,925.96)
Federal Income Taxes. . . . .		11,344.00
TOTAL EXPENSES AFTER INCOME TAXES. . . . .		\$31,770,061.00
Net Earnings After Income Taxes and Interest on Borrowed Funds, . . . . .		(\$ 5,140,269.96)



EXHIBIT CANALYSIS OF LOANS BY SIZE(Loans of \$6,000 or Less)

Total Loan Balances Outstanding (Less Unearned Charges) at beginning of period	143,675	\$ 157,662,099.31
Loans made during the period:		
a) Loans of \$ 100.00 or less . . . .	208	18,082.16
b) Loans of \$ 100.01 to \$ 200.00	660	106,974.21
c) Loans of \$ 200.01 to 300.00	1,442	360,468.11
d) Loans of \$ 300.01 to 400.00	2,745	917,289.14
e) Loans of \$ 400.01 to 500.00	2,528	1,120,787.36
f) Loans of \$ 500.01 to 600.00	7,123	3,803,896.85
g) Loans of \$ 600.01 to 1,000.00	13,292	10,318,188.89
h) Loans of \$1,000.01 to 1,500.00	12,930	15,488,059.75
i) Loans of \$1,500.01 to 3,000.00	21,062	45,162,694.36
j) Loans of \$3,000.01 to 6,000.00	2,747	10,275,690.87
Total Loans made during the period . . .	64,737	\$ 87,572,131.70
Loan Balances purchased during the period	10,588	11,728,928.66
Loan Balances sold during the period . . .	6,445	7,532,446.38
Loan Balances charged off during the period	7,486	5,509,806.47
Collections during the period . . . . .	-	107,732,970.64
Total Loan balances outstanding (Less Unearned Charges) at the end of the period . . .	<u>126,396</u>	<u>\$ 136,187,936.18</u>

EXHIBIT DANALYSIS OF LOANS BY TYPES OF SECURITY(Loans of \$6,000 or Less)

Loans made during the period based in whole or in large part on:		
	Number	Amount
a) Chattel Mortgages on Household Goods . .	19,020	\$ 33,850,711.49
b) Automobiles . . . . .	4,911	8,606,746.65
c) Real Estate . . . . .	78	448,848.65
d) Other Chattels . . . . .	1,479	2,874,519.62
e) Unsecured Notes . . . . .	35,178	36,514,116.57
f) Endorsed and/or Co-maker Notes . . . . .	3,512	4,447,041.16
g) Wage Assignments . . . . .	8	11,684.72
h) Other Consideration . . . . .	552	818,462.84
Total . . . . .	<u>64,737</u>	<u>\$ 87,572,131.70</u>



EXHIBIT E

ANALYSIS OF LOANS MADE FOR LAST FIVE YEARS

(Loans of \$6,000)

	<u>1976</u>	<u>1977</u>	<u>1978</u>
Number	123,755	116,745	117,362
Amount	\$148,832,592.40	\$145,926,487.57	\$148,110,512.11
	<u>1979</u>	<u>1980</u>	
Number	107,835	64,737	
Amount	\$135,453,323.88	\$87,572,131.70	

EXHIBIT F

SUITS, POSSESSION AND SALES OF CHATELS

(Loans of \$6,000 or Less)

	<u>Number</u>	<u>Amount</u>	
<u>Suits for Recovery:</u>			
a) Pending at close of previous period. . . . .	3,079	\$ 3,593,450.29	
b) Instituted during period. . . . .	2,043	2,756,492.65	
c) Total . . . . .	5,122	\$ 6,349,942.94	
d) Judgment secured during period. . . . .	1,172	1,753,446.00	
e) Settled before judgment during the period . . . . .	395	458,903.92	
f) Total . . . . .	1,567	\$ 2,212,349.92	
g) Pending at close of current period. . . . .	3,555	\$ 4,137,593.02	
Wage Assignments filed during the period. . . . .	174	238,134.95	
<u>Possession of Chattels obtained by licensees:</u>			
a) By legal process or contract right:			
1) Household Goods . . . . .	2	\$ 5,143.00	
2) Automobiles. . . . .	48	116,892.09	
3) Other Chattels and Property. . . . .	2	6,299.01	
b) By Voluntary surrender			
1) Household Goods. . . . .	3	1,852.00	
2) Automobiles . . . . .	47	119,750.65	
3) Other Chattels and Property . . . . .	11	20,729.62	
<u>Sales of Chattels by Licensees:</u>			
	<u>Number</u>	<u>Amount Due</u>	<u>Amount Collected</u>
a) With borrower's consent. . . . .	46	\$128,815.42	\$41,826.59
b) Without borrower's consent . . . . .	27	61,352.84	41,962.87



EXHIBIT G

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, DECEMBER 31, 1980

(Total Loan and Finance Business)

ASSETS

Receivables:

a) Gross Amount . . . . .		\$314,003,054.85	
b) Less: Unearned Charges. . .		37,595,766.92	
c) Less: Allowance for Bad Debts. .		6,541,662.68	
d) Net Receivable . . . . .		269,865,625.25	
Cash in Office and in Banks. . . .		1,052,084.92	
Real Estate (Less Allowance for Depreciation-Building). . . . .		658,516.03	
Furniture, fixtures, equipment(Less Allowance for Depreciation). . . .		1,036,228.39	
Deferred Charges or prepaid expenses		664,986.75	
Other Assets:			
a) Organization or development expenses	\$ 100,160.00		
b) Cost of Financing. . . . .	3,177.00		
c) Investments. . . . .	180,872.00		
d) Miscellaneous Notes and Accounts Receivable . . . . .	402,380.09		
e) Miscellaneous. . . . .	910,178.06		
			<u>1,596,767.15</u>
TOTAL ASSETS. . . . .			<u>\$274,874,208.49</u>

Homes Office Assets allocated to  
Massachusetts Licensees. . . . .

\$ 5,423,448.45

TOTAL . . . . .

\$280,297,656.94

LIABILITIES AND CAPITAL

Accounts and Notes Payable:

a) Banks. . . . .	\$ 1,019,445.72	
b) Due to Parent company or Affiliates	186,288,933.41	
c) Other Short Term Notes and Accounts	5,441,507.48	\$192,749,886.61
Bonds . . . . .		-
Long Term Notes. . . . .		231,700.01
Investment Certificates. . . . .		1,570,038.00
Other Liabilities:		
a) Accrued Expense. . . . .	\$ 680,497.93	
b) Other Expense Reserves. . . . .	467,194.01	1,147,691.94
Net Worth (If Individual or Partnership). . .		-
Branch Office Capital. . . . .		63,539,276.55
Capital Stock (If Corporation )		
a) Preferred. . . . .	\$ 1,043,106.26	
b) Common. . . . .	2,419,502.10	3,462,608.36
Paid in surplus. . . . .		14,927,440.51
Appropriated Surplus or Capital Reserve		644,314.00
Retained Earnings . . . . .		(3,398,747.49)
TOTAL LIABILITIES AND CAPITAL. . . . .		<u>\$274,874,208.49</u>
Compensating Balances included in cash. . .		\$ 69,241.00
Compensating Balances included in Home Office		
Assets allocated to Massachusetts Licensees. . .		<u>741,695.77</u>
Total Compensating Balances included in Assets		<u>\$ 810,936.77</u>





EXHIBIT H

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE  
FOR THE YEAR ENDING DECEMBER 31, 1980  
(Total Loans and Finance Business)

GROSS INCOME

Administration Fees . . . . .		\$ 1,000,663.96
Charges collected and/or earned . . . . .		46,872,074.15
Delinquency charges collected . . . . .		1,380,880.16
Collection on accounts previously charged off . . . . .		720,583.12
Other Income:		
a) Gain on Sale on Assets . . . . .	\$ 5,172.39	
b) Income from Investments . . . . .	262,819.27	
c) Miscellaneous . . . . .	804,596.87	
		<u>1,072,536.53</u>
TOTAL GROSS INCOME . . . . .		<u>\$ 51,046,789.92</u>

EXPENSES OF CONDUCTING BUSINESS

Advertising . . . . .		\$ 673,793.83
Auditing . . . . .		64,843.92
Bad Debts:		
a) Charged Off . . . . .	\$ 1,721,222.30	
b) Addition to Reserves . . . . .	<u>4,281,322.02</u>	6,002,544.32
Depreciation of Furniture, and Equipment . . . . .		314,718.91
Recording and Acknowledging Fees . . . . .		70,868.74
Insurance and Fidelity Bonds . . . . .		84,278.40
Legal Fees and Disbursements . . . . .		676,285.86
Postage and Express . . . . .		412,727.39
Printing, Stationery and Supplies . . . . .		233,065.37
Rent . . . . .		1,332,868.67
Salaries . . . . .		8,520,501.45
Supervision and Administration . . . . .		413,623.99
Taxes (Excluded Federal Taxes on Income) . . . . .		
a) State Income . . . . .	\$ 175,240.53	
b) License Fees . . . . .	69,901.00	
c) All Other Taxes . . . . .	<u>408,112.94</u>	653,254.47
Telephone and Telegraph . . . . .		1,061,184.73
Travel . . . . .		288,544.97
Other Expenses of Conducting Business . . . . .		<u>2,246,431.93</u>
TOTAL . . . . .		\$ 23,049,536.95
Total Home Office Expenses . . . . .		4,730,440.89
Cost of Borrowed Fund . . . . .		<u>27,337,042.95</u>
Total Expenses . . . . .		\$ 55,117,020.79
Net Earnings Before Federal Income Taxes . . . . .		\$ ( 4,070,230.87)
Federal Income Taxes . . . . .		\$ 272,433.85
Total Expenses After Income Taxes . . . . .		\$ 55,389,454.64
Net Earnings after Income Taxes & Interest on Borrowed Funds		<u>\$ ( 4,342,664.72)</u>