

2007

NSUARB-PD-07-001

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: THE CONSUMER PROTECTION ACT

**IN THE MATTER OF: a Hearing respecting certain aspects of the
Consumer Protection Act relating to payday loans**

RESPONSES TO INFORMATION REQUESTS (December 14, 2007)

TO: THE CASH STORE INC. and ASSISTIVE FINANCIAL CORP.

FROM: CANADIAN PAYDAY LOAN ASSOCIATION

Question IR-8: Please refer to Part III, Ernst & Young Report.

(a) Please provide a blank form of the detailed questionnaire

Response IR-8: (a) Please see attachment from the Ernst and Young report.

Company Structure and Business Mix

1 Please identify (X) which service lines are provided by your company:

- Payday lending
- Cheque cashing
- Money transfers
- Collateral / pawn loans
- Title loans
- Mortgage / bridge financing
- Other (please identify):

2 How many stores did your company operate in each region by at the end of the most recent fiscal year?

- British Columbia
- Alberta
- Saskatchewan / Manitoba
- Ontario
- Quebec
- Atlantic Canada
- Total

Company-
operated Franchised
Stores

0 0

3 Do you act as the principal for payday loans, or as a broker for loans provided by a bank or another third party? (X)

as principal
as broker

4 Are your loans insured for default risk? (X)
If so, by an independent insurer or by an affiliated company? (X)

not insured
independent insurer
affiliated company

5 Are there any other relevant features of your operations that may affect the cost of your payday loan business? Please describe:

Owner Compensation

- 6 What is the legal structure of the business? (X)
- Proprietorship
 - Partnership
 - Private company
 - Public company

If your business is not a public company, please answer Questions 7-9 with respect to the following people:

- (a) proprietors of the business,
- (b) partners in the business,
- (c) significant shareholders (i.e., those who own 25% or more of the equity interest in the business), and
- (d) the spouses of proprietors, partners and significant shareholders.

7 What is the total amount of salary paid to the individuals identified above? \$

8 What is the total amount of bonuses/benefits/other compensation paid to the individuals identified above? \$

9 Please provide an estimate of the total hours spent on the business in a typical week by the individuals identified above.

Financial Statement Information

Please answer Questions 10 - 16 on the basis of your financial statements for the most recent fiscal year available.

10	Please indicate (X) whether your financial statements are:	Audited Provided to a bank or another lender
11	What is the date of the year-end for these statements? (day / month / year)	
12	Your total revenues for major business lines:	
	Payday lending	\$
	Cheque cashing	\$
	Money transfers	\$
	Collateral / pawn loans	\$
	Mortgage / bridge financing	\$
	Franchise revenues	\$
	Other (please identify):	\$
	Total revenues	\$ 0
13	Your company's costs for:	
	(a) all business lines, and	<u>All business lines</u>
	(b) payday lending only.	<u>Payday loans</u>
	(If you do not account for payday lending separately, please provide your best estimate.)	
	Salaries and benefits	\$
	Incentive plan expense	\$
	Security (armoured car service, alarm systems)	\$
	Rent	\$
	Utilities	\$
	Insurance	\$
	NSF, credit check, and other bank service charges	\$
	Advertising	\$
	Depreciation and amortization	\$
	Goodwill amortization expense (if any)	\$
	Provision for loan losses and doubtful accounts	\$

	Interest		\$	\$
	Taxes		\$	\$
	Franchise expenses (i.e., services to franchisees)		\$	\$
	Payments to affiliated companies (e.g., management fees, royalties, etc. - please identify):			
	-		\$	\$
	Other (please identify):		\$	\$
	-			
	Total expenses		\$	\$
			\$0	\$0
14	Your company's assets:			
	Cash		\$	\$
	Accounts receivable - payday loans		\$	\$
	Accounts receivable - other		\$	\$
	Pre-pays		\$	\$
	Inventory		\$	\$
	Net Fixed Assets		\$	\$
	Other (please identify):		\$	\$
	-			
	Total assets		\$	\$
				0
15	Your company's liabilities:			
	Accounts payable		\$	\$
	Salaries payable		\$	\$
	Other payables		\$	\$
	Inter-company liabilities		\$	\$
	Long-term debt		\$	\$
	Other (please identify):		\$	\$
	-			

16	Your company's equity:	Total liabilities Capital stock/paid-in capital Retained earning (opening) Net income for the year Other (please identify): - Total equity	\$ \$ \$ \$ \$ \$ 0
17	For each of the following amounts, please provide the <u>average</u> daily OR monthly OR quarterly balances for the year:	Payday loans outstanding (principal amount only) Total liabilities Total equity Product Line Activity	\$ \$ \$ \$
18	How many payday loans were issued during the year that were:	Payday loans to first-time customers Payday loans to repeat customers Rollovers/extensions and rewrites	
19	What is the average <u>initial term</u> (number of days) of payday loans? (i.e., not including rollovers/extensions, re-writes) Returned Cheques and Unrecoverable Debts	<i>If you cannot provide the number of loans to first-time customers, please provide the number of active accounts at the end of your most recent fiscal year minus the number of active accounts at the end of the previous fiscal year. If transaction information is not available for payday loans only, please provide your best estimate, check (X) this box:</i>	
20	What was the total cumulative value of payday loans:	issued in the year?	\$

21	What percentage of payday loans in default were collected within 90 days?	\$																		
that went into default? (i.e., cheques returned NSF)																				
22	Not including amounts that are unrecoverable within 90 days, on average how long would you estimate that it typically takes to collect on returned cheques?																			
23	For financial accounting purposes, do you write off loans in default at the time the cheques are returned as NSF?	Yes No																		
24	If you answered NO to Question 23, how many days after the cheques are returned do you write them off as bad debt?																			
Time and Effort for Transactions																				
25	On average, how much face-to-face employee time (in minutes) is spent issuing a payday loan (paperwork, interview, follow-up, etc.):	to a first-time customer? to a repeat customer? for a rollover/extension or re-write?																		
Size Distribution of Payday Loans																				
26	What is the total <u>number</u> and <u>amount</u> of payday loans issued during the year in each size category:	<table border="0"> <tr> <td data-bbox="518 1073 545 1199">\$0 – \$100</td> <td data-bbox="560 1598 587 1703" style="text-align: center;"><u>Number</u></td> <td data-bbox="560 1776 587 1881" style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td data-bbox="486 1073 513 1199">\$101 – \$200</td> <td></td> <td></td> </tr> <tr> <td data-bbox="446 1073 474 1199">\$201 – \$300</td> <td></td> <td></td> </tr> <tr> <td data-bbox="406 1073 434 1199">\$301 – \$400</td> <td></td> <td></td> </tr> <tr> <td data-bbox="367 1073 394 1199">\$401 – \$500</td> <td></td> <td></td> </tr> <tr> <td data-bbox="327 1073 354 1276">Greater than \$500</td> <td></td> <td></td> </tr> </table>	\$0 – \$100	<u>Number</u>	<u>Amount</u>	\$101 – \$200			\$201 – \$300			\$301 – \$400			\$401 – \$500			Greater than \$500		
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\$201 – \$300																				
\$301 – \$400																				
\$401 – \$500																				
Greater than \$500																				

Breakdown of Fees

27 Please describe the fee structure for:

Pay/day loans:

Rollovers/extensions or re-writes:

NSF cheques: