

NORTH CAROLINA COMMISSIONER OF BANKS

Consumer Finance Annual Report



2012

n o r t h c a r o l i n a
COMMISSIONER OF BANKS

Ray Grace
Commissioner of Banks





State of North Carolina
OFFICE OF THE COMMISSIONER OF BANKS

PAT McCrory
GOVERNOR

RAY GRACE
COMMISSIONER OF BANKS

To The Honorable Pat McCrory, Governor

It is my pleasure to submit to you our 2012 Annual Report ("Report") on licensed consumer finance lenders ("CFLs"). The figures in this Report represent a compilation of unaudited reports submitted by licensees in accordance with N.C.G.S. § 53-184(b).

On December 31, 2012, there were 78 CFLs with 454 operating locations offering consumer loans in North Carolina (see Chart A for 5-year trend). Of these, seven CFLs make consumer loans under N.C.G.S. § 53-173; and 71 CFLs make consumer loans under the optional rate section, N.C.G.S. § 53-176.

Given the diversity in size of CFLs, these companies have been broken down into three segments: large, medium, and small, in certain charts within this Report. Large CFLs are defined as having 40 or more branch locations, medium CFLs as having 7-39 branch locations, and small CFLs as having 6 or fewer branch locations.

For the year ended December 31, 2012, CFLs reported aggregate outstanding loans of \$927,758,754 and stated equity of \$179,392,192. Assets of these lenders totaled \$1,189,094,318 in 2012, a 24% increase over the previous year's \$959,845,777 (see Chart B for 5-year trend) according to the data that we analyzed. Operating losses in 2012 were reported by 40% of CFLs, with Provision for Credit Losses Expense and Interest Expense totaling approximately 42% of Total Operating Income.

As a convenience to the public and the industry, this report is also available on the Commissioner of Banks' website at www.nccob.gov.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ray Grace".

Ray Grace
Commissioner of Banks

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The North Carolina Consumer Finance Act

The North Carolina Consumer Finance Act, General Statute 53-164 *et seq.*, authorizes the Commissioner of Banks to license and to supervise loan companies which make direct consumer loans of \$10,000 or less. The Act authorizes interest rates in excess of the limits otherwise applicable under Chapter 24 of the North Carolina General Statutes. However, these loans are not permitted to be secured by real property.

A licensee may choose to make loans under one of the following sections of the Act.

Statutory Reference	Amount of Loan
G.S. 53-173	\$3,000 or less
G.S. 53-176	\$10,000 or less

For licensees who lend a cash advance of \$3,000 or less, G.S. 53-173 allows maximum interest charges of 36% per year on that part of the unpaid principal balance which does not exceed \$600 and 15% per year on that portion which is more than \$600 but not more than the \$3,000 ceiling.

Optional rate lenders, those who make cash advances of \$10,000 or less, must adhere to the provisions of G.S. 53-176. This section of the Consumer Finance Act permits maximum interest charges of 30% per year on that part of the unpaid principal balance which does not exceed \$1,000 and 18% per year on the remainder which does not exceed \$7,500. If the principal balance is more than \$7,500, the maximum rate is 18% per year on the entire loan.

Lenders that do not charge interest rates in excess of those permitted by Chapter 24 are exempt from the Consumer Finance Act. Also exempted are banks, trust companies, savings and loan associations, cooperative credit unions, agricultural credit corporations, production credit associations, pawn brokers, and installment paper dealers.

Chart A

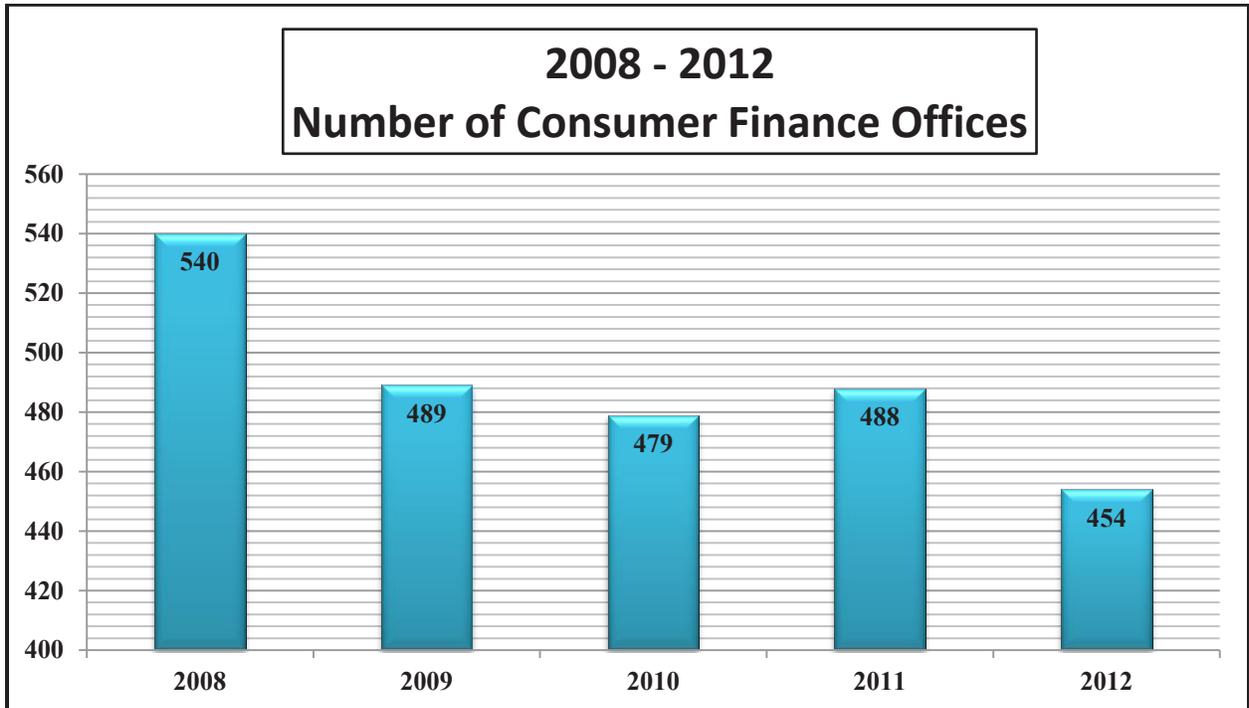
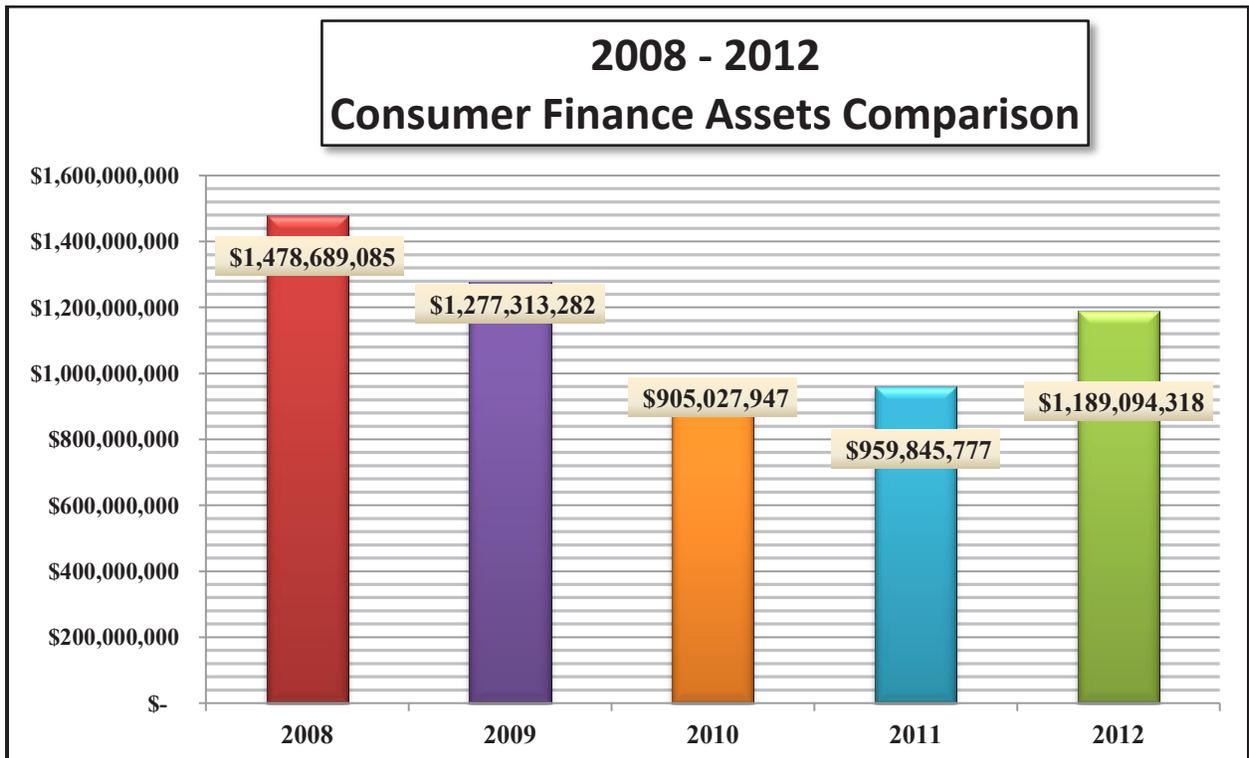


Chart B



Consumer Finance Act Licensees

December 31, 2012

Licensee Home Office	Number of Operating Locations	Loan Category	Loans Receivable (\$)
Allied Finance Company of Kannapolis, Inc. 2113 Dale Earnhardt Blvd. Kannapolis, NC 28082	2	G.S. 53-176	286,369
Allied Financial Services, Inc. 821 Baxter Street, Suite 307 Charlotte, NC 28202	12	G.S. 53-176	20,844,760
Alpha Finance Company 38 East Cheek Street Sparta, NC 28675	1	G.S. 53-176	668,409
Amity Finance of Kings Mountain, Inc. 219 South Battleground Avenue Kings Mountain, NC 28086	1	G.S. 53-176	1,546,084
Amity Finance of Mooresville, Inc. 236 North Main Street Mooresville, NC 28115	1	G.S. 53-176	441,545
Amity Finance of Troy, Inc. 320 North Main Street Troy, NC 27371	1	G.S. 53-176	246,351
Amity Finance, Inc. 2477 East Ozark Avenue Gastonia, NC 28054	1	G.S. 53-176	1,209,057
Atlantic Discount Corporation 1300 S. Croatan Highway Kill Devil Hills, NC 27948	3	G.S. 53-176	4,099,946
Basic Finance, Inc. 4664 NC Hwy 90 East Hiddenite, NC 28636	8	G.S. 53-176	25,481,968
Brighter Financial, Inc. 285 N. Talbert Blvd. Lexington, NC 27292	1	G.S. 53-176	832,839
Cape Fear Finance Company, LLC 108 McFarland Avenue Rossville, GA 30741	1	G.S. 53-173	1,587,835

Licensee Home Office	Number of Operating Locations	Loan Category	Loans Receivable (\$)
Cape Fear Lending Inc. 7050 Market Street Wilmington, NC 28411	1	G.S. 53-176	551,409
Capitol Credit Company 745 Carolina Avenue Washington, NC 27889	2	G.S. 53-176	3,529,252
CAR Financial Services, Inc. 8430 University Executive Park Drive, Suite 612 Charlotte, NC 28262	2	G.S. 53-173	0*
Cardinal Finance Company of Lumberton, Inc. 406 North Chestnut Street Lumberton, NC 28358	1	G.S. 53-176	559,267
Cardinal Finance Company of Whiteville, Inc. 608 S. Madison Street Whiteville, NC 28472	1	G.S. 53-176	1,667,980
Carolina Finance Company of Tarboro N.C., Inc. 423 Main Street Tarboro, NC 27886	1	G.S. 53-173	162,016
Carolina Finance, LLC 4190 Piedmont Parkway, Suite 101 Greensboro, NC 27410	2	G.S. 53-176	205,744
Caswell Financial Services, Inc. 9597 US 29 Business N. Ruffin, NC 27326	1	G.S. 53-176	119,986
Century Finance, Inc. 453 Sunset Avenue Rocky Mount, NC 27804	5	G.S. 53-176	8,006,342
CitiFinancial, Inc. NC 300 St. Paul Place, BSP17C Baltimore, MD 21202	4	G.S. 53-176	23,739,888
Coastal Finance Company, Inc. 4370-A Arendell Street Morehead City, NC 28557	6	G.S. 53-176	7,469,067
Colonial Credit, Inc. 810 N. Broad Street Edenton, NC 27932	1	G.S. 53-176	152,505

Licensee Home Office	Number of Operating Locations	Loan Category	Loans Receivable (\$)
Consumer Financial Services Inc. 119 S. Van Buren Road Eden, NC 27288	1	G.S. 53-176	1,954,654
Cornerstone Loan Center, Inc. 3004 S. Memorial Drive Greenville, NC 27834	1	G.S. 53-176	1,750,355
Creekside Finance, Inc. 171 West Cornish Road Blowing Rock, NC 28605	4	G.S. 53-176	5,207,070
Federal Financial Services, Inc. 116 E. Market Elkin, NC 28621	3	G.S. 53-176	4,191,784
Future Financial Services, LLC 827 Hardee Road Kinston, NC 28504	4	G.S. 53-176	3,477,230
Green Cap Financial, LLC 2630 Ramada Road Burlington, NC 27215	6	G.S. 53-176	5,785,267
Greene Finance Corporation 141 N. Main Street Mount Airy, NC 27030	1	G.S. 53-176	939,539
Greenville Financial Services, Inc. 3101 S. Memorial Drive Greenville, NC 27834	1	G.S. 53-176	1,419,640
Hanover Financial Services, Inc. 4230 Market Street Wilmington, NC 28405	1	G.S. 53-176	3,570,218
Heritage Finance Co., Inc. 687 Rutherford Road Marion, NC 28752	3	G.S. 53-176	1,754,297
Holiday Finance of Statesville, Inc. 223 North Center Street Statesville, NC 28677	1	G.S. 53-176	748,858
Holiday Finance, Inc. 1410 Dale Earnhardt Blvd. Kannapolis, NC 28083	1	G.S. 53-176	1,106,787
Home Credit Corporation, Inc. 946 West Andrews Avenue Henderson, NC 27536	11	G.S. 53-176	9,250,904

Licensee Home Office	Number of Operating Locations	Loan Category	Loans Receivable (\$)
Imperial Finance Company of Mount Olive, Incorporated 507-A N. Breazeale Avenue Mount Olive, NC 28365	1	G.S. 53-176	913,722
KR Finance, LLC 1834 Startown Road SE Hickory, NC 28602	1	G.S. 53-176	209,830
Lendmark Financial Services, Inc. 2118 Usher Street Covington, GA 30014	10	G.S. 53-176	46,543,180
M & J Loans, Incorporated 409 South LaFayette Street Shelby, NC 28151	1	G.S. 53-176	800,920
Macon Credit Company, Inc. 339 Westgate Road Franklin, NC 28734	1	G.S. 53-173	977,394
Marion Credit Company, Inc. 216 South Main Street Marion, NC 28752	1	G.S. 53-173	1,504,419
Metrolina Credit Company of Burlington, Inc. 2260 South Church Street, Suite 407 Burlington, NC 27216	1	G.S. 53-176	510,645
Metrolina Credit Company of Cabarrus, Inc. 845 Church Street North, Suite 106 Concord, NC 28025	1	G.S. 53-176	580,002
Metrolina Credit Company of Charlotte, Inc. 7140-A E. Independence Blvd. Charlotte, NC 28227	1	G.S. 53-176	836,602
Metrolina Credit Company of High Point, Inc. 1001 Phillips Ave, Suite 104 High Point, NC 27262	1	G.S. 53-176	481,735
Mid-East Acceptance Corporation of N.C., Inc. 3015 S. Memorial Drive Greenville, NC 27834	3	G.S. 53-176	4,744,703
Mitchell Credit Company , Inc. 155 Oak Avenue Spruce Pine, NC 28777	1	G.S. 53-173	1,301,261

Licensee Home Office	Number of Operating Locations	Loan Category	Loans Receivable (\$)
National Finance Company, Inc. 1500 South Horner Boulevard Sanford, NC 27330	22	G.S. 53-176	29,856,787
New Southern Loans, Inc. 112 South Pearl Street Rocky Mount, NC 27804	5	G.S. 53-176	6,816,583
Nicholas Financial, Inc. 2454 McMullen Booth Rd, Bldg. C Suite 501B Clearwater, FL 33759	4	G.S. 53-176	913,428
North State Acceptance, L.L.C. 2305 East Millbrook Road Raleigh, NC 27604	6	G.S. 53-176	5,206,468
Omni Financial of North Carolina, Inc. One Radisson Plaza, Suite 804 New Rochelle, NY 10801	3	G.S. 53-176	12,851,298
OneMain Financial Services, Inc. 300 St. Paul Place, BSP17D Baltimore, MD 21202	87	G.S. 53-176	141,645,952
Port City Finance Company LLC 5733 Oleander Drive Wilmington, NC 28403	2	G.S. 53-176	166,151
Professional Financial Services of North Carolina, LLC 181 Security Place Spartanburg, SC 29307	7	G.S. 53-176	2,001,889
Quality Finance Co., Inc. 2026 W. US 70 Highway Goldsboro, NC 27530	3	G.S. 53-176	2,032,024
Regional Finance Corporation of North Carolina 509 West Butler Road Greenville, SC 29607	26	G.S. 53-176	51,294,639
Royalty Management Corporation 200 South Broad Street Edenton, NC 27932	4	G.S. 53-176	6,447,303
Sandhill Finance Company, Inc. Cross Pointe Place, 1701 North Sandhills Blvd. Aberdeen, NC 28315	1	G.S. 53-176	1,631,783

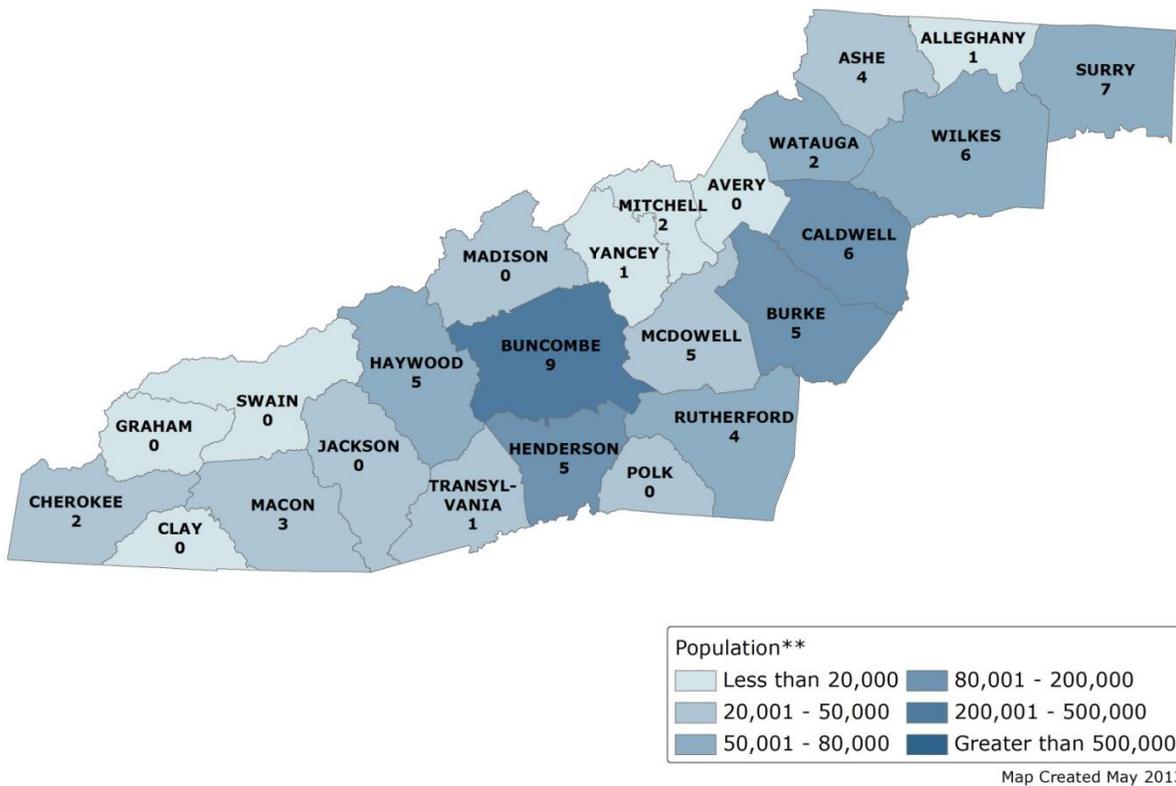
Licensee Home Office	Number of Operating Locations	Loan Category	Loans Receivable (\$)
Security Credit Corporation 710 S. Brightleaf Blvd. Smithfield, NC 27577	1	G.S. 53-176	2,782,857
Security Finance Corporation of Lincolnton 181 Security Place Spartanburg, SC 29307	35	G.S. 53-176	129,750,183
Smithfield Financial Services, Inc. 130 Peedin Road Smithfield, NC 27577	1	G.S. 53-176	689,426
Southern Loan Corporation 972 A South Bennett Street Southern Pines, NC 28387	1	G.S. 53-176	1,171,773
Southern Loans, Inc. 112 S. Pearl Street Rocky Mount, NC 27804	5	G.S. 53-176	7,308,470
Springleaf Financial Services of America, Inc. 601 NW Second Street Evansville, IN 47701-0059	69	G.S. 53-176	234,602,776
Steele Financial Services, Inc. 143 N. Main Street, Suite 3 Kernersville, NC 27284	1	G.S. 53-176	147,628
The Money Shoppe, Inc. 211 N. Main Street Graham, NC 27253	1	G.S. 53-176	318,173
Time Investment Corporation 1501-C W. Arlington Blvd. Greenville, NC 27835	19	G.S. 53-176	53,915,119
Trophy Financial, Inc. 1301 Atkinson Street Laurinburg, NC 28352	1	G.S. 53-176	1,888,306
Turner Finance Co., Inc. 2418 North Main Avenue Newton, NC 28658	1	G.S. 53-176	2,470,301
Universal Acceptance Corporation 2600 Discovery Drive Raleigh, NC 27616	1	G.S. 53-176	198,205

Licensee Home Office	Number of Operating Locations	Loan Category	Loans Receivable (\$)
Universal Finance, Inc. 839 Wilkesboro Blvd. Lenoir, NC 28645	5	G.S. 53-176	9,976,040
Wagner Financial Services, Inc. 175 Jonestown Road Winston-Salem, NC 27104	3	G.S. 53-176	2,391,880
Warren Finance Services Inc. 103 N. Main Street Warrenton, NC 27589	1	G.S. 53-173	260,333
Welcome Finance Company , Inc. 112 West Center Street Mebane, NC 27302	17	G.S. 53-176	14,164,516
Whitestone Financial CPS Inc. 1713 Spring Garden St. Greensboro, NC 27403	1	G.S. 53-176	463,322
Whitestone Financial, Inc. 1796 Silas Creek Parkway Winston-Salem, NC 27103	1	G.S. 53-176	425,506
TOTALS	454		\$927,758,754

* Licensed as of December 31, 2012. However, no loans receivable were on licensee's books as of this date.

Number of Consumer Finance Branch Locations by Region and County

Mountain Region*

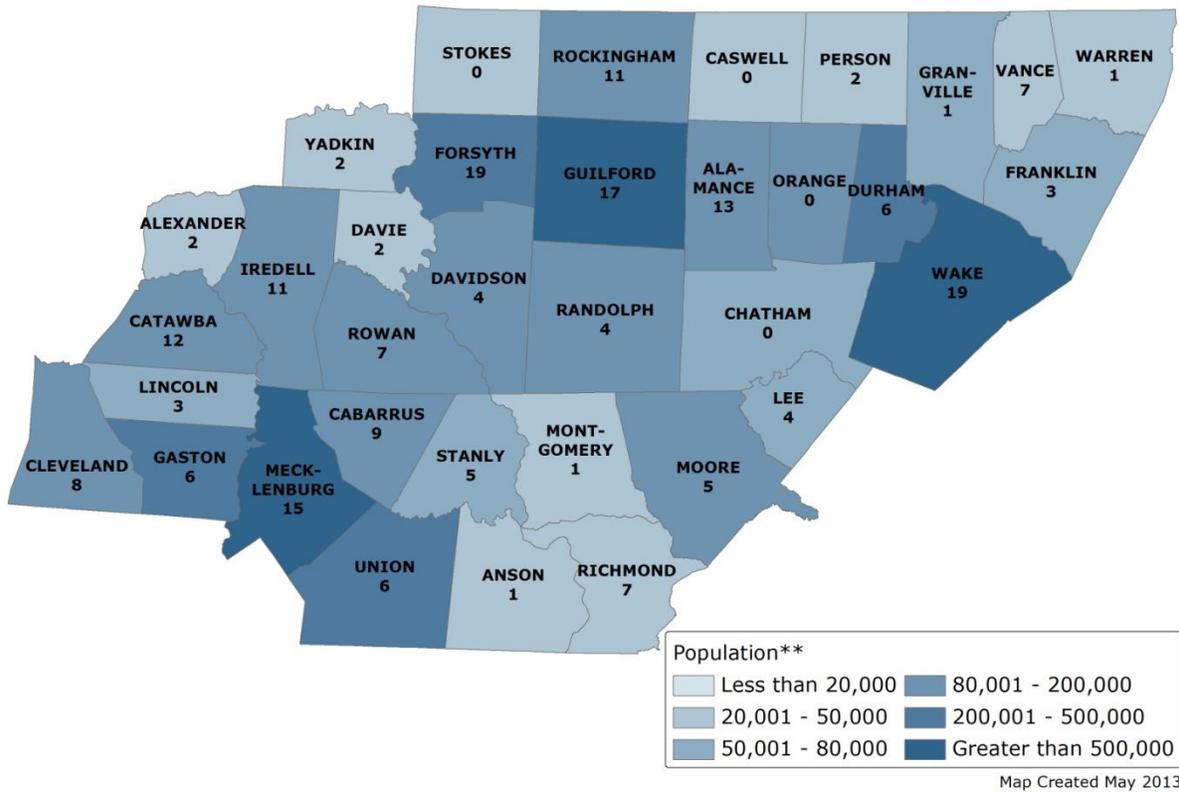


* NC Climate & Geography (www.secretary.state.nc.us/kidspg/geog.htm)

** 2011 Provisional County Population Estimates July 2012 Estimate (www.osbm.state.nc.us/ncosbm/facts_and_figures)

Number of Consumer Finance Branch Locations by Region and County

Piedmont Region*



* NC Climate & Geography (www.secretary.state.nc.us/kidspg/geog.htm)

** 2011 Provisional County Population Estimates July 2012 Estimate (www.osbm.state.nc.us/ncosbm/facts_and_figures)

Consolidated Balance Sheet

January 1, 2012 - December 31, 2012

Assets	2012	2011
Cash _____ \$	13,637,848	\$ 24,981,488
Loans Receivable _____	927,758,754	859,822,422
Less Reserve for Loan Losses _____	73,624,406	57,964,782
Net Loans Receivable _____	854,134,348	801,857,640
Real Estate _____	1,841,567	1,569,206
Furniture and Equipment _____	12,224,894	10,971,964
Unamortized Fee _____	403,648	543,285
Other Assets _____	306,852,013	119,922,194
Total Assets _____ \$	1,189,094,318	\$ 959,845,777

Liabilities, Net Worth and Shareholders' Equity

Accounts and Notes Payable		
(a) Banks and other lending institutions _____ \$	137,996,031	\$ 148,854,223
(b) Parent company or affiliates _____	781,408,522	607,454,744
(c) Other _____	56,531,847	45,958,567
Total Accounts and Notes Payable _____ \$	975,936,400	\$ 802,267,534
Other Liabilities _____	33,765,726	34,398,249
Total Liabilities _____	1,009,702,126	836,665,783
Net Worth and Shareholders' Equity _____	179,392,192	123,179,994
Total Liabilities, Worth And Shareholders' Equity _____ \$	1,189,094,318	\$ 959,845,777

Consolidated Statement of Income and Expense
January 1, 2012 - December 31, 2012

Income

Interest Collected and Earned on Loans under G.S. 53-173 and 53-176 _____	175,178,624
Loan Processing Fees Under G.S. 53-173(a1) and G.S. 53-176(b) _____	6,300,574
Insurance Income, Including Origination Fees _____	15,854,158
NSF _____	867,510
Other Income _____	169,142,288
Total Income _____	\$ 367,343,154

Expenses

Salaries, wages, and benefits _____	82,836,036
Occupancy expense _____	16,484,956
Depreciation and amortization _____	4,215,568
Interest Expense _____	46,982,428
Provision for credit losses _____	106,186,695
Other expenses * _____	75,543,237
Total Expenses, Before Income Taxes _____	\$ 332,248,920

Net Income, Before Income Taxes _____	35,094,234
Income Taxes (tax credits are entered as negative) _____	12,029,580
Net Income _____	\$ 23,064,654

* *Other expenses* are 23% of all reported expenses. From the itemized detail provided by the licensees, the largest categories include *product management services, administrative, information technology services, management fees, provision for state and local taxes, advertising, and utilities*. These items comprise of 78% of total *Other expenses*.

Loan Classifications
January 1, 2012 - December 31, 2012

Loan Balances

	Number		Amount
Loans Receivable, Beginning of Year* _____	366,011	\$	858,801,842
Loans Made During the Year _____	489,464		1,297,270,429
Loan Balances Purchased During the Year _____	1,535		6,057,898
Loan Balances Sold During the Year _____	22,155		153,258,696
Loan Balances Charged Off During the Year _____	25,278		45,976,765
Collections of Principal During the Year _____	—		1,035,135,954
Loans Receivable Outstanding at End of Period _____	393,019	\$	927,758,754

Loans By Size

Loans Made During the Year:	Number		Amount
(a) \$600.00 or less _____	14,948	\$	7,336,530
(b) \$600.01 to \$1,000.00 _____	37,113		29,706,113
(c) \$1,000.01 to \$3,000.00 _____	300,492		525,252,719
(d) \$3,000.01 to \$5,000.00 _____	69,401		261,934,258
(e) \$5,000.01 to \$7,500.00 _____	41,174		247,517,823
(f) \$7,500.01 to \$10,000.00 _____	26,336		225,522,986
Total Loans Made _____	489,464	\$	1,297,270,429

Loans By Type of Security

Loans Made During the Year:	Number		Amount
(a) Personal property _____	300,719	\$	658,689,460
(b) Signature endorsement _____	74,665		295,396,783
(c) Motor vehicles _____	102,157		309,364,478
(d) Other consideration _____	11,923		33,819,708
Total Loans Made During the Period _____	489,464	\$	1,297,270,429

Loans By Type of Borrower

Loans Made During the Year:	Number		Amount
(a) Which renewed existing accounts _____	328,958	\$	898,376,979
(b) To former borrowers _____	60,384		130,563,648
(c) To new borrowers _____	100,122		268,329,802
Total Loans Made During the Period _____	489,464	\$	1,297,270,429

* Does not match prior year's published chart for loans outstanding at end of period due to unreported disposition of loan balances by companies no longer licensed at reporting date.

Other Consumer Finance Loan Data
January 1, 2012 - December 31, 2012

	Number		
Number of loan applications:			
(a) Approved* _____	466,509		
(b) Withdrawn _____	30,470		
(c) Denied _____	364,536		
Loans with specified fees collected:			
(a) Processing fees _____	328,535	\$	8,974,151
(b) UCC-1 _____	69,537		1,248,747
(c) Returned check fees _____	29,607		915,857
(d) Non-Filing fees: Third Party _____	113,074		3,408,408
(e) Non-Filing fees: Self Insurance _____	9,726		268,076
(f) Insurance Origination fees _____	382,058		1,793,159
Loans with credit insurance and net premiums collected:			
(a) Credit life insurance _____	356,889	\$	13,237,338
(b) Credit accident and health insurance _____	210,778		21,884,511
(c) Credit unemployment insurance _____	145,872		18,863,661
(d) Credit property insurance _____	294,770		16,382,513
As of December 31, total number and amount of loans:			
(a) Current or less than 30 days past due _____	358,467	\$	874,740,231
(b) 30-59 days past due _____	13,953		25,498,477
(c) 60-89 days past due _____	6,399		10,819,203
(d) 90 + days past due _____	13,076		22,407,341
Defaults, repossessions, and filing insurance:			
(a) Charged-off or otherwise uncollectable during year _____	27,506	\$	50,129,496
(b) Recoveries _____	8,334		2,462,488
(c) Where collateral was repossessed _____	2,192		6,087,701
(d) Where claim made against non-filing insurance policy _____	2,602		4,756,948.00

* Approved applications do not necessarily reflect loans made in this reporting period.

Changes in Receivables and Related Categories

Chart C

	2011	2012	% OF CHANGE
LOAN RECEIVABLES	859,822,422	927,758,754	8%
LOAN LOSS RESERVES	57,964,782	73,624,406	27%
TOTAL ASSETS	959,845,777	1,189,094,318	24%
TOTAL LIABILITIES	836,665,783	1,009,702,126	21%
NET WORTH OF FIRMS	123,179,994	179,392,192	46%

Chart D

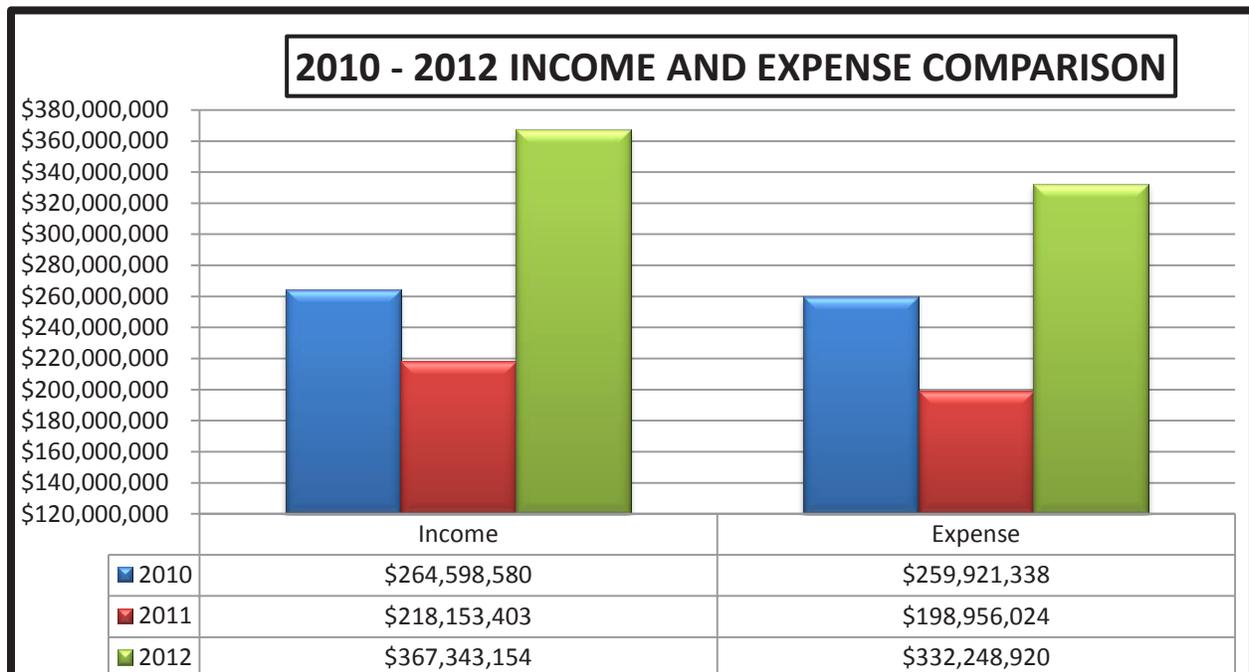


Chart E

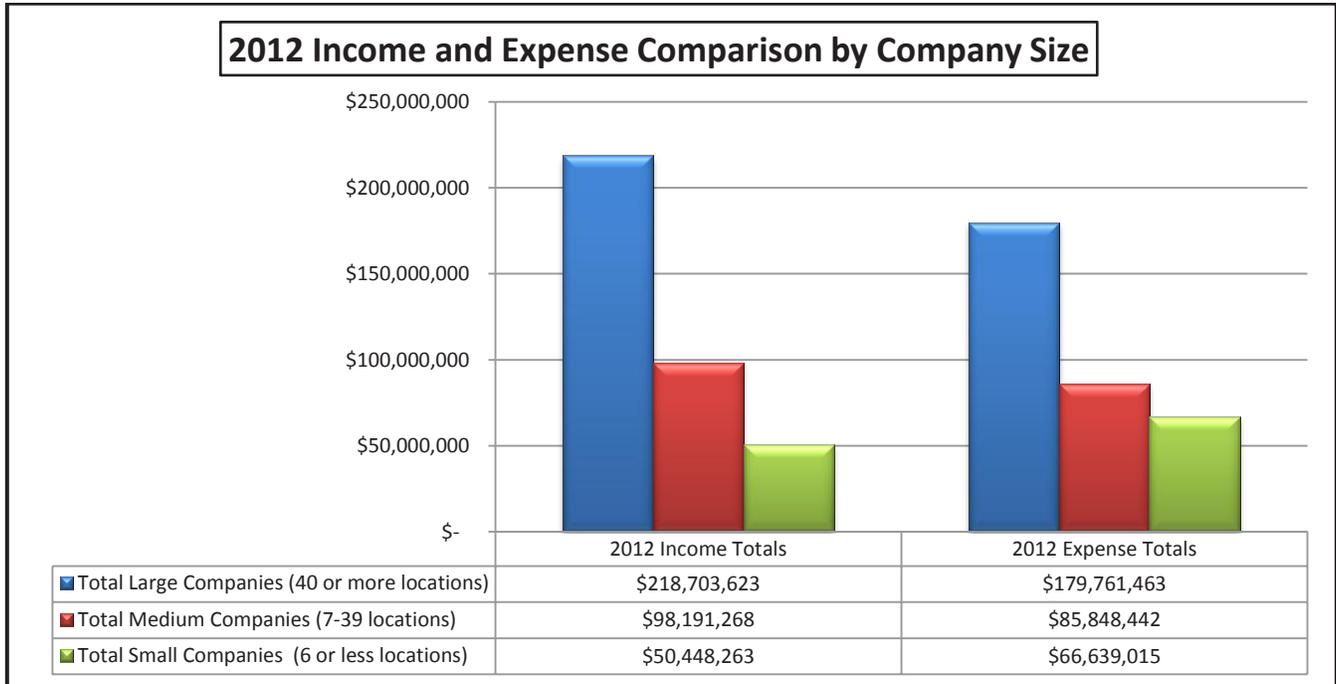


Chart F

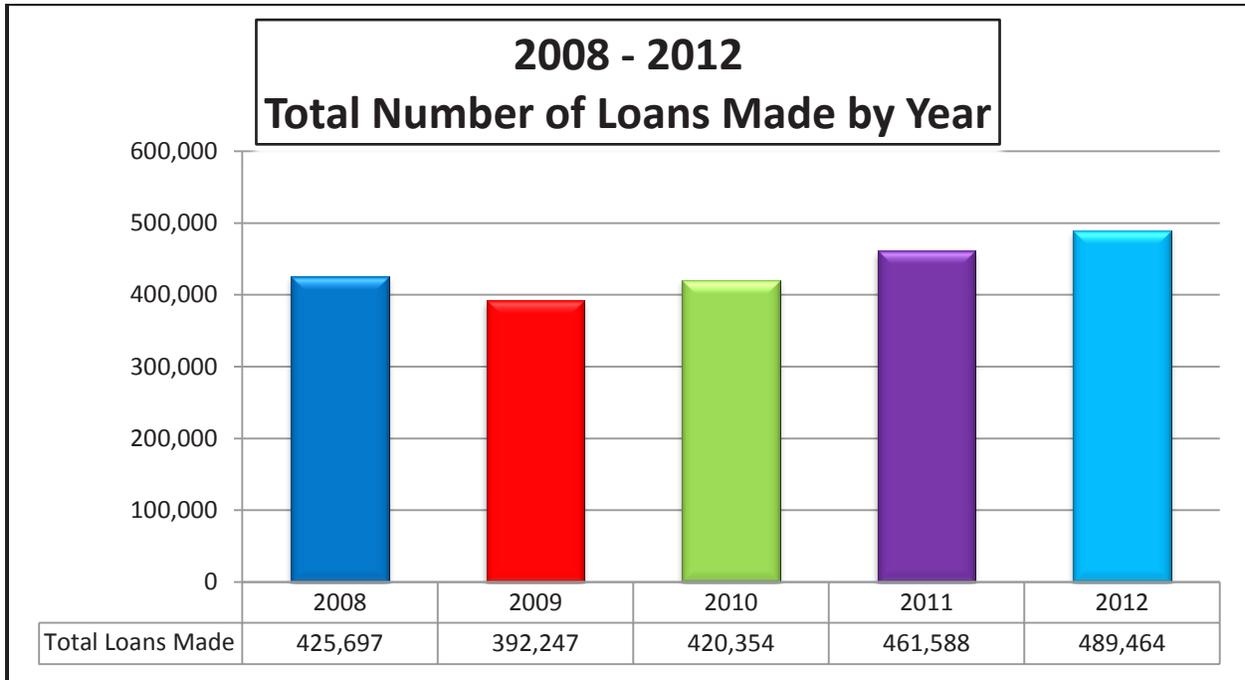


Chart G

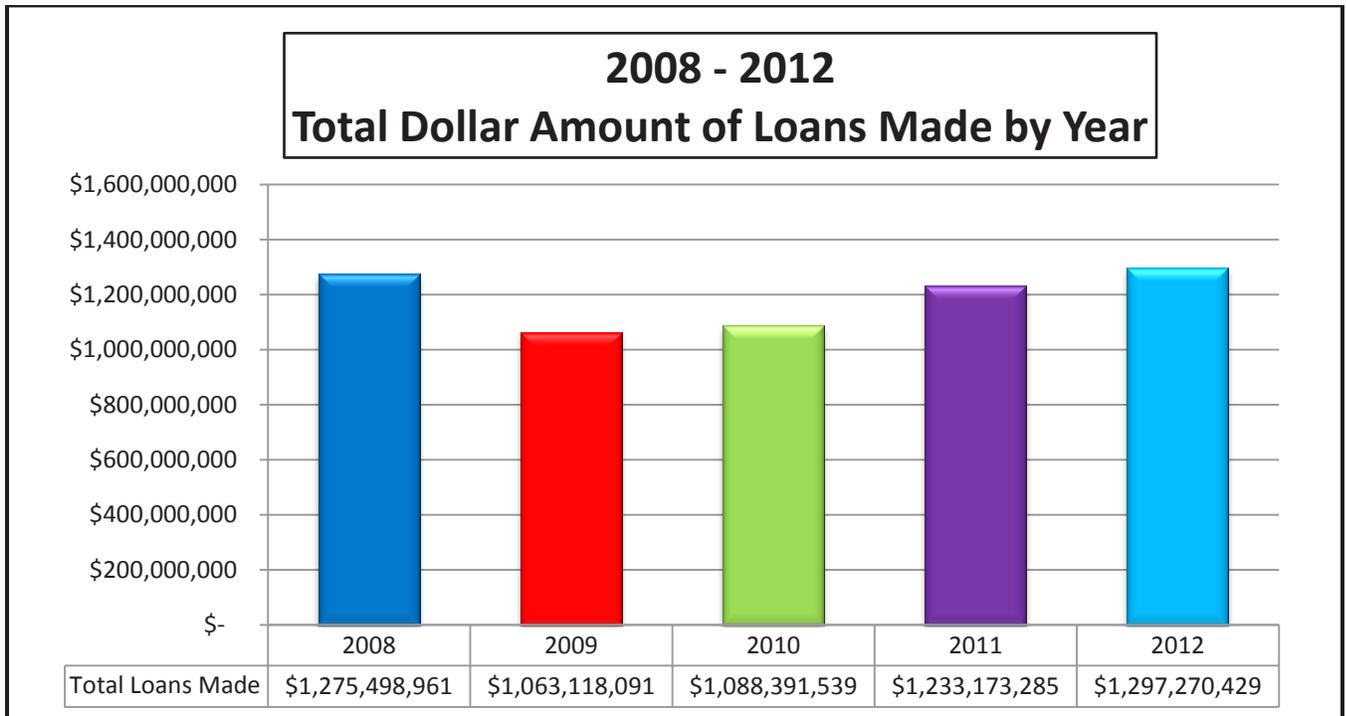


Chart H

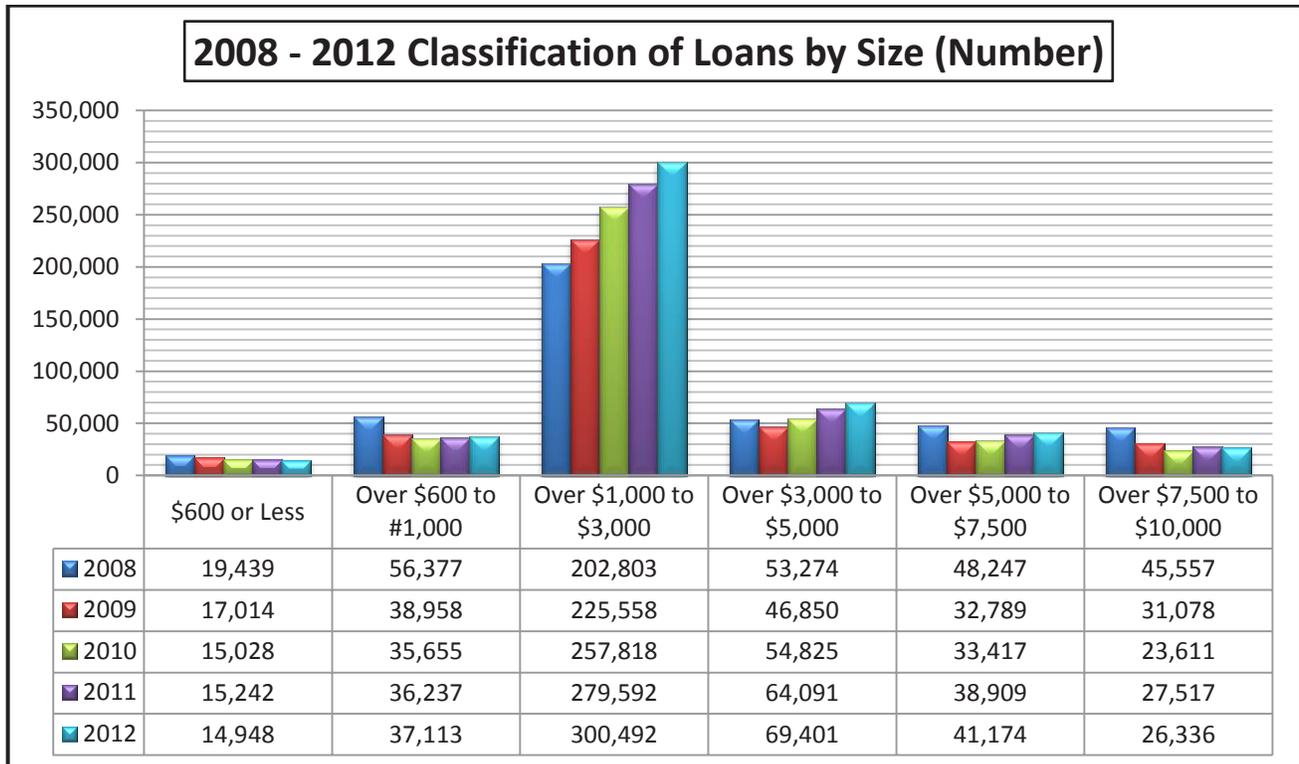


Chart I

2012 Loans by Size of Company (Number)	Large Companies (40 or more locations)	Medium Companies (7-39 locations)	Small Companies (6 or less locations)
\$600.00 OR LESS	996	6,879	7,073
\$600.01 TO \$1,000.00	2,060	20,998	14,055
\$1,000.01 TO \$3,000.00	30,590	220,335	49,567
\$3,000.01 TO \$5,000.00	30,082	28,874	10,445
\$5,000.01 TO \$7,500.00	30,686	5,738	4,750
\$7,500.01 TO \$10,000.00	22,198	2,249	1,889

Chart J

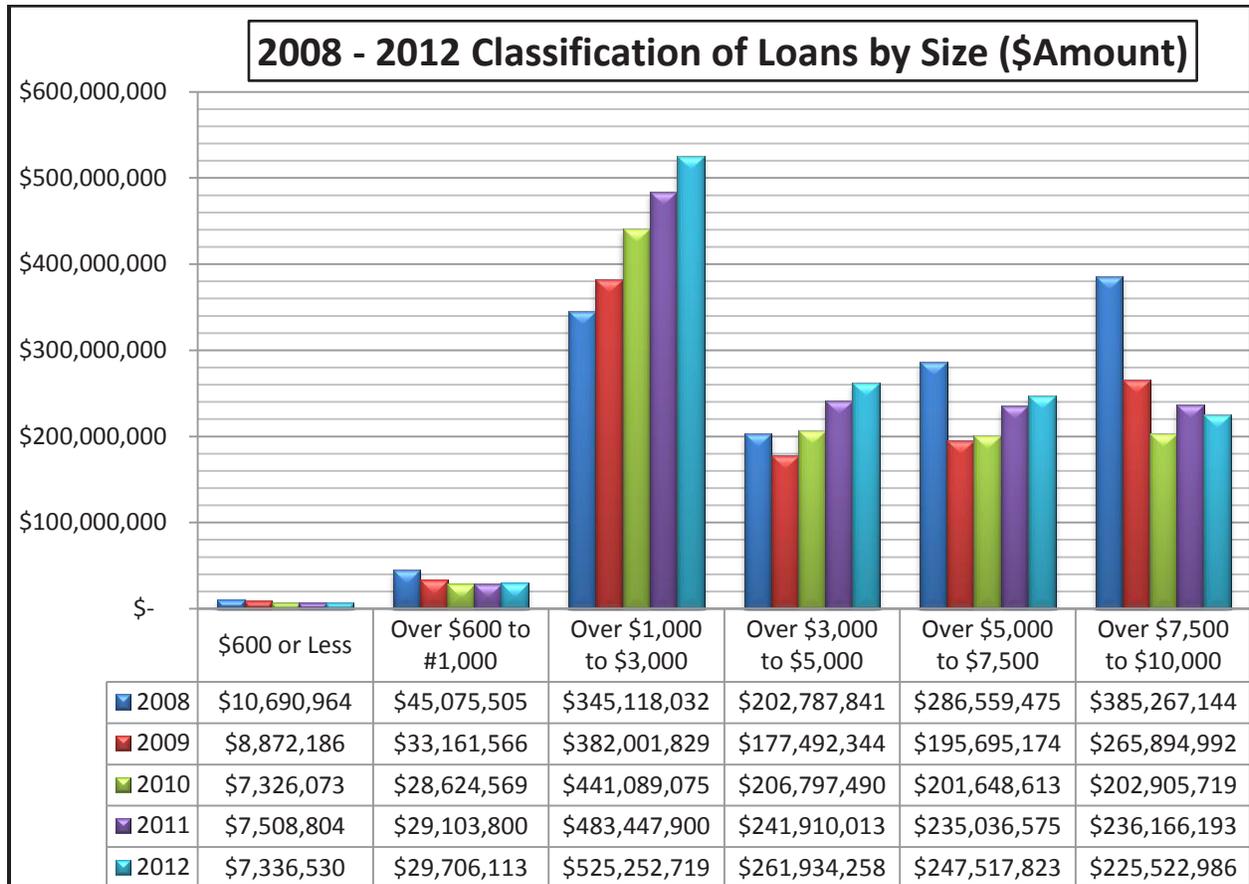


Chart K

2012 Loans by Size of Company (\$ Amount)	Large Companies (40 or more locations)	Medium Companies (7-39 locations)	Small Companies (6 or less locations)
\$600.00 OR LESS	\$ 528,316	\$ 3,326,499	\$ 3,481,715
\$600.01 TO \$1,000.00	\$ 1,673,945	\$ 16,910,276	\$ 11,121,892
\$1,000.01 TO \$3,000.00	\$ 60,170,945	\$ 378,294,821	\$ 86,786,953
\$3,000.01 TO \$5,000.00	\$ 114,960,569	\$ 107,409,806	\$ 39,563,883
\$5,000.01 TO \$7,500.00	\$ 185,323,399	\$ 33,531,592	\$ 28,662,832
\$7,500.01 TO \$10,000.00	\$ 187,304,271	\$ 21,679,747	\$ 16,538,968

Chart L

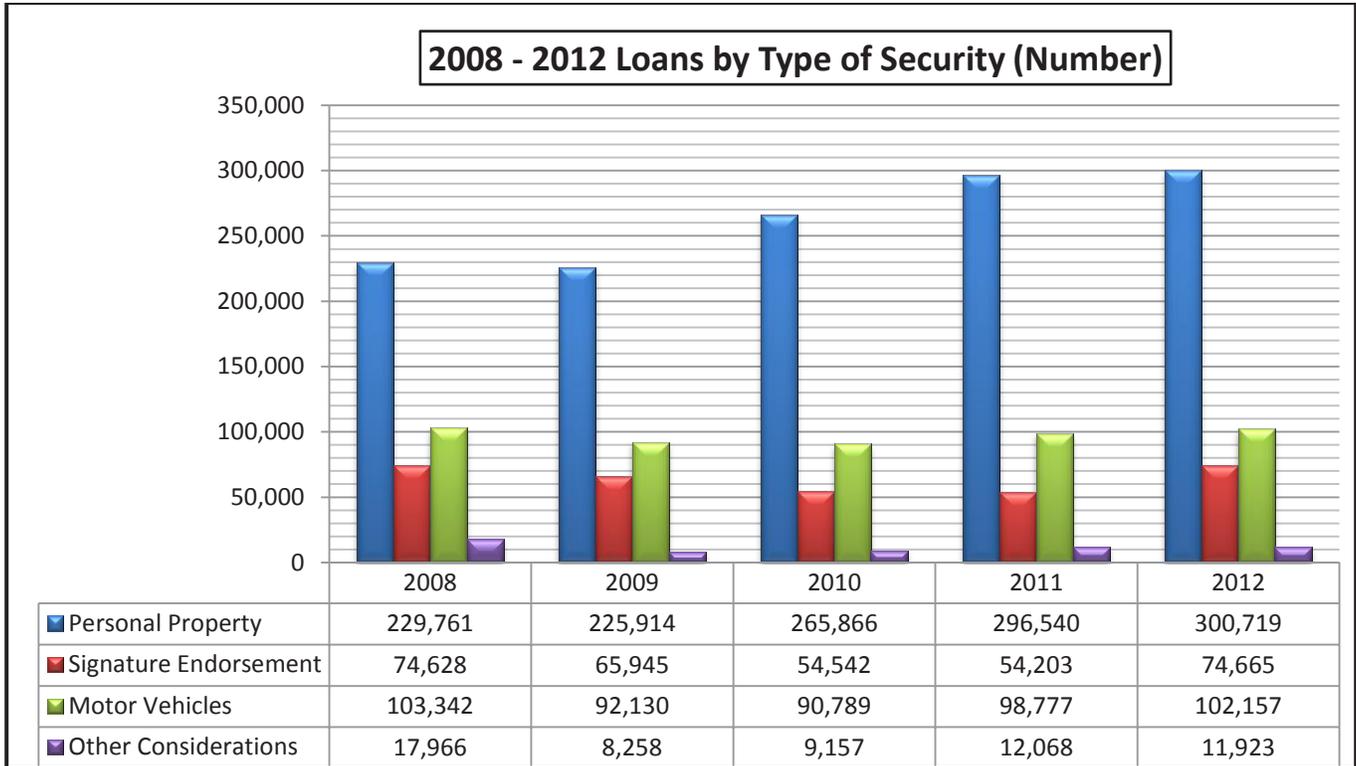


Chart M

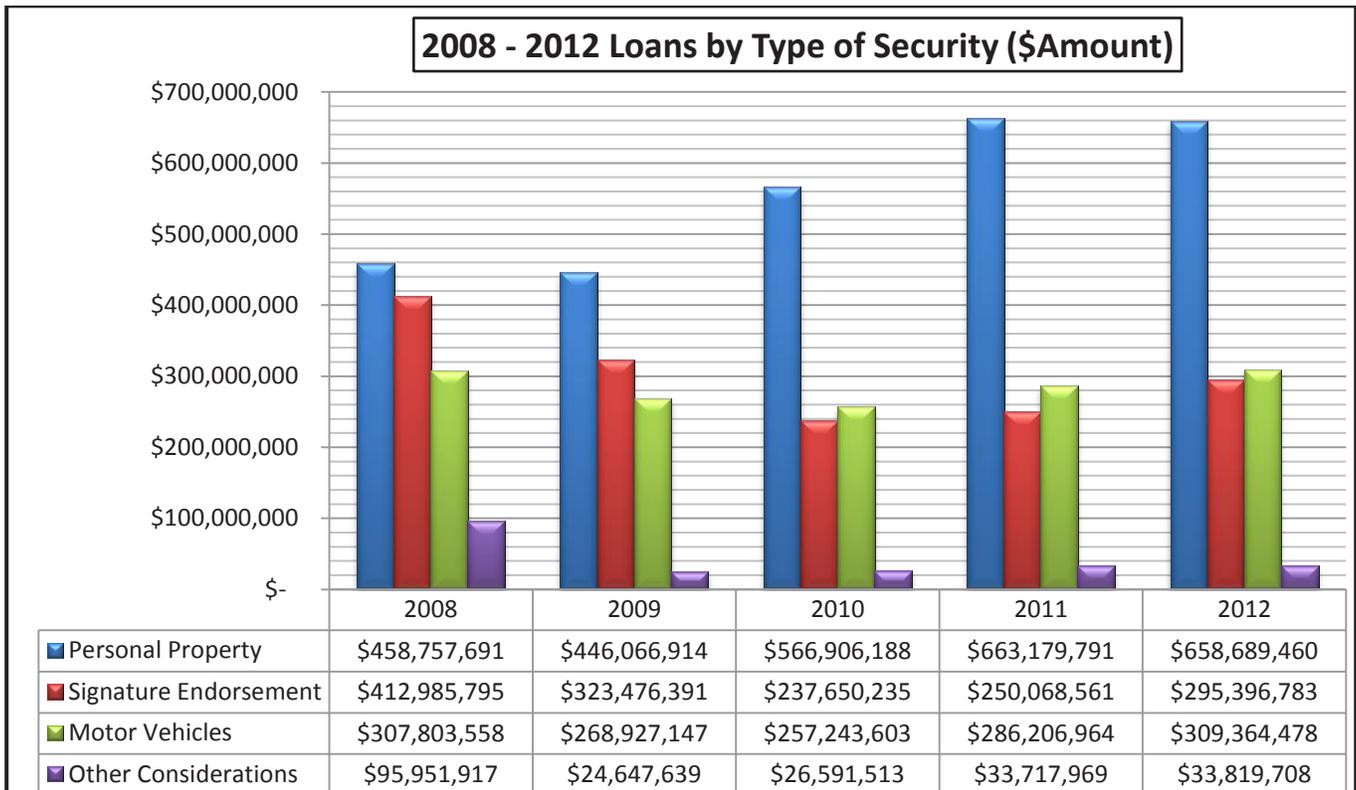


Chart N

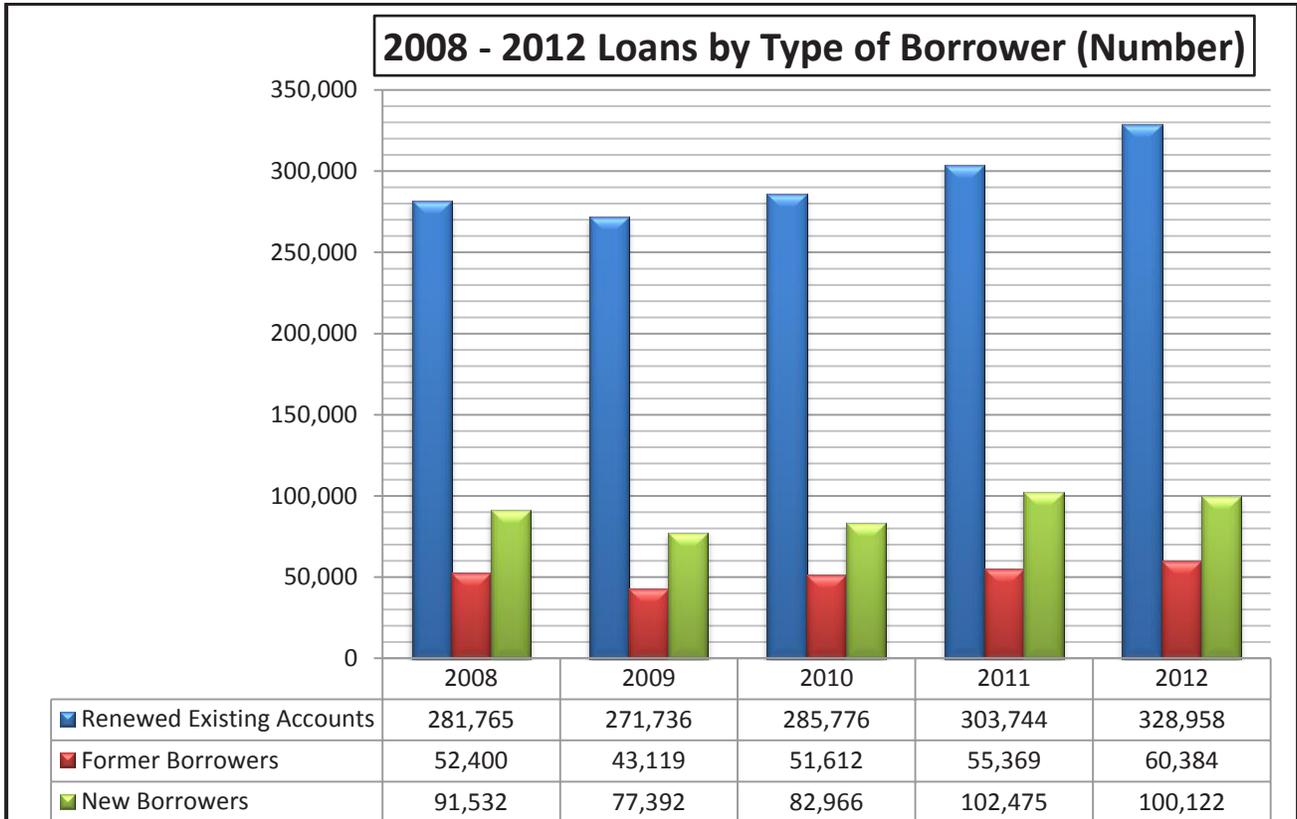


Chart O

