

PUB/MPL – 1. Rate of return:

- a) **Please provide your views on how the Board might calculate an appropriate rate of return for the industry.**

It is our position that the Board should concern itself with setting a **maximum** rate with a view on protecting the consumer from gouging by unscrupulous lenders as opposed to trying to establish the **lowest** rate using various ambiguous criteria which results in the absurd situation where small Manitoba businesses are driven from the marketplace in partiality to large corporations almost exclusively foreign owned. In this manner the Board will have fulfilled its duty to protect the consumer while still allowing for a vibrant competitive industry. If competitive lenders are able to offer lower rates then, in a competitive environment, they will just as the Coalition has stated has happened in Ontario. It is our suggestion that \$23.00 per \$100.00 would be a safe figure since one can assume that the three provinces to the west of us have done their due diligence.

- b) **Please discuss your understanding of what would represent a fair rate of return for operating a Payday-loan enterprise.**

As much as a competitive market place will allow. In the alternative, it would have to be high enough to entice new parties to enter the industry, high enough to cover expenses of course, and high enough to pay staff a reasonable wage. (\$20.00/hr. +).

This is very subjective. We've struggled with this one.

- c) **Please discuss the risks faced by your business in entering into payday loans and provide what would be considered a fair risk premium to be considered for a return on equity.**

The risks include, but are not limited to, default on loans, insufficient sales volumes, and, no offense or disrespect intended, the imposition of unsustainable rates and onerous regulations. As for the second part of the question, I have no idea. 20%?

- d) **Does your company have segmented financial statements, isolating the payday loan side of its operation? If so, please provide, either generally or in confidence; if not, please indicate the percentage of revenue earned from pay-day loans.**

We do not have "segmented" financial statements but considering our business consists of just two aspects, pay-day loans and cheque cashing, it should not be difficult to ascertain the information you

seek. We are sending financial statements from 2009-2012. We must insist these statements be kept confidential.

We are also sending our Yearly Stats sheet (in confidence as well) that indicates revenue from payday loans and revenue from cheque cashing.

Using these figures the percentage of revenue from pay day loans for the year 2012 would be 87.6%

PUB/MPL -2. Operations

- a) **Please indicate what percentage of your payday loan business is representative of repeat business from the same customer vs one time transactions.**

Our program does not capture that specific information. However, it does indicate the average number of loans per client. I would refer you back to the Yearly Stat sheet to “# of loans per Client”.

	2012	2011	2010	2009	2008
# of Loans per Client	6.78	9.26	11.21	14.44	16.21

- b) **Please describe the criteria used and loan qualification process followed in determining whether an individual qualifies for a Payday-loan.**

We ask the customer to supply us with:

2 pieces of government issued identification; one must have their current address.

A blank personalized cheque or a pre-authorized debit form.

A statement of banking transactions from the beginning of the previous calendar month to the current date.

Their two most recent pay stubs

A current utility bill with their current address (will also accept a tenancy agreement or vehicle registration.

Once this information is brought to us, we have the customer complete our credit application and once we have done our due diligence which includes a Trans Union report, we will determine if they will be approved.

- c) Please provide a copy of loan applications, brochures term sheet and other material provided to the customer in entering a payday loan transaction.**

Please find attached the credit application form and loan contract. A copy of the contract is given to the customer upon completion of the transaction. We provide the customer with no other material.

- d) Please indicate the number of payday loans transacted in Manitoba by a year for the last five years, including the average loan size and number of transactions.**

From Yearly stat sheet

	2012	2011	2010	2009	2008
Loans	3,607	3,251	3,936	4,620	5,399
Avg Loans Length	11	11	13	13	11
Avg Loans Amount	276	268	379	314	263

- e) If you have not already done so, please provide your bad debt expense, segmented for the payday loan side of your business for the last five years.**

	2012	2011	2010	2009	2008
%Suspect Debt	1.62%	1.68%	1.03%	0.47%	1.23%
Loans Overdue	\$18,864.20	\$17,139.03	\$18,423.85	\$8,144.34	\$21,026.49

- f) Aside from the bad debt itself, what costs should be considered in the determination of bad debt expense?**

Collection costs – Employee hours to perform phone calls in effort to contact the customer in an attempt to make arrangements for repayment; costs of correspondence to the customer (letterhead, envelopes, stamps, and employee time to complete these letters; in the event of non- payment we have the additional expense associated with court costs. While there is some reimbursement at the time of the court judgments, it does not cover all cost in the event we are unable to collect through garnishment.

- g) Please outline the steps taken by your organization to ensure that bad debt expense is minimized.**

The Money Tree will not approve a new client if we see an NSF or Stop Payment to another payday loan company on the banking transactions. We will not approve prospective clients that are in collections with another payday loan company or have been taken to court by a payday loan company. We require a minimum amount of income to qualify. Customers must have a job and lower wage jobs are scrutinized very closely. Contrary to assertions made by other parties, we do not lend to “poor” people. Ability to repay is a no brainer. Loans to people on fixed incomes (pensioners) are restricted to \$200.00 unless they have income from employment or multiple pensions.

PUB/MPL – 3 Corporate / Affiliate relationships

- a) Please provide a list of affiliate companies and the nature of their operations and indicate the nature and type of any intercompany transactions.**

4420136 Manitoba Ltd. (o/a) The Money Tree Payday Loans is wholly owned by Kittiwake Holdings Ltd. This was done at the suggestion of our lawyer and our accountant concurred. Why, I am not exactly clear on.

There are virtually no intercompany transactions.

PUB/MPL -4

- a) Produce and quantify the 40% reduction in sales by sales figures broken down pre-2010 regulation and post-2010 regulation.**

From Yearly Stat sheet

	2012	2011	2010	2009	2008
Total Sales	\$1,166,356.53	\$1,019,878.60	\$1,791,445.71	\$1,742,227.94	\$1,706,739.94
2010	1,791,445.71				
2011	1,019,878.60	56.93% of 2010	43.07% decline		
2012	1,166,356.53	65.11% of 2010	34.89% decline		

PUB/MPL-5

- a) Produce (in confidence) financial statements from 2009-2012**

Attached

PUB/MTL -6

- a) Over last two years, what percentage of customers requested extension loans in the “cooling off” period?**

Although we never kept any record per se our staff gives a rough estimation of 90%. However, given the maximum rate that can be charged is 5%, we have declined to make these loans available. They simply are not feasible.

- b) Please provide the rationale for your company’s position on extension loans and what a proper rate would be.**

We simply do not offer these loans. Every loan must be paid in full. We adopted this practice many years ago when we were a member of CPLA. They had instituted it as part of their “best business practices” program. We have continued the policy. We would not offer these loans unless we could charge the standard prevailing rate. All things being equal, the same expense factors are involved in these loans. The same amount of time, effort, and paperwork goes into completing an “extension loan” as a “non-extension” loan. Of course, even at \$17.00/\$100.00 it is not a doable proposition.

- c) It has been suggested that a consumer may go to another lender to get a loan to pay the first lender. Please provide your views on this practice and what may be done to deal with it.**

We don’t necessarily understand why a consumer would go to another lender to get a loan to pay the first lender. However, we are aware of consumers going to another lender after paying off the first lender in order to avoid the “cooling off” period. We would prefer that the customer not have to go this route by eliminating the “cooling off” period and that way remain with one lender and not risk getting involved with multiple lenders.

PUB/MPL -7

- a) What percentage of customers have cancelled in 48 hour consumer cancellation period?**

Less than 1%

- b) What limit (if any) did MPL use as % of net income before the 30% restriction in 2010?**

50% and a \$200.00 maximum on fixed incomes.

- c) Do you have a documented complaints process for your customers? Explain. Without disclosing private information of customers, please provide copies of registered complaints recorded by MPL over the past 2 years.**

Not recorded. We would hand out the phone number for the Consumers Bureau to many of our customers with complaints about the government regulations/restrictions. Unfortunately, we had many customers complain about the lack of response from the Bureau or simply an unsatisfactory answer to their query.

PUB/MPL – 8

- a) What was the policy with extensions prior to regulations in 2010**

In our opinion we did not offer them. If the loan was paid in full, we could then offer the customer another loan if they requested one. We did not consider this to be an “extension” loan or a “rollover” loan or a “replacement” loan as it was a new transaction completed once the old loan was paid. If the full amount was not paid, we would calculate overdue interest, charge a nominal late payment penalty, and make arrangements for the following payday.

PUB/MPL – 9

- a) What percentage of your payday loans result in a dishonoured payment on a monthly basis? Annually?**

I’m sorry we don’t have that information. I have no explanation other than in the 11 years of being in business we never encountered a need for this information. We kept track of our bad debt by keeping a running total amount of the overdue loans in that fiscal year. This was also expressed as a percentage of total sales, information that was provided previously.

PUB/MPL -10

- a) What is the source of capital used to fund lending by MPL?**

Twelve years ago my wife and I cashed in all our RRSPs and borrowed from our respective parents. Since then we have paid back our parents and have become self- financing. Back then, banks wouldn’t touch us.

PUB/MPL -11

- a) **Beyond the current statutory wording requirements in Manitoba, does MPL make credit counseling information available to its customers? If so, under what circumstances? What specific information is provided (please produce a copy)?**

No, although in our discussions on possible services we could offer to expand the business it has been suggested we look into offering credit counseling or bankruptcy trustee services.

PUB/MPL -12

- a) **Referencing the Report on Mystery Shopping filed by CAC, does MPL have any privacy policies or guidelines in place to comply with applicable privacy laws?**

Yes. Please see attached privacy policy.

PUB/MPL -13

- a) **Should the rural/urban distinction be considered in the review of policies or laws and regulations with regard to payday loans in Manitoba? If so, please provide details of specific distinctions between rural and urban area as it affects the industry and/or MPL and the specific matters to be considered.**

We have no opinion on this matter whatsoever. We are a single store Mom and Pop operation situated on McPhillips Street one block north of Inkster in the city of Winnipeg. It would be disingenuous for us to offer a comment on an issue that doesn't concern us even remotely.

Customer Application

Complete the information below. Please write neatly.
Must be 18 years old to apply.



Payday Lender Licence
#39212
Expires October 18, 2013

Personal

How did you hear about The Money Tree?

First Name		Last Name		SIN Number
Address		City	Province	Postal Code
Home Phone Number (no cell phones please)		Is the phone billed in your name? If not, who?		Date of Birth
Cell Phone Number	Plan? Yes: No:	Email Address		How long at current home address?
Do you Own or Rent?	Rent/mortgage payment	Landlord's name		Landlord's phone number
Previous Address		Spouse's Name (Legal or Common Law)		Spouse's Employer

Employment / Income Source

Income sources (Check all that apply) <input type="checkbox"/> Employment <input type="checkbox"/> EI <input type="checkbox"/> Child tax benefit <input type="checkbox"/> CPP <input type="checkbox"/> Other (please specify)			
Employer Name / Income Source		Job Title	Employer Phone Number
Next Pay Date	Is Pay Direct Deposit?	Supervisor's Name	How Long with Current Employer?
Pay Frequency: Weekly Every Two Weeks Monthly	Net Pay	Previous Employer	How Long with Previous Employer?

Banking Information

Vehicle Information

Account #	Inst #	Branch #	Car Make and Model	
Bank Name	Overdraft Limit	Have you been Bankrupt? When?	License Plate #	Province
Do you owe a payday loan company? How much?		Loan Amount Requested	Year	Colour

References

Relative's Name (not living with you)	Relationship	City/Province	Phone Number
Relative's Name (not living with you)	Relationship	City/Province	Phone Number
Friend's Name (not living with you)	Relationship	City/Province	Phone Number

Additional Payments / Incomes

Please detail any regular payments or income that you pay or receive by pre-authorized payment/direct deposit.

Payment/Income Type	When?	How Much?
Payment/Income Type	When?	How Much?

I represent that I have not made any inquiries or applications to a trustee in bankruptcy. I further represent that if I am granted any loan by The Money Tree, I will disclose to The Money Tree that I have made an application to file for bankruptcy or intend to. I certify that the above information to be true and correct and that I am at least eighteen years of age. I have read and understand the Privacy & Security statement on the reverse of this application. **I consent to the obtaining of such information by The Money Tree from any credit reporting agency or other source as required at the time of application in connection with the approval of credit.**

Signature _____

Date _____

PAYDAY LOAN AGREEMENT

between:

4420136 Manitoba Ltd., operating as The Money Tree
 1376 McPhillips Street, Winnipeg, Manitoba R2X 2M4
 Telephone: (204) 632-8733
 Fax: (204) 632-7746
 Email: janet.moneytree@shawcable.com
 Payday lender licence number: 39212 Expires: October 18, 2013
 ("Money Tree")

and

Name: Scottie Thompson
 Address: Box 8 Group 357 RR3 Winnipeg, Manitoba R3C 2E7
 Telephone: (204)668-7742
 (the "Borrower")

Money Tree and the Borrower agree as follows:

Money Tree agrees to lend the Borrower the principal amount of \$300.00 (the "Loan"). The term of the Loan shall be for 12 days.

Repayment of the Loan and Charges (as hereinafter defined) by the Borrower to Money Tree shall be due at 12:00 p.m. C.S.T. on the 23rd day of October, 2010, provided that if such date is on a Saturday, Sunday or statutory holiday, repayment shall be due at 12:00 p.m. C.S.T. on the next banking day after such date (the "Due Date").

All fees, commissions, charges, penalties, interest and other amounts or consideration to be charged to the Borrower by Money Tree or any other person or to be paid by or given by the Borrower to Money Tree or any other person in relation to the Loan (the "Charges") are as follows:

1. A fee equivalent to seventeen percent (17%) of the principal amount of the Loan, being the amount of \$51.00.
2. A fee equivalent to fifteen percent (15%) of the principal amount of the Loan, in excess of \$500.00 being the amount of

THIS IS A HIGH COST LOAN.

The total cost of credit under this Agreement is \$51.00 and the annual percentage rate for the Loan is 517.08%.

If you have any questions or concerns about payday loans, cancellation rights or collection practices, contact The Consumers' Bureau at (204) 945-3800, or toll free at 1-800-782-0067.

If you feel you could benefit from debt counselling, contact The Consumers' Bureau at (204) 945-3800, or toll free at 1-800-782-0067 for information.

The Consumer Protection Act provides that The Consumers' Bureau may review and verify the information, including personal information, in this loan agreement for the purposes of ensuring compliance with the Act, the regulations and the terms and conditions of the payday lender's licence. The Consumers' Bureau may contact you directly to verify the information. It will not use your information for other purposes without your consent or unless permitted to do so by law.

Initial advance received by the Borrower the 12th day of October, 2010 _____, at 9:30 a.m./p.m.

Borrower's signature: _____

In the event that the Borrower does not repay the Loan and Charges in full by the Due Date, the Borrower shall pay to Money Tree an additional sum equivalent to 2.5% of the amount then outstanding, calculated monthly and not compounded.

The Borrower is entitled to prepay the outstanding balance owing to Money Tree at any time without charge or penalty and is entitled to make partial prepayments of same without charge or penalty on any scheduled payment date under this Agreement.

If the Borrower chooses consent to a "personal investigation", as such term is defined in *The Personal Investigations Act*, that consent must be given in writing, including by electronic means, but not orally.

Additional provisions:

1. The Borrower agrees to provide Money Tree with a post-dated cheque ("PDC") or a pre-authorized payment ("PAP") in the amount of \$ 351.00, made payable to 4420136 Manitoba Ltd., operating as The Money Tree **[NTD: should they provide both – the PAP authorization states that if the personal cheque issued by the borrower is dishonoured, Money Tree is authorized to withdraw funds].**

2. In the event that the Borrower does not repay the Loan and Charges prior to the Due Date, Money Tree is authorized to deposit the PDC or process the PAP, as the case may be.

3. In the event that the PDC or PAP (as the case may be) is dishonoured or a stop-payment is placed on same, the Borrower shall pay a fee to Money Tree equivalent to any fee charged to Money Tree in relation to the dishonoured or stopped PDC or PAP, to a maximum amount of twenty dollars (\$20).

4. All amounts under this Agreement are in Canadian dollars.

5. This Agreement may be assigned by Money Tree in Money Tree's sole discretion. This Agreement may not be assigned by the Borrower without the prior written consent of Money Tree.

The Borrower has the right to cancel the Loan within forty-eight (48) hours after receiving the Initial Advance. If the Borrower wishes to cancel the Loan, he or she must provide written notice of same to Money Tree in the following form:

I, Scottie Thompson (Borrower's name), hereby cancel the loan extended to me by 4420136 Manitoba Ltd., operating as The Money Tree ("Money Tree"), pursuant to an Agreement dated the 12 day of October, 2010_ (the "Loan").

As part of this cancellation, I hereby repay to Money Tree the sum of \$300.00, which is the amount of any and all funds that have been paid to me by Money Tree in accordance with the Loan, less any cost of credit.

DATED this ____ day of _____, 201____.

Borrower's Signature: _____

The Lender must provide a receipt to the Borrower acknowledging receipt of what was paid or returned by the Borrower upon the cancellation of the Loan in the following form:

I, Janet Davis, on behalf of 4420136 Manitoba Ltd., operating as The Money Tree ("Money Tree") hereby acknowledge receipt of the sum of \$300.00 from Scottie Thompson, that sum being the total of all amounts forwarded by Money Tree to Scottie Thompson pursuant to an Agreement dated the ____ day of _____, 201____.

Signature: _____

Borrower's Signature: _____

Privacy Policy Information:

Money Tree is serious about protecting your privacy. This privacy policy explains our views and practices concerning privacy, and how they may pertain to you as a user of our services. In this policy, "you" or "your" means you, as a customer of Money Tree, and "we" or "our" or "us" means Money Tree. All information transmitted, printed or otherwise submitted to The Money Tree shall be deemed to be the property of The Money Tree and The Money Tree shall be free to use such information for any lawful purpose as detailed herein. We reserve the right to release such information to law enforcement or other governmental officials as we, in our sole and absolute discretion, deem necessary to comply with the law.

Identifying the Purposes of Collecting Personal Information

We collect personal information from you in order to qualify you for various financial services and for collection purposes.

Obtaining Consent

Money Tree obtains consent when an individual signs the credit application form, acknowledging that he/she has read and understands this document. Individuals can express consent in writing, such as when completing and signing an application. Money Tree may collect, use and disclose personal information without the individual's knowledge or consent if it is clearly in the individual's best interests to do so and consent cannot be obtained in a timely manner (an example of such a circumstance is when an individual is seriously ill), provided that Money Tree may not disclose any information about your payday loan or the fact that you have a payday loan to any person other than you unless: (i) you provide written consent to such disclosure; (ii) the disclosure is to a personal reporting agency as defined in *The Personal Investigations Act* of Manitoba; (iii) the disclosure is required by law. Money Tree may collect, use and disclose personal information without individuals' knowledge or consent in certain circumstances where the information is publicly available. An example would be the name, address and phone number of a subscriber to a telephone directory that is available to the public where the subscriber can refuse to have their personal information appear in the telephone directory. Individuals refusing or withdrawing consent for Money Tree to collect, use or disclose personal information could mean that Money Tree cannot provide the individual with a product, service or information of value to the individual.

Limits on the Collection of Personal Information

Money Tree limits the amount and type of personal information it collects. Money Tree will collect personal information only for purposes it has already identified to the individual for the purpose of providing, administering and collecting repayment of payday loans.

Keeping Personal Information Accurate

Money Tree will keep the personal information in its possession or control accurate, complete, current and relevant, based on the most recent information available to Money Tree.

Safeguarding Personal Information

Money Tree will inform employees regularly about Money Tree's policies and procedures for protecting personal information and will emphasize the importance of complying with them. As a condition of employment, employees will be required to conform to Money Tree's personal information policies and procedures. Money Tree will use care when disposing of or destroying personal information in order to prevent unauthorized access to the information.

Money Tree's Accountability

Money Tree is accountable for all personal information in its possession or control, including any personal information transferred to third parties for processing. Money Tree has established procedures to comply with this privacy policy, and has designated one or more persons to be accountable for compliance.

Making Information about Policies and Procedures Available To Individuals

Money Tree will be open about the procedures used to manage personal information. Individuals will have access to information about these procedures through Money Tree's Privacy Code by contacting our Privacy Officer.

Access to Personal Information

When an individual requests it, Money Tree will advise what personal information Money Tree has in its possession or control about the individual, what it is being used for and to whom it has been disclosed.

Borrower's Signature: _____

Borrower's Signature: _____

Remainder of page intentionally left blank

Borrower's Signature: _____

Privacy/Confidentiality

The Money Tree is serious about protecting your privacy. This Privacy Statement explains our views and practices concerning privacy, and how they may pertain to you as a user of our services. "You" or "Your" means you as a customer of The Money Tree. "We" or "Our" or "Us" means The Money Tree. All information transmitted, printed or otherwise submitted to The Money Tree shall be deemed to be the property of The Money Tree and The Money Tree shall be free to use such information for any lawful purpose as detailed herein. We reserve the right to release such information to law enforcement or other governmental officials as we, in our sole and absolute discretion, deem necessary to comply with the law.

Identifying the Purposes of Collecting Personal Information

We collect personal information from you in order to qualify you for various financial services and for collection purposes.

Personal Information

We collect information about an individual which can include an individual's address, phone number, e-mail address, date of birth, driver's license, social insurance number, education,, credit and employment history. We keep your information and the business you do with us in strict confidence, you hve control over how we obtain, use and give out information about you, your information is not sold, you have access to the information we have about you and we respect your privacy when we market our products and services.

Obtaining Consent

The Money Tree obtains consent when an individual signs the credit application form, acknowledging that he/she has read and understands this document. We would like to inform you of our policies for collecting, using, securing and sharing non-public personal information. The information we collect can include an individual's address, phone number, email address, date of birth, driver's license, social insurance number, credit and employment history. Individuals refusing or withdrawing consent for The Money Tree to collect, use or disclose personal information could mean that The Money Tree cannot provide the individual with a product, service or information of value to the individual. The Money Tree may disclose information to a third party collection agency and to the Court of Queen's bench.

Limits on the Collection of Personal Information

The Money Tree limits the amount and type of personal information it collects. The Money Tree will collect personal information only for purposes it has already identified to the individual.

Keeping Personal Information Accurate

The Money Tree will keep the personal information in its possession or control accurate, complete, current and relevant, based on the most recent information available to The Money Tree.

Safeguarding Personal Information

The Money Tree will inform employees regularly about The Money Tree's policies and procedures for protecting personal information and will emphasize the importance of complying with them. As a condition of employment, employees will be required to conform to The Money Tree's personal information policies and procedures. The Money Tree will use care when disposing of or destroying personal information in order to prevent unauthorized access to the information. Only those employees who need to see this information to provide services to you have direct access to this information.

The Money Tree's Accountability

The Money Tree is accountable for all personal information in its possession or control, including any personal information transferred to third parties for processing. The Money Tree has established procedures to comply with this Privacy Code, and has designated one or more persons to be accountable for compliance.

Making Information about Policies and Procedures Available To Individuals

The Money Tree will be open about the procedures used to manage personal information. Individuals will have access to information about these procedures through The Money Tree's Privacy Code, by contacting our Privacy Officer.

Access to Personal Information

When an individual requests it, The Money Tree will advise what personal information The Money Tree has in its possession or control about the individual, what it is being used for and to whom it has been disclosed.