

ASSEMBLY BILL NO. 478—ASSEMBLYMEN BUCKLEY, ANDERSON, OCEGUERA, CONKLIN, LESLIE, CARPENTER, DENIS, GERHARDT, GRADY, HARDY, HOGAN, KIRKPATRICK, KOIVISTO, MABEY, MANENDO, MCCLAIN, MUNFORD, PARKS, PARNELL, PIERCE AND SMITH

MARCH 19, 2007

JOINT SPONSORS: SENATORS AMODEI, COFFIN AND TITUS

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing loans and loan services. (BDR 52-394)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to financial services; making the provisions governing certain short-term loan services applicable to any person who makes a loan pursuant to a loan agreement that charges in excess of a certain annual percentage rate regardless of the term of the loan; revising the calculation of the annual percentage rate to include certain charges and fees imposed on a customer by a licensee; revising the allowable term of certain loans; providing exemptions from certain statutory provisions; clarifying the applicability of certain provisions; making persons who violate certain provisions of federal law subject to certain remedies and penalties set forth in state law; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law establishes standards and procedures for the licensing and
- 2 regulation of loans made pursuant to loan agreements that provide for an annual
- 3 percentage rate of more than 40 percent and require repayment of the loan in less
- 4 than 1 year. (Chapter 604A of NRS) This bill revises the applicability of those
- 5 standards and procedures to make them applicable to any person who makes a loan
- 6 pursuant to a loan agreement that charges an annual percentage rate of more than



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7 40 percent regardless of the term of the loan. This bill redefines such a loan as a
8 "high-interest loan" and the loan service for such a loan as a "high-interest loan
9 service." This bill also provides that, subject to certain exceptions, the original term
10 of a deferred deposit loan must not exceed 35 days and the original term of a high-
11 interest loan must not exceed 30 days.

12 Under existing law, the annual percentage rate of such loans is required to be
13 calculated pursuant to the provisions of the Truth in Lending Act and Regulation Z.
14 (NRS 604A.150) This bill provides an exception to that requirement by specifying
15 that, subject to certain exceptions, every charge or fee, regardless of the name given
16 to the charge or fee, payable directly or indirectly by the customer and imposed
17 directly or indirectly by the lender must be included in calculating the annual
18 percentage rate.

19 Existing law provides for the licensure of persons who make installment loans.
20 (Chapter 675 of NRS) This bill provides for the licensure of such persons pursuant
21 to chapter 604A of NRS if the loans are high-interest loans.

22 Existing law exempts certain persons and entities from the provisions of
23 chapter 604A of NRS. (NRS 604A.250) This bill extends the exemption to national
24 banking associations and their affiliates and subsidiaries, unless a purpose of the
25 affiliation is to evade the provisions of that chapter.

26 Existing law exempts certain persons and entities from the provisions of
27 chapter 675 of NRS. (NRS 675.040) This bill extends the exemption to national
28 banking associations. This bill also clarifies the persons to whom chapter 675 of
29 NRS applies.

30 Existing federal law imposes limitations on the terms of consumer credit that is
31 extended to members of the Armed Forces of the United States who are on active
32 duty and their dependents, including, without limitation, a prohibition against a
33 lender imposing an interest rate greater than 36 percent. The federal law preempts
34 any state law that is inconsistent with the federal law. (Section 670 of the John
35 Warner National Defense Authorization Act for Fiscal Year 2007, Public Law
36 109-364) This bill provides that any violation of the federal law shall be deemed to
37 be a violation of chapter 604A of NRS, thereby making violators subject to the
38 remedies and penalties set forth in that chapter, including the imposition of an
39 administrative fine of not more than \$10,000 for each violation, the revocation or
40 suspension of a license issued pursuant to that chapter and civil actions for
41 damages. (NRS 604A.820, 604A.930)

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 604A of NRS is hereby amended by
2 adding thereto the provisions set forth as sections 2 to 6, inclusive,
3 of this act.

4 **Sec. 2. 1. "High-interest loan" means a loan made to a**
5 **customer pursuant to a loan agreement which, under its original**
6 **terms, charges an annual percentage rate of more than 40 percent.**

7 **2. The term includes, without limitation, any single-payment**
8 **loan, installment loan or open-ended loan which, under its**
9 **original terms, charges an annual percentage rate of more than 40**
10 **percent.**

11 **3. The term does not include:**

12 **(a) A deferred deposit loan;**



- 1 (b) A refund anticipation loan; or
- 2 (c) A title loan.

3 **Sec. 3.** *“High-interest loan service” means any person*
4 *engaged in the business of providing high-interest loans for a fee,*
5 *service charge or other consideration.*

6 **Sec. 4. 1.** *Except as otherwise provided in this section, for*
7 *the purposes of determining whether a loan is a high-interest loan,*
8 *when determining whether a lender is charging an annual*
9 *percentage rate of more than 40 percent, calculations must be*
10 *made in accordance with the Truth in Lending Act and Regulation*
11 *Z, except that every charge or fee, regardless of the name given to*
12 *the charge or fee, payable directly or indirectly by the customer*
13 *and imposed directly or indirectly by the lender must be included*
14 *in calculating the annual percentage rate, including, without*
15 *limitation:*

16 (a) *Interest;*

17 (b) *Application fees, regardless of whether such fees are*
18 *charged to all applicants or credit is actually extended;*

19 (c) *Fees charged for participation in a credit plan, whether*
20 *assessed on an annual, periodic or nonperiodic basis; and*

21 (d) *Prepaid finance charges.*

22 **2.** *The following charges and fees must be excluded from the*
23 *calculation of the annual percentage rate pursuant to*
24 *subsection 1:*

25 (a) *Any fees allowed pursuant to NRS 604A.490 or 675.365 for*
26 *a check not paid upon presentment or an electronic transfer of*
27 *money that fails;*

28 (b) *Interest accrued after default pursuant to paragraph (c) of*
29 *subsection 1 of NRS 604A.485; and*

30 (c) *Charges for an unanticipated late payment, exceeding a*
31 *credit limit, or a delinquency, default or similar occurrence.*

32 **3.** *Calculation of the annual percentage rate in the manner*
33 *specified in this section is limited only to the determination of*
34 *whether a loan is a high-interest loan and must not be used in*
35 *compliance with the disclosure requirements of paragraph (g) of*
36 *subsection 2 of NRS 604A.410 or any other provisions of this*
37 *chapter requiring disclosure of an annual percentage rate in the*
38 *making of a loan.*

39 **Sec. 5. 1.** *Except as otherwise provided in this chapter, the*
40 *original term of a:*

41 (a) *Deferred deposit loan must not exceed 35 days.*

42 (b) *High-interest loan must not exceed 30 days.*

43 **2.** *The original term of a high-interest loan may be up to 90*
44 *days if:*

45 (a) *The loan provides for payments in installments;*



1 (b) *The payments are calculated to ratably and fully amortize*
2 *the entire amount of principal and interest payable on the loan;*

3 (c) *The loan is not subject to any extension; and*

4 (d) *The loan does not require a balloon payment of any kind.*

5 3. *Notwithstanding the provisions of NRS 604A.480, a*
6 *licensee shall not agree to establish or extend the period for the*
7 *repayment, renewal, refinancing or consolidation of an*
8 *outstanding deferred deposit loan or high-interest loan for a*
9 *period that exceeds 90 days after the date of origination of the*
10 *loan.*

11 **Sec. 6.** *A violation of any provision of section 670 of the*
12 *John Warner National Defense Authorization Act for Fiscal Year*
13 *2007, Public Law 109-364, or any regulation adopted pursuant*
14 *thereto shall be deemed to be a violation of this chapter.*

15 **Sec. 7.** NRS 604A.010 is hereby amended to read as follows:

16 604A.010 As used in this chapter, unless the context otherwise
17 requires, the words and terms defined in NRS 604A.015 to
18 604A.125, inclusive, *and sections 2 and 3 of this act* have the
19 meanings ascribed to them in those sections.

20 **Sec. 8.** NRS 604A.015 is hereby amended to read as follows:

21 604A.015 1. “Automated loan machine” means any machine
22 or other device, regardless of the name given to it or the technology
23 used, that:

24 (a) Is automated;

25 (b) Is designed or intended to allow a customer, without any
26 additional assistance from another person, to receive or attempt to
27 receive a deferred deposit loan or ~~short-term~~ *high-interest* loan
28 through the machine or other device; and

29 (c) Is set up, installed, operated or maintained by or on behalf of
30 the person making the loan or any agent, affiliate or subsidiary of
31 the person.

32 2. The term does not include any machine or other device used
33 directly by a customer to access the Internet unless the machine or
34 other device is made available to the customer by the person making
35 the loan or any agent, affiliate or subsidiary of the person.

36 **Sec. 9.** NRS 604A.040 is hereby amended to read as follows:

37 604A.040 “Customer” means any person who receives or
38 attempts to receive check-cashing services, deferred deposit loan
39 services, ~~short-term~~ *high-interest* loan services or title loan
40 services from another person.

41 **Sec. 10.** NRS 604A.075 is hereby amended to read as follows:

42 604A.075 “Licensee” means any person who has been issued
43 one or more licenses to operate a check-cashing service, deferred
44 deposit loan service, ~~short-term~~ *high-interest* loan service or title
45 loan service pursuant to the provisions of this chapter.



1 **Sec. 11.** NRS 604A.080 is hereby amended to read as follows:

2 604A.080 "Loan" means any deferred deposit loan, ~~{short-~~
3 ~~term}~~ *high-interest* loan or title loan, or any extension or repayment
4 plan relating to such a loan, made at any location or through any
5 method, including, without limitation, at a kiosk, through the
6 Internet, through any telephone, facsimile machine or other
7 telecommunication device or through any other machine, network,
8 system, device or means.

9 **Sec. 11.5.** NRS 604A.105 is hereby amended to read as
10 follows:

11 604A.105 1. "Title loan" means a loan made to a customer
12 pursuant to a loan agreement which, under its original terms:

13 (a) Charges an annual percentage rate of more than 35 percent;
14 and

15 (b) Requires the customer to secure the loan by ~~{giving}~~ *either:*

16 (1) *Giving* possession of the title to a vehicle legally owned
17 by the customer to the ~~{person making the loan, or to}~~ *licensee or*
18 any agent, affiliate or subsidiary of the ~~{person, whether or not the~~
19 ~~person making the loan or taking possession of the title perfects a~~
20 ~~security interest in the vehicle by having the person's name noted on~~
21 ~~the title as a lienholder.}~~ *licensee; or*

22 (2) *Perfecting a security interest in the vehicle by having*
23 *the name of the licensee or any agent, affiliate or subsidiary of the*
24 *licensee noted on the title as a lienholder.*

25 2. The term does not include ~~{~~

26 ~~—(a) A} a~~ loan which creates a purchase-money security interest
27 in a vehicle or the refinancing of any such loan . ~~{; or~~

28 ~~—(b) Any other loan for which a vehicle is used as security or~~
29 ~~collateral if the person making the loan, or any agent, affiliate or~~
30 ~~subsidiary of the person, does not take possession of the title.}~~

31 **Sec. 12.** NRS 604A.200 is hereby amended to read as follows:

32 604A.200 ~~{The}~~ *Notwithstanding any provision of NRS*
33 *604A.500, the* provisions of this chapter apply to any person who
34 seeks to evade its application by any device, subterfuge or pretense,
35 including, without limitation ~~{, calling}~~ :

36 1. *Calling* a loan by any other name ~~{or using}~~ ;

37 2. *Using* any agents, affiliates or subsidiaries in an attempt to
38 avoid the application of the provisions of this chapter ~~{;}~~ ; *or*

39 3. *Having any affiliation or other business arrangement with*
40 *an entity that is exempt from the provisions of this chapter*
41 *pursuant to subsection 1 of NRS 604A.250, the effect of which is*
42 *to evade the provisions of this chapter, including, without*
43 *limitation, making a loan while purporting to be the agent of such*
44 *an exempt entity where the purported agent holds, acquires or*



1 *maintains a material economic interest in the revenues generated*
2 *by the loan.*

3 **Sec. 13.** NRS 604A.250 is hereby amended to read as follows:
4 604A.250 The provisions of this chapter do not apply to:

5 1. ~~[A]~~ *Except as otherwise provided in NRS 604A.200, a*
6 *person doing business pursuant to the authority of any law of this*
7 *State or of the United States relating to banks, national banking*
8 *associations, savings banks, trust companies, savings and loan*
9 *associations, credit unions, development corporations, mortgage*
10 *brokers, mortgage bankers, thrift companies or insurance companies*
11 ~~[I]~~ *, including, without limitation, any affiliate or subsidiary of*
12 *such a person regardless of whether the affiliate or subsidiary is a*
13 *bank.*

14 2. A person who is primarily engaged in the retail sale of goods
15 or services who:

16 (a) As an incident to or independently of a retail sale or service,
17 from time to time cashes checks for a fee or other consideration of
18 not more than \$2; and

19 (b) Does not hold himself out as a check-cashing service.

20 3. A person while performing any act authorized by a license
21 issued pursuant to chapter 671 of NRS.

22 4. A person who holds a nonrestricted gaming license issued
23 pursuant to chapter 463 of NRS while performing any act in the
24 course of that licensed operation.

25 5. A person who is exclusively engaged in a check-cashing
26 service relating to out-of-state checks.

27 6. A corporation organized pursuant to the laws of this State
28 that has been continuously and exclusively engaged in a check-
29 cashing service in this State since July 1, 1973.

30 7. A pawnbroker, unless the pawnbroker operates a check-
31 cashing service, deferred deposit loan service, ~~[short-term]~~ *high-*
32 *interest* loan service or title loan service.

33 8. A real estate investment trust, as defined in 26 U.S.C. § 856.

34 9. An employee benefit plan, as defined in 29 U.S.C. §
35 1002(3), if the loan is made directly from money in the plan by the
36 plan's trustee.

37 10. An attorney at law rendering services in the performance of
38 his duties as an attorney at law if the loan is secured by real
39 property.

40 11. A real estate broker rendering services in the performance
41 of his duties as a real estate broker if the loan is secured by real
42 property.

43 12. Any firm or corporation:

44 (a) Whose principal purpose or activity is lending money on real
45 property which is secured by a mortgage;



1 (b) Approved by the Federal National Mortgage Association as
2 a seller or servicer; and

3 (c) Approved by the Department of Housing and Urban
4 Development and the Department of Veterans Affairs.

5 13. A person who provides money for investment in loans
6 secured by a lien on real property, on his own account.

7 14. A seller of real property who offers credit secured by a
8 mortgage of the property sold.

9 15. A person who makes a refund anticipation loan, unless the
10 person operates a check-cashing service, deferred deposit loan
11 service, ~~short-term~~ *high-interest* loan service or title loan service.

12 **Sec. 14.** NRS 604A.400 is hereby amended to read as follows:

13 604A.400 1. A person, including, without limitation, a person
14 licensed pursuant to chapter 675 of NRS, shall not operate a check-
15 cashing service, deferred deposit loan service, ~~short-term~~ *high-*
16 *interest* loan service or title loan service unless the person is
17 licensed with the Commissioner pursuant to the provisions of this
18 chapter.

19 2. A person must have a license regardless of the location or
20 method that the person uses to operate such a service, including,
21 without limitation, at a kiosk, through the Internet, through any
22 telephone, facsimile machine or other telecommunication device or
23 through any other machine, network, system, device or means,
24 except that the person shall not operate such a service through
25 any automated loan machine in violation of the provisions of
26 subsection 3.

27 3. A person shall not operate a deferred deposit loan service or
28 ~~short-term~~ *high-interest* loan service through any automated loan
29 machine, and the Commissioner shall not issue a license that
30 authorizes the licensee to conduct business through any automated
31 loan machine.

32 4. Any person, and any member, officer, director, agent or
33 employee thereof, who violates or participates in the violation of
34 any provision of this section is guilty of a misdemeanor.

35 **Sec. 15.** NRS 604A.405 is hereby amended to read as follows:

36 604A.405 1. A licensee shall post in a conspicuous place in
37 every location at which he conducts business under his license:

38 (a) A notice that states the fees he charges for providing check-
39 cashing services, deferred deposit loan services, ~~short-term~~ *high-*
40 *interest* loan services or title loan services.

41 (b) A notice that states a toll-free telephone number to the Office
42 of the Commissioner to handle concerns or complaints of customers.

43 ➤ The Commissioner shall adopt regulations prescribing the form
44 and size of the notices required by this subsection.



1 2. If a licensee offers loans to customers at a kiosk, through the
2 Internet, through any telephone, facsimile machine or other
3 telecommunication device or through any other machine, network,
4 system, device or means, except for an automated loan machine
5 prohibited by NRS 604A.400, the licensee shall, as appropriate to
6 the location or method for making the loan, post in a conspicuous
7 place where customers will see it before they enter into a loan, or
8 disclose in an open and obvious manner to customers before they
9 enter into a loan, a notice that states:

10 (a) The types of loans the licensee offers and the fees he charges
11 for making each type of loan; and

12 (b) A list of the states where the licensee is licensed or
13 authorized to conduct business from outside this State with
14 customers located in this State.

15 3. A licensee who provides check-cashing services shall give
16 written notice to each customer of the fees he charges for cashing
17 checks. The customer must sign the notice before the licensee
18 provides the check-cashing service.

19 **Sec. 15.5.** NRS 604A.410 is hereby amended to read as
20 follows:

21 604A.410 1. Before making any loan to a customer, a
22 licensee shall provide to the customer a written loan agreement
23 which may be kept by the customer and which must be written in:

24 (a) English, if the transaction is conducted in English; or

25 (b) Spanish, if the transaction is conducted in Spanish.

26 2. The loan agreement must include, without limitation, the
27 following information:

28 (a) The name and address of the licensee and the customer;

29 (b) The nature of the security for the loan, if any;

30 (c) The date and amount of the loan, amount financed, annual
31 percentage rate, finance charge, total of payments, payment
32 schedule and a description and the amount of every fee charged,
33 regardless of the name given to the fee and regardless of whether the
34 fee is required to be included in the finance charge under the Truth
35 in Lending Act and Regulation Z;

36 (d) A disclosure of the right of the customer to rescind a loan
37 pursuant to the provisions of this chapter;

38 (e) A disclosure of the right of the customer to pay his loan in
39 full or in part with no additional charge pursuant to the provisions of
40 this chapter;

41 (f) A disclosure stating that, if the customer defaults on the loan,
42 the ~~customer has the opportunity within 30 days of the date of~~
43 ~~default to enter into a repayment plan with a term of at least 90 days,~~
44 ~~and that the~~ licensee must offer ~~the~~ a repayment plan to the
45 customer before the licensee *sells or assigns the debt or* commences



1 any civil action or process of alternative dispute resolution or, if
2 appropriate for the loan, before the licensee repossesses a vehicle;
3 and

4 (g) Any other disclosures required under the Truth in Lending
5 Act and Regulation Z or under any other applicable federal or state
6 statute or regulation.

7 **Sec. 16.** NRS 604A.420 is hereby amended to read as follows:

8 604A.420 1. If a customer is ~~called to active duty in~~ *a*
9 *member of* the military, a licensee shall:

10 (a) ~~Defer for the duration of the active duty all collection~~
11 ~~activity against the customer and his property, including, without~~
12 ~~limitation, any community property in which the customer has an~~
13 ~~interest; and~~

14 ~~(b)~~ Honor the terms of any repayment plan between the
15 licensee and customer, including, without limitation, any repayment
16 plan negotiated through military counselors or third-party credit
17 counselors.

18 (b) *Honor any proclamation by a base commander that a*
19 *certain branch location of the licensee is off-limits to members of*
20 *the military and their spouses.*

21 2. ~~When collecting any defaulted loan,~~ *If a customer is a*
22 *member of the military,* a licensee shall not:

23 (a) Garnish or threaten to garnish any wages or salary ~~paid to a~~
24 ~~customer for active service in the military;~~ *of the customer or his*
25 *spouse;* or

26 (b) Contact or threaten to contact the military chain of command
27 of a customer in an effort to collect the ~~defaulted~~ loan.

28 3. *If a customer is a member of the military and is deployed to*
29 *a combat or combat supporting position, a licensee shall not*
30 *engage in any collection activity against the customer or his*
31 *spouse.*

32 4. As used in this section, "military" means the Armed Forces
33 of the United States, a reserve component thereof or the National
34 Guard.

35 **Sec. 17.** NRS 604A.425 is hereby amended to read as follows:

36 604A.425 1. A licensee shall not:

37 (a) Make a deferred deposit loan that exceeds 25 percent of the
38 expected gross monthly income of the customer when the loan is
39 made; or

40 (b) Make a ~~short-term~~ *high-interest* loan which, under the
41 terms of the loan agreement, requires any monthly payment that
42 exceeds 25 percent of the expected gross monthly income of the
43 customer.



1 2. A licensee is not in violation of the provisions of this section
2 if the customer presents evidence of his gross monthly income to the
3 licensee and represents to the licensee in writing that:

4 (a) For a deferred deposit loan, the loan does not exceed 25
5 percent of his expected gross monthly income when the loan is
6 made; or

7 (b) For a ~~[short-term]~~ *high-interest* loan, the monthly payment
8 required under the terms of the loan agreement does not exceed 25
9 percent of his expected gross monthly income.

10 **Sec. 18.** NRS 604A.430 is hereby amended to read as follows:

11 604A.430 A licensee shall not make more than one deferred
12 deposit loan or ~~[short-term]~~ *high-interest* loan to the same customer
13 at one time or before any outstanding balance is paid in full on an
14 existing loan made by that licensee to the customer unless:

15 1. The customer is seeking multiple loans that do not exceed
16 the limits set forth in NRS 604A.425;

17 2. The licensee charges the same or a lower *fee or service*
18 *charge if it is a deferred deposit loan, or the same or a lower*
19 *annual percentage rate of interest if it is a high-interest loan,* for
20 any additional loans as he charged for the initial loan;

21 3. Except for that part of the finance charge which consists of
22 interest only, the licensee does not impose any other charge or fee to
23 initiate any additional loans, except that a licensee who makes
24 deferred deposit loans or ~~[short-term]~~ *high-interest* loans in
25 accordance with the provisions of subsection 2 of NRS 604A.480
26 may charge a reasonable fee for preparing documents in an amount
27 that does not exceed \$50; and

28 4. If the additional loans are deferred deposit loans and the
29 customer provides one or more additional checks that are not paid
30 upon presentment ~~[]~~ *or one or more electronic transfers of money*
31 *fail,* the licensee does not charge any fees to the customer pursuant
32 to NRS 604A.490, except for the fees allowed pursuant to that
33 section for the first check that is not paid upon presentment ~~[]~~ *or*
34 *electronic transfer of money that failed.*

35 **Sec. 19.** NRS 604A.435 is hereby amended to read as follows:

36 604A.435 A licensee shall not:

37 1. Accept:

38 (a) Collateral as security for a loan, except that a title to a
39 vehicle may be accepted as security for a title loan.

40 (b) An assignment of wages, salary, commissions or other
41 compensation for services, whether earned or to be earned, as
42 security for a loan.

43 (c) A check as security for a ~~[short-term]~~ *high-interest* loan or
44 title loan.



1 (d) More than one check or written authorization for an
2 electronic transfer of money for each deferred deposit loan.

3 (e) A check or written authorization for an electronic transfer of
4 money for any deferred deposit loan in an amount which exceeds
5 the total of payments set forth in the disclosure statement required
6 by the Truth in Lending Act and Regulation Z that is provided to the
7 customer.

8 2. Take any note or promise to pay which does not disclose the
9 date and amount of the loan, amount financed, annual percentage
10 rate, finance charge, total of payments, payment schedule and a
11 description and the amount of every fee charged, regardless of the
12 name given to the fee and regardless of whether the fee is required
13 to be included in the finance charge under the Truth in Lending Act
14 and Regulation Z.

15 3. Take any instrument, including a check or written
16 authorization for an electronic transfer of money, in which blanks
17 are left to be filled in after the loan is made.

18 4. Make any transaction contingent on the purchase of
19 insurance or any other goods or services or sell any insurance to the
20 customer with the loan.

21 5. Fail to comply with a payment plan which is negotiated and
22 agreed to by the licensee and customer.

23 6. Charge any fee to cash a check representing the proceeds of
24 a loan made by the licensee or any agent, affiliate or subsidiary of
25 the licensee.

26 **Sec. 19.5.** NRS 604A.445 is hereby amended to read as
27 follows:

28 604A.445 Notwithstanding any other provision of this chapter
29 to the contrary:

30 1. The original term of a title loan must not exceed 30 days.

31 2. The title loan may be extended for not more than six
32 additional periods of extension, with each such period not to exceed
33 30 days, if:

34 (a) Any interest or charges accrued during the original term of
35 the title loan or any period of extension of the title loan are not
36 capitalized or added to the principal amount of the title loan during
37 any subsequent period of extension;

38 (b) The annual percentage rate charged on the title loan during
39 any period of extension is not more than the annual percentage rate
40 charged on the title loan during the original term; and

41 (c) No additional origination fees, set-up fees, collection fees,
42 transaction fees, negotiation fees, handling fees, processing fees,
43 late fees, default fees or any other fees, regardless of the name given
44 to the fees, are charged in connection with any extension of the title
45 loan.



- 1 **3. The original term of a title loan may be up to 210 days if:**
2 **(a) The loan provides for payments in installments;**
3 **(b) The payments are calculated to ratably and fully amortize**
4 **the entire amount of principal and interest payable on the loan;**
5 **(c) The loan is not subject to any extension; and**
6 **(d) The loan does not require a balloon payment of any kind.**

7 **Sec. 20.** NRS 604A.460 is hereby amended to read as follows:

8 604A.460 1. A customer may rescind a loan on or before the
9 close of business on the next day of business at the location where
10 the loan was initiated. To rescind the loan, the customer must
11 deliver to the licensee:

12 (a) A sum of money equal to the face value of the loan, less any
13 fee charged to the customer to initiate the loan; or

14 (b) The original check, if any, which the licensee gave to the
15 customer pursuant to the loan. Upon receipt of the original check,
16 the licensee shall refund any fee charged to the customer to initiate
17 the loan.

18 2. If a customer rescinds a loan pursuant to this section, the
19 licensee:

20 (a) Shall not charge the customer any fee for rescinding the loan;
21 and

22 (b) Upon receipt of the sum of money or check pursuant to
23 subsection 1, shall give to the customer a receipt showing the
24 account paid in full and:

25 (1) If the customer gave to the licensee a check or a written
26 authorization for an electronic transfer of money to initiate a
27 deferred deposit loan, the check or written authorization stamped
28 "void";

29 (2) If the customer gave to the licensee a promissory note to
30 initiate a ~~[short-term]~~ **high-interest** loan, a copy of the promissory
31 note stamped "void" or the receipt stamped "paid in full"; or

32 (3) If the customer gave to the licensee a title to a vehicle to
33 initiate the title loan, the title.

34 **Sec. 21.** NRS 604A.465 is hereby amended to read as follows:

35 604A.465 1. A customer may pay a loan, or any extension
36 thereof, in full at any time, without an additional charge or fee,
37 before the date his final payment on the loan, or any extension
38 thereof, is due.

39 2. If a customer pays the loan in full, including all interest,
40 charges and fees negotiated and agreed to by the licensee and
41 customer as permitted under this chapter, the licensee shall:

42 (a) Give to the customer:

43 (1) If the customer gave to the licensee a check or a written
44 authorization for an electronic transfer of money to initiate a



1 deferred deposit loan, the check or the written authorization stamped
2 “void”;

3 (2) If the customer gave to the licensee a promissory note to
4 initiate a ~~[short-term]~~ *high-interest* loan, the promissory note
5 stamped “void” or a receipt stamped “paid in full”; or

6 (3) If the customer gave to the licensee a title to a vehicle to
7 initiate a title loan, the title; and

8 (b) Give to the customer a receipt with the following
9 information:

10 (1) The name and address of the licensee;

11 (2) The identification number assigned to the loan agreement
12 or other information that identifies the loan;

13 (3) The date of the payment;

14 (4) The amount paid;

15 (5) An itemization of interest, charges and fees;

16 (6) A statement that the loan is paid in full; and

17 (7) If more than one loan made by the licensee to the
18 customer was outstanding at the time the payment was made, a
19 statement indicating to which loan the payment was applied.

20 **Sec. 21.5.** NRS 604A.475 is hereby amended to read as
21 follows:

22 604A.475 1. Before a licensee attempts to collect the
23 outstanding balance on a loan in default by *assigning or selling the*
24 *debt*, commencing any civil action or process of alternative dispute
25 resolution or ~~[by]~~ repossessing a vehicle, the licensee shall offer the
26 customer an opportunity to enter into a repayment plan. The
27 licensee:

28 (a) Is required to make the offer available to the customer for a
29 period of at least 30 days after the date of default; and

30 (b) Is not required to make such an offer more than once for
31 each loan.

32 2. ~~[Not]~~ *If the licensee intends to assign or sell the debt,*
33 *commence any civil action or process of alternative dispute*
34 *resolution or repossess a vehicle in an effort to collect a defaulted*
35 *loan, the licensee shall deliver to the customer, not* later than 15
36 days after the date of default, ~~[the licensee shall provide to the~~
37 ~~customer]~~ written notice of the opportunity to enter into a repayment
38 plan. The written notice must:

39 (a) Be in English, if the initial transaction was conducted in
40 English, or in Spanish, if the initial transaction was conducted in
41 Spanish;

42 (b) State the date by which the customer must act to enter into a
43 repayment plan;

44 (c) Explain the procedures the customer must follow to enter
45 into a repayment plan;



1 (d) If the licensee requires the customer to make an initial
2 payment to enter into a repayment plan, explain the requirement and
3 state the amount of the initial payment and the date the initial
4 payment must be made;

5 (e) State that the customer has the opportunity to enter into a
6 repayment plan with a term of at least 90 days after the date of
7 default; and

8 (f) Include the following amounts:

9 (1) The total of payments or the remaining balance on the
10 original loan;

11 (2) Any payments made on the loan;

12 (3) Any charges added to the loan amount allowed pursuant
13 to the provisions of this chapter; and

14 (4) The total amount due if the customer enters into a
15 repayment plan.

16 3. Under the terms of any repayment plan pursuant to this
17 section:

18 (a) The customer must enter into the repayment plan not later
19 than 30 days after the date of default, unless the licensee allows a
20 longer period;

21 (b) The licensee must allow the period for repayment to extend
22 at least 90 days after the date of default, unless the customer agrees
23 to a shorter term;

24 (c) The licensee may require the customer to make an initial
25 payment of not more than 20 percent of the total amount due under
26 the terms of the repayment plan;

27 (d) For a deferred deposit loan:

28 (1) The licensee may require a customer to provide, as
29 security, one or more checks or written authorizations for an
30 electronic transfer of money which equal the total amount due under
31 the terms of the repayment plan;

32 (2) The licensee shall, if the customer makes a payment in
33 the amount of a check or written authorization taken as security for
34 that payment, return to the customer the check or written
35 authorization stamped "void" or destroy the check or written
36 authorization; and

37 (3) The licensee shall not charge any fee to the customer
38 pursuant to NRS 604A.490 for a check which is provided as security
39 during the repayment plan and which is not paid upon presentment
40 if, in connection with that loan, the licensee has previously charged
41 at least one such fee.

42 4. If the licensee and customer enter into a repayment plan
43 pursuant to this section, the licensee shall honor the terms of the
44 repayment plan, and the licensee shall not:



1 (a) Except as otherwise provided by this chapter, charge any
2 other amount to a customer, including, without limitation, any
3 amount or charge payable directly or indirectly by the customer and
4 imposed directly or indirectly by the licensee as an incident to or as
5 a condition of entering into a repayment plan. Such an amount
6 includes, without limitation:

7 (1) Any interest, regardless of the name given to the interest,
8 other than the interest charged pursuant to the original loan
9 agreement at a rate which does not exceed the annual percentage
10 rate charged during the term of the original loan agreement; or

11 (2) Any origination fees, set-up fees, collection fees,
12 transaction fees, negotiation fees, handling fees, processing fees,
13 late fees, default fees or any other fees, regardless of the name given
14 to the fee;

15 (b) Except as otherwise provided in this section, accept any
16 additional security or collateral from the customer to enter into the
17 repayment plan;

18 (c) Sell to the customer any insurance or require the customer to
19 purchase insurance or any other goods or services to enter into the
20 repayment plan;

21 (d) Make any other loan to the customer, unless the customer is
22 seeking multiple loans that do not exceed the limit set forth in
23 NRS 604A.425;

24 (e) During the term of the repayment plan, attempt to collect the
25 outstanding balance by commencing any civil action or process of
26 alternative dispute resolution or by repossessing a vehicle, unless
27 the customer defaults on the repayment plan; or

28 (f) Attempt to collect an amount that is greater than the amount
29 owed under the terms of the repayment plan.

30 5. If the licensee and customer enter into a repayment plan
31 pursuant to this section, the licensee shall:

32 (a) Prepare a written agreement establishing the repayment plan;
33 and

34 (b) Give the customer a copy of the written agreement. The
35 written agreement must:

36 (1) Be signed by the licensee and customer; and

37 (2) Contain all of the terms of the repayment plan, including,
38 without limitation, the total amount due under the terms of the
39 repayment plan.

40 6. Each time a customer makes a payment pursuant to a
41 repayment plan, the licensee shall give to the customer a receipt
42 with the following information:

43 (a) The name and address of the licensee;

44 (b) The identification number assigned to the loan agreement or
45 other information that identifies the loan;



- 1 (c) The date of the payment;
 - 2 (d) The amount paid;
 - 3 (e) The balance due on the loan or, when the customer makes
 - 4 the final payment, a statement that the loan is paid in full; and
 - 5 (f) If more than one loan made by the licensee to the customer
 - 6 was outstanding at the time the payment was made, a statement
 - 7 indicating to which loan the payment was applied.
- 8 7. If the customer defaults on the repayment plan, the licensee
- 9 may, to collect the outstanding balance, commence any civil action
- 10 or process of alternative dispute resolution or repossess a vehicle as
- 11 otherwise authorized pursuant to this chapter.

12 **Sec. 22.** NRS 604A.480 is hereby amended to read as follows:

13 604A.480 1. Except as otherwise provided in subsection 2, if

14 a customer agrees *in writing* to establish or extend the period for the

15 repayment, renewal, refinancing or consolidation of an outstanding

16 loan by using the proceeds of a new deferred deposit loan or ~~[short-~~

17 ~~term]~~ *high-interest* loan to pay the balance of the outstanding loan,

18 the licensee shall not establish or extend ~~[such a]~~ *the* period beyond

19 60 days after the expiration of the initial loan period. *The licensee*

20 *shall not add any unpaid interest or other charges accrued during*

21 *the original term of the outstanding loan or any extension of the*

22 *outstanding loan to the principal amount of the new deferred*

23 *deposit loan or high-interest loan.*

24 2. This section does not apply to a *new* deferred deposit loan or

25 ~~[short-term]~~ *high-interest* loan if the licensee:

26 (a) Makes the *new* deferred deposit loan or ~~[short-term]~~ *high-*

27 *interest* loan to a customer pursuant to a loan agreement which,

28 under its original terms:

29 (1) Charges an annual percentage rate of less than 200

30 percent;

31 (2) Requires the customer to make a payment on the loan at

32 least once every 30 days;

33 (3) Requires the loan to be paid in full in not less than 150

34 days; and

35 (4) Provides that interest does not accrue on the loan at the

36 annual percentage rate set forth in the loan agreement after the date

37 of maturity of the loan;

38 (b) Performs a credit check of the customer with a major

39 consumer reporting agency before making the loan;

40 (c) Reports information relating to the loan experience of the

41 customer to a major consumer reporting agency;

42 (d) Gives the customer the right to rescind the *new* deferred

43 deposit loan or ~~[short-term]~~ *high-interest* loan within 5 days after

44 the loan is made without charging the customer any fee for

45 rescinding the loan;



(e) Participates in good faith with a counseling agency that is:

(1) Accredited by the Council on Accreditation for Services for Families and Children, Inc., or its successor organization; and

(2) A member of the National Foundation for Credit Counseling, or its successor organization; and

(f) Does not commence any civil action or process of alternative dispute resolution on a defaulted loan or any extension or repayment plan thereof.

Sec. 22.5. NRS 604A.485 is hereby amended to read as follows:

604A.485 1. ~~[Except as otherwise provided in NRS 604A.445, if]~~ *If* a customer defaults on a loan or on any extension or repayment plan relating to the loan, whichever is later, the licensee may collect only the following amounts from the customer, less all payments made before and after default:

(a) The *unpaid* principal amount of the loan.

(b) The *unpaid* interest, *if any*, accrued before the ~~[expiration of the initial loan period]~~ *default* at the annual percentage rate set forth in the disclosure statement required by the Truth in Lending Act and Regulation Z that is provided to the customer. If there is an extension, *in writing and signed by the customer*, relating to the loan, the licensee may charge and collect interest pursuant to this paragraph for a period not to exceed 60 days after the expiration of the initial loan period, unless otherwise allowed by NRS 604A.480.

(c) The interest accrued after the expiration of the initial loan period or after any extension or repayment plan that is allowed pursuant to this chapter, whichever is later, at an annual percentage rate not to exceed the prime rate at the largest bank in Nevada, as ascertained by the Commissioner, on January 1 or July 1, as the case may be, immediately preceding the expiration of the initial loan period, plus 10 percent. The licensee may charge and collect interest pursuant to this paragraph for a period not to exceed 90 days. After that period, the licensee shall not charge or collect any interest on the loan.

(d) Any fees allowed pursuant to NRS 604A.490 for a check that is not paid upon presentment *or an electronic transfer of money that fails* because the account of the customer contains insufficient funds or has been closed.

2. Except for the interest and fees permitted pursuant to subsection 1 and any other charges expressly permitted pursuant to NRS 604A.430, 604A.445 and 604A.475, the licensee shall not charge any other amount to a customer, including, without limitation, any amount or charge payable directly or indirectly by the customer and imposed directly or indirectly by the licensee as an incident to or as a condition of the extension of the period for the



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1 payment of the loan or the extension of credit. Such ~~an amount~~
2 ~~includes.~~ *prohibited amounts include*, without limitation:

3 (a) Any interest, other than the interest charged pursuant to
4 subsection 1, regardless of the name given to the interest; or

5 (b) Any origination fees, set-up fees, collection fees, transaction
6 fees, negotiation fees, handling fees, processing fees, late fees,
7 default fees or any other fees, regardless of the name given to the
8 fee.

9 **Sec. 22.7.** NRS 604A.490 is hereby amended to read as
10 follows:

11 604A.490 1. A licensee may collect a fee of not more than
12 \$25 if a check is not paid upon presentment *or an electronic*
13 *transfer of money fails* because the account of the customer
14 contains insufficient funds or has been closed.

15 2. If the account of the customer contains insufficient funds,
16 the licensee may collect only two fees of \$25 each regardless of the
17 number of times the check is presented for payment ~~;~~ *or the*
18 *electronic transfer of money is attempted.*

19 3. If the account of the customer has been closed, the licensee
20 may collect only one fee of \$25 regardless of the number of times
21 the check is presented *or the electronic transfer of money is*
22 *attempted* for payment.

23 4. A customer is not liable for damages pursuant to NRS
24 41.620 or to criminal prosecution for a violation of chapter 205 of
25 NRS unless the customer acted with criminal intent.

26 **Sec. 23.** NRS 604A.655 is hereby amended to read as follows:

27 604A.655 1. Except as otherwise provided in this section, a
28 licensee may not conduct the business of making loans within any
29 office, suite, room or place of business in which any other lending
30 business is solicited or engaged in, except an insurance agency or
31 notary public, or in association or conjunction with any other
32 business, unless authority to do so is given by the Commissioner.

33 2. A licensee may conduct the business of making loans in the
34 same office or place of business as:

35 (a) A mortgage broker if:

36 (1) The licensee and the mortgage broker:

37 (I) Maintain separate accounts, books and records;

38 (II) Are subsidiaries of the same parent corporation; and

39 (III) Maintain separate licenses; and

40 (2) The mortgage broker is licensed by this State pursuant to
41 chapter 645B of NRS and does not receive money to acquire or
42 repay loans or maintain trust accounts as provided by
43 NRS 645B.175.

44 (b) A mortgage banker if:

45 (1) The licensee and the mortgage banker:



- 1 (I) Maintain separate accounts, books and records;
- 2 (II) Are subsidiaries of the same parent corporation; and
- 3 (III) Maintain separate licenses; and

4 (2) The mortgage banker is licensed by this State pursuant to
5 chapter 645E of NRS and, if the mortgage banker is also licensed as
6 a mortgage broker pursuant to chapter 645B of NRS, does not
7 receive money to acquire or repay loans or maintain trust accounts
8 as provided by NRS 645B.175.

9 3. If a pawnbroker is licensed to operate a check-cashing
10 service, deferred deposit loan service, ~~short-term~~ *high-interest*
11 loan service or title loan service, the pawnbroker may operate that
12 service at the same office or place of business from which he
13 conducts business as a pawnbroker pursuant to chapter 646 of NRS.

14 **Sec. 24.** NRS 604A.710 is hereby amended to read as follows:

15 604A.710 1. For the purpose of discovering violations of this
16 chapter or ~~off~~ securing information lawfully required under this
17 chapter, the Commissioner or his duly authorized representatives
18 may at any time investigate the business and examine the books,
19 accounts, papers and records used therein of:

20 (a) Any licensee;

21 (b) Any other person engaged in the business of making loans or
22 participating in such business as principal, agent, broker or
23 otherwise; and

24 (c) Any person who the Commissioner has reasonable cause to
25 believe is violating or is about to violate any provision of this
26 chapter, whether or not the person claims to be within the authority
27 or beyond the scope of this chapter.

28 2. For the purpose of examination, the Commissioner or his
29 authorized representatives shall have and be given free access to the
30 offices and places of business, and the files, safes and vaults of such
31 persons.

32 3. For the purposes of this section, any person who advertises
33 for, solicits or holds himself out as willing to make any deferred
34 deposit loan, ~~short-term~~ *high-interest* loan or title loan is
35 presumed to be engaged in the business of making loans.

36 **Sec. 25.** NRS 604A.920 is hereby amended to read as follows:

37 604A.920 If a person operates a check-cashing service,
38 deferred deposit loan service, ~~short-term~~ *high-interest* loan service
39 or title loan service without obtaining a license pursuant to this
40 chapter:

41 1. Any contracts entered into by that person for the cashing of
42 a check or for a deferred deposit loan, ~~short-term~~ *high-interest*
43 loan or title loan are voidable by the other party to the contract; and



1 2. In addition to any other remedy or penalty, the other party to
2 the contract may bring a civil action against the person pursuant to
3 NRS 604A.930.

4 **Sec. 26.** NRS 604A.930 is hereby amended to read as follows:

5 604A.930 1. Subject to the affirmative defense set forth in
6 subsection 3, in addition to any other remedy or penalty, if a person
7 violates any provision of NRS 604A.400, 604A.410 to 604A.500,
8 inclusive, 604A.610, 604A.615, 604A.650 or 604A.655 *or section 6*
9 *of this act* or any regulation adopted pursuant thereto, the customer
10 may bring a civil action against the person for : ~~any or all of the~~
11 ~~following relief:~~

12 (a) Actual and consequential damages;

13 (b) Punitive damages, which are subject to the provisions of
14 NRS 42.005;

15 (c) Reasonable attorney's fees and costs; and

16 (d) Any other legal or equitable relief that the court deems
17 appropriate.

18 2. Subject to the affirmative defense set forth in subsection 3,
19 in addition to any other remedy or penalty, the customer may bring a
20 civil action against a person pursuant to subsection 1 to recover an
21 additional amount, as statutory damages, which is equal to \$1,000
22 for each violation if the person knowingly:

23 (a) Operates a check-cashing service, deferred deposit loan
24 service, ~~short-term~~ *high-interest* loan service or title loan service
25 without a license, in violation of NRS 604A.400;

26 (b) Fails to include in a loan agreement a disclosure of the right
27 of the customer to rescind the loan, in violation of NRS 604A.410;

28 (c) Violates any provision of NRS 604A.420;

29 (d) Accepts collateral or security for a deferred deposit loan, in
30 violation of NRS 604A.435, except that a check or written
31 authorization for an electronic transfer of money shall not be
32 deemed to be collateral or security for a deferred deposit loan;

33 (e) Uses or threatens to use the criminal process in this State or
34 any other state to collect on a loan made to the customer, in
35 violation of NRS 604A.440;

36 (f) Includes in any written agreement a promise by the customer
37 to hold the person harmless, a confession of judgment by the
38 customer or an assignment or order for the payment of wages or
39 other compensation due the customer, in violation of
40 NRS 604A.440;

41 (g) Violates any provision of NRS 604A.485; ~~or~~

42 (h) Violates any provision of NRS 604A.490 ~~or~~; *or*

43 (i) *Violates any provision of section 6 of this act.*



1 3. A person may not be held liable in any civil action brought
2 pursuant to this section if the person proves, by a preponderance of
3 evidence, that the violation:

4 (a) Was not intentional;

5 (b) Was technical in nature; and

6 (c) Resulted from a bona fide error, notwithstanding the
7 maintenance of procedures reasonably adapted to avoid any such
8 error.

9 4. For the purposes of subsection 3, a bona fide error includes,
10 without limitation, clerical errors, calculation errors, computer
11 malfunction and programming errors and printing errors, except that
12 an error of legal judgment with respect to the person's obligations
13 under this chapter is not a bona fide error.

14 **Sec. 27.** NRS 99.050 is hereby amended to read as follows:

15 99.050 ~~[Parties]~~ *Except as otherwise provided in section 670*
16 *of the John Warner National Defense Authorization Act for Fiscal*
17 *Year 2007, Public Law 109-364, or any regulation adopted*
18 *pursuant thereto, parties* may agree for the payment of any rate of
19 interest on money due or to become due on any contract, for the
20 compounding of interest if they choose, and for any other charges or
21 fees. The parties shall specify in writing the rate upon which they
22 agree, that interest is to be compounded if so agreed, and any other
23 charges or fees to which they have agreed.

24 **Sec. 28.** Chapter 675 of NRS is hereby amended by adding
25 thereto a new section to read as follows:

26 *The provisions of this chapter apply to any person who:*

27 1. *Makes installment loans that are not subject to regulation*
28 *pursuant to chapter 604A of NRS;*

29 2. *Is an affiliate or holding company of a bank, national*
30 *banking association, savings bank, trust company, savings and*
31 *loan association, credit union, development corporation, mortgage*
32 *broker, mortgage banker, thrift company or insurance company;*
33 *or*

34 3. *Seeks to evade its application by any device, subterfuge or*
35 *pretense, including, without limitation:*

36 (a) *Calling a loan by any other name;*

37 (b) *Using any agents, affiliates or subsidiaries in an attempt to*
38 *avoid the application of the provisions of this chapter; or*

39 (c) *Having any affiliation or other business arrangement with*
40 *an entity that is exempt from the provisions of this chapter*
41 *pursuant to subsection 1 of NRS 675.040, the effect of which is to*
42 *evade the provisions of this chapter, including, without limitation,*
43 *making a loan while purporting to be the agent of such an exempt*
44 *entity where the purported agent holds, acquires or maintains a*
45 *material economic interest in the revenues generated by the loan.*



1 **Sec. 29.** NRS 675.040 is hereby amended to read as follows:
2 675.040 This chapter does not apply to:

3 1. ~~[A]~~ *Except as otherwise provided in section 28 of this act, a*
4 person doing business under the authority of any law of this State or
5 of the United States relating to banks, *national banking*
6 *associations*, savings banks, trust companies, savings and loan
7 associations, credit unions, development corporations, mortgage
8 brokers, mortgage bankers, thrift companies, pawnbrokers or
9 insurance companies.

10 2. A real estate investment trust, as defined in 26 U.S.C. § 856.

11 3. An employee benefit plan, as defined in 29 U.S.C. §
12 1002(3), if the loan is made directly from money in the plan by the
13 plan's trustee.

14 4. An attorney at law rendering services in the performance of
15 his duties as an attorney at law if the loan is secured by real
16 property.

17 5. A real estate broker rendering services in the performance of
18 his duties as a real estate broker if the loan is secured by real
19 property.

20 6. Except as otherwise provided in this subsection, any firm or
21 corporation:

22 (a) Whose principal purpose or activity is lending money on real
23 property which is secured by a mortgage;

24 (b) Approved by the Federal National Mortgage Association as
25 a seller or servicer; and

26 (c) Approved by the Department of Housing and Urban
27 Development and the Department of Veterans Affairs.

28 7. A person who provides money for investment in loans
29 secured by a lien on real property, on his own account.

30 8. A seller of real property who offers credit secured by a
31 mortgage of the property sold.

32 9. A person holding a nonrestricted state gaming license issued
33 pursuant to the provisions of chapter 463 of NRS.

34 10. A person licensed to do business pursuant to chapter 604A
35 of NRS with regard to those services regulated pursuant to chapter
36 604A of NRS.

37 **Sec. 29.5.** NRS 675.060 is hereby amended to read as follows:

38 675.060 1. No person may engage in the business of lending
39 in this State without first having obtained a license from the
40 Commissioner pursuant to this chapter for each office or other place
41 of business at which the person engages in such business, except
42 that if a person intends to engage in the business of lending in this
43 State as a deferred deposit loan service, ~~[short-term]~~ *high-interest*
44 loan service or title loan service, as those terms are defined in
45 chapter 604A of NRS, the person must obtain a license from the



1 Commissioner pursuant to chapter 604A of NRS before the person
2 may engage in any such business.

3 2. For the purpose of this section, a person engages in the
4 business of lending in this State if he:

5 (a) Solicits loans in this State or makes loans to persons in this
6 State, unless these are isolated, incidental or occasional transactions;
7 or

8 (b) Is located in this State and solicits loans outside of this State
9 or makes loans to persons located outside of this State, unless these
10 are isolated, incidental or occasional transactions.

11 **Sec. 29.7.** NRS 675.365 is hereby amended to read as follows:

12 675.365 In addition to the interest allowed pursuant to NRS
13 675.363, a licensee may, pursuant to the agreement for a loan for an
14 indefinite term, receive from the borrower or add to the unpaid
15 balance in that borrower's account:

16 1. Any fees imposed on the licensee pursuant to this chapter;

17 2. Any charge for insurance under NRS 675.300;

18 3. A charge not exceeding 25 cents for each transaction in
19 which a loan or advance is made pursuant to the agreement or an
20 annual fee for the use of an open-end account in an amount not to
21 exceed \$20;

22 4. If the interest calculated for any billing cycle pursuant to
23 NRS 675.363 is less than 50 cents:

24 (a) For a billing cycle which is monthly or longer, a charge in an
25 amount not exceeding 50 cents; or

26 (b) For a billing cycle less than monthly, a charge in an amount
27 equal to that portion of 50 cents which bears the same relation to 50
28 cents as the number of days in the billing cycle bear to 365 divided
29 by 12;

30 5. For any check written by the borrower to the licensee which
31 is returned ~~for~~, *or any electronic transfer of money that fails,*
32 *because of* insufficient funds, a charge of \$10 or in an amount equal
33 to the charges imposed on the licensee because of his reliance on
34 that check ~~or~~ *or electronic transfer of money*, whichever amount is
35 greater; and

36 6. Any charge assessed the licensee by a third party for the
37 printing and distribution of any checks, drafts or other instruments
38 to be used by the borrower in obtaining advances pursuant to the
39 agreement.

40 **Sec. 30.** NRS 604A.095 and 604A.100 are hereby repealed.

41 **Sec. 31.** Any license to operate a short-term loan service that
42 was issued by the Commissioner of Financial Institutions pursuant
43 to chapter 604A of NRS before July 1, 2007, shall be deemed to be
44 a license to operate a high-interest loan service which was issued by
45 the Commissioner pursuant to the provisions of chapter 604A of



1 NRS and which expires on the date on which the license to operate a
2 short-term loan service would have expired pursuant to the
3 provisions of NRS 604A.640.

4 **Sec. 32.** 1. A license to engage in the business of lending in
5 this State which was issued by the Commissioner of Financial
6 Institutions pursuant to chapter 675 of NRS before July 1, 2007, to a
7 person who, pursuant to the provisions of this act, is subject to
8 regulation only pursuant to chapter 604A of NRS, shall be deemed
9 to be a license issued by the Commissioner pursuant to chapter
10 604A of NRS. Such a license expires on December 31, 2007, and
11 may be renewed on or before its expiration in accordance with NRS
12 604A.640. Upon the renewal of such a license, the Commissioner
13 shall issue to the holder of the license a license pursuant to chapter
14 604A of NRS in lieu of the license issued pursuant to chapter 675 of
15 NRS.

16 2. Any person who is licensed pursuant to chapter 675 of NRS
17 to engage in the business of lending in this State on June 30, 2007,
18 may continue to operate in the same location upon becoming
19 licensed pursuant to chapter 604A of NRS, notwithstanding any
20 ordinance or other zoning regulation to the contrary. This subsection
21 does not exempt such a person from any provision of chapter 604A
22 of NRS or any regulation adopted pursuant thereto.

23 **Sec. 33.** The amendatory provisions of this act do not apply to
24 loans entered into before July 1, 2007.

25 **Sec. 34.** This act becomes effective on July 1, 2007.

TEXT OF REPEALED SECTIONS

604A.095 “Short-term loan” defined.

1. “Short-term loan” means a loan made to a customer pursuant to a loan agreement which, under its original terms:

(a) Charges an annual percentage rate of more than 40 percent;
and

(b) Requires the loan to be paid in full in less than 1 year.

2. The term does not include:

(a) A deferred deposit loan;

(b) A title loan; or

(c) A refund anticipation loan.

604A.100 “Short-term loan service” defined. “Short-term loan service” means any person engaged in the business of providing short-term loans for a fee, service charge or other consideration.

