

**PROPOSED REGULATION OF THE  
EMPLOYMENT SECURITY DIVISION OF THE DEPARTMENT  
OF EMPLOYMENT, TRAINING AND REHABILITATION**

**LCB File No. R084-14**

**PROPOSED AMENDMENT TO REGULATION  
CHAPTER 612 – UNEMPLOYMENT COMPENSATION  
Program to Disburse Grants to Nonprofit Private Entities**

**NAC 612.673 Establishment of program.** (NRS 612.607) The Administrator shall establish a program to disburse grants of money to nonprofit private entities organized under the provisions of chapter 81 or 82 of NRS to be used exclusively to assist start-up businesses which are at least majority owned and controlled by one or more veterans or one or more senior citizens.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

**NAC 612.675 Qualifications required to receive grants.** (NRS 612.607) The Administrator shall ensure that all loans made under the program are disbursed by qualified nonprofit private entities. Qualifications must be identified using information submitted by the nonprofit private entity pursuant to NAC 612.677. In determining whether a nonprofit private entity is qualified to receive a grant under the program, the Administrator may consider, without limitation:

1. The experience and past performance of the nonprofit private entity in delivering training and counseling in the areas of financial services;
2. The experience and past performance of the nonprofit private entity in the management of public funds or loans;
3. The ability of the nonprofit private entity to provide services on a statewide or regional basis;
4. Evidence of an established lending process, including, without limitation, underwriting guidelines and collection policies and procedures for delinquent accounts;
5. The length of time the nonprofit private entity has been providing financial services to the public or private sector; and
6. The aging of the current loan portfolio of the nonprofit private entity.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

**NAC 612.677 Application for grants.** (NRS 612.607)

1. A nonprofit private entity that applies for a grant pursuant to the program must do so in the manner prescribed by the Administrator. The Administrator:

(a) Shall, at a minimum, require the submission of the financial statements of the nonprofit private entity for the 3 years immediately preceding the date of the application; and

(b) May require the nonprofit private entity to demonstrate, to the satisfaction of the Administrator, fiduciary responsibility, principles of accounting practices and fiscal mechanisms consistent with safeguarding public funds and the public interest.

2. Any grant which is awarded to a nonprofit private entity is subject to audit and review by the Division. *The Administrator:*

*(a) May require the nonprofit private entity to repay any grant funds that have not been expended according to the terms under which the grant was awarded.*

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

**NAC 612.679 Conditions for approval of loans. (NRS 612.607)**

1. A nonprofit private entity which administers the disbursement of money received as a grant pursuant to the program may approve an individual loan of up to ~~[\$5,000]~~ **\$15,000** to a start-up business without the approval of the Administrator. The Administrator may waive the loan limit prescribed in this subsection for a loan not exceeding ~~[\$10,000]~~ **\$20,000**.

2. A loan may not be made to:

(a) An applicant for a loan by the person responsible for approving the loan on behalf of the nonprofit private entity if the person approving the loan has a dating relationship with the applicant or ~~is a relative of the applicant within the third degree of consanguinity or affinity;~~ **has a relationship with the applicant as described under chapter 281A.065 of NRS, or**

~~[(b) A start-up business owned wholly or in part by any person who is an employee of the nonprofit private entity or under a contract of service to the nonprofit private entity; or]~~

**(b) [(e)]** A start-up business which has not complied with the provisions of chapter 76 of NRS or which fails to demonstrate compliance with applicable requirements governing contributions or industrial insurance pursuant to the provisions of chapter 612 or 616C of NRS.

3. An applicant for a loan pursuant to this section must submit to the nonprofit private entity a business plan which clearly identifies and explains the intended use of the loan in the manner prescribed by the nonprofit private entity.

4. An applicant for a loan may not have more than one loan which is obtained pursuant to this section and which is in repayment, except that a borrower who has repaid such a loan pursuant to NAC 612.683 may apply for another loan for the purposes of expanding the business if the business still qualifies as a start-up business.

5. Any legally organized business entity which receives a loan from a nonprofit private entity pursuant to this section:

(a) May use the money for business-related costs, including, without limitation, costs associated with the start-up of the business and licensing and permitting; and

(b) May not, in any manner, use any portion of the money for expenses commonly considered personal in nature.

6. As used in this section, "dating relationship" has the meaning ascribed to it in NAC 284.0533.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

**NAC 612.681 Appeal for denial of application for loan. (NRS 612.607)**

1. A nonprofit private entity which administers a loan shall establish a process by which an applicant may appeal the denial of an application for a loan under the program. The appeal process must provide for the creation of a panel or committee that is responsible for holding regular meetings in a manner sufficient to ensure the timely resolution of any appeal filed with the nonprofit private entity.

2. Any records relating to an appeal described in subsection 1 must be made available to the Division for inspection.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

**NAC 612.683 Repayment of loan; forgiveness of outstanding balance under certain circumstances.** (NRS 612.607)

1. Except as otherwise provided in subsection 3, both principal and interest on a loan made under the program must be repaid to the nonprofit private entity not later than 4 years after the date on which the loan is made. The nonprofit private entity administering the loan must establish a payment schedule and agreement with the borrower. The schedule and agreement must provide that:

(a) The first year of repayment of a loan is free from interest;

(b) *At the beginning of the second year of the loan, ~~the~~ a loan* which is not repaid in full by the end of the first year is subject to ~~an~~ *a maximum* interest rate of ~~5 percent~~ *prime plus 2.25%* simple interest per annum *on the outstanding balance of the loan until paid in full*; and

(c) The failure of the borrower to repay the principal and interest on the loan may result in collection proceedings to the extent allowable under the applicable laws and regulations of this State.

2. Any interest earned by the nonprofit private entity pursuant to subsection 1:

(a) Must be deposited in a separate account established and maintained by the nonprofit private entity for the purpose of administering loans,

*(b) Interest collected in excess of cost necessary for the administration of loans must be used to issue additional loans; and*

*(c) ~~(b)~~* Must not be commingled with any other money.

3. The Administrator may forgive the outstanding balance of a loan if:

(a) The Administrator determines that the loan was not secured either in whole or in part by fraud or misrepresentation of the borrower;

(b) The borrower demonstrates an inability to repay the loan; and

(c) The recovery of the loan would be against equity and good conscience, as determined by the Administrator.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

**NAC 612.685 Reimbursement of administrative costs.** (NRS 612.607)

1. *If interest accrued under NAC 612.683 subsection 2 is not sufficient to pay administrative costs incurred, a ~~the~~* nonprofit private entity may be entitled to reimbursement for administrative costs incurred as a result of administering a loan under the program, but any such reimbursement must not exceed 10 percent of the total amount of all grants awarded to the nonprofit private entity for the purposes of making loans under the program.

2. A claim for reimbursement pursuant to subsection 1 must be made:

(a) In accordance with generally accepted accounting principles; and

(b) On a form prescribed by the Administrator.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)