

ASSEMBLY BILL NO. 541—COMMITTEE  
ON COMMERCE AND LABOR

MARCH 28, 2011

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing certain loans.  
(BDR 52-902)

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

~

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

AN ACT relating to loans; revising provisions governing certain deferred deposit loans and high-interest loans; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law establishes certain requirements that are applicable to a person  
2 who has been issued a license to operate a check-cashing service, deferred deposit  
3 loan service, high-interest loan service or title loan service and who makes a new  
4 deferred deposit loan or high-interest loan to a customer to pay the balance of an  
5 outstanding loan. Existing law also provides an exemption from those requirements  
6 if the licensee, in making the new deferred deposit loan or high-interest loan,  
7 complies with certain conditions, one of which is that the licensee does not  
8 commence any civil action or process of alternative dispute resolution on a  
9 defaulted loan or any extension or repayment plan thereof. (NRS 604A.480) This  
10 bill provides that, to comply with that condition, the licensee must include in the  
11 written loan agreement for the new deferred deposit loan or high-interest loan a  
12 provision which sets forth that the licensee will not commence any civil action or  
13 process of alternative dispute resolution on the outstanding loan or any extension or  
14 repayment plan thereof.

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

1 **Section 1.** NRS 604A.480 is hereby amended to read as  
2 follows:  
3 604A.480 1. Except as otherwise provided in subsection 2, if  
4 a customer agrees in writing to establish or extend the period for the  
5 repayment, renewal, refinancing or consolidation of an outstanding



\* A B 5 4 1 \*

1 loan by using the proceeds of a new deferred deposit loan or high-  
2 interest loan to pay the balance of the outstanding loan, the licensee  
3 shall not establish or extend the period beyond 60 days after the  
4 expiration of the initial loan period. The licensee shall not add any  
5 unpaid interest or other charges accrued during the original term of  
6 the outstanding loan or any extension of the outstanding loan to the  
7 principal amount of the new deferred deposit loan or high-interest  
8 loan.

9 2. ~~[This section does]~~ *The requirements of subsection 1 do* not  
10 apply to a new deferred deposit loan or high-interest loan if the  
11 licensee:

12 (a) Makes the new deferred deposit loan or high-interest loan to  
13 a customer pursuant to a loan agreement which, under its original  
14 terms:

15 (1) Charges an annual percentage rate of less than 200  
16 percent;

17 (2) Requires the customer to make a payment on the loan at  
18 least once every 30 days;

19 (3) Requires the loan to be paid in full in not less than 150  
20 days; and

21 (4) Provides that interest does not accrue on the loan at the  
22 annual percentage rate set forth in the loan agreement after the date  
23 of maturity of the loan;

24 (b) Performs a credit check of the customer with a major  
25 consumer reporting agency before making the loan;

26 (c) Reports information relating to the loan experience of the  
27 customer to a major consumer reporting agency;

28 (d) Gives the customer the right to rescind the new deferred  
29 deposit loan or high-interest loan within 5 days after the loan is  
30 made without charging the customer any fee for rescinding the loan;

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

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

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

36 (f) ~~[Does]~~ *Includes in the written loan agreement for the new*  
37 *deferred deposit loan or high-interest loan a provision which sets*  
38 *forth that the licensee will* not commence any civil action or  
39 process of alternative dispute resolution on ~~[a defaulted]~~ *the*  
40 *outstanding* loan or any extension or repayment plan thereof.

41 **Sec. 2.** This act becomes effective upon passage and approval.

