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.

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

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

Section 1. NRS 604A.480 is hereby amended to read as follows:
604A.480 1. Except as otherwise provided in subsection 2, if a customer agrees in writing to establish or extend the period for the repayment, renewal, refinancing or consolidation of an outstanding
loan by using the proceeds of a new deferred deposit loan or high-
interest loan to pay the balance of the outstanding loan, the licensee
shall not establish or extend the period beyond 60 days after the
expiration of the initial loan period. The licensee shall not add any
unpaid interest or other charges accrued during the original term of
the outstanding loan or any extension of the outstanding loan to the
principal amount of the new deferred deposit loan or high-interest
loan.

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

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

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

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

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

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

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

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

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

(e) Participates in good faith with a counseling agency that is:
(1) Accredited by the Council on Accreditation of 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] Includes in the written loan agreement for the new
delayed deposit loan or high-interest loan a provision which sets
forth that the licensee will not commence any civil action or
process of alternative dispute resolution on [a defaulted] the
outstanding loan or any extension or repayment plan thereof.

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