

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Seventh Session  
March 22, 2013**

The Committee on Commerce and Labor was called to order by Chairman David P. Bobzien at 12:07 p.m. on Friday, March 22, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [nelis.leg.state.nv.us/77th2013](http://nelis.leg.state.nv.us/77th2013). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman David P. Bobzien, Chairman  
Assemblywoman Irene Bustamante Adams  
Assemblywoman Maggie Carlton  
Assemblyman Skip Daly  
Assemblywoman Olivia Diaz  
Assemblyman John Ellison  
Assemblyman Jason Frierson  
Assemblyman Tom Grady  
Assemblyman Ira Hansen  
Assemblyman Crescent Hardy  
Assemblyman James W. Healey  
Assemblyman Pete Livermore  
Assemblyman James Ohrenschall

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Marilyn K. Kirkpatrick, Vice Chairwoman (excused)  
Assemblyman William C. Horne (excused)



**GUEST LEGISLATORS PRESENT:**

Assemblyman Lynn D. Stewart, Clark County Assembly District No. 22  
Assemblywoman Lucy Flores, Clark County Assembly District No. 28

**STAFF MEMBERS PRESENT:**

Kelly Richard, Committee Policy Analyst  
Earlene Miller, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Jack Novak, Chairman of the Board, Nevada Business Brokers Association, and Broker/Owner, Las Vegas Commercial and Business Sales  
Ron Quinn, President, Accelerated Escrow Company, Las Vegas, Nevada  
Linda Hentges-Nyman, Chief Operating Officer, First Choice Business Brokers, Las Vegas, Nevada  
R. W. (Bob) Burley, President and Corporate Broker, Gold Seal Business and Equipment Appraisals, Henderson, Nevada  
Diana Foley, Securities Administrator, Office of the Secretary of State  
John Sande IV, representing PassTime USA  
Corinne Kirkendall, Vice President of Public Relations, PassTime USA, Littleton, Colorado  
Christine Hennick, Director of Finance, CAG Acceptance, LLC, Mesa, Arizona  
Nicole F. Munro, Counsel, PassTime USA  
Jon Sasser, representing Legal Aid Center of Southern Nevada and Washoe Legal Services  
Sophia Medina, Staff Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada  
T. Candice Smith, Private Citizen, Las Vegas, Nevada  
George West, Attorney, Las Vegas, Nevada  
Craig Friedberg, Attorney, Las Vegas, Nevada  
Susan Meuschke, Executive Director, Nevada Network Against Domestic Violence  
I. Kristine Bergstrom, Staff Attorney, Nevada Legal Services, Inc., Las Vegas, Nevada  
Christopher Preciado, Organizer, Progressive Leadership Alliance of Nevada  
Sonia Garcia, representing Hermandad Mexicana Transnacional, Las Vegas, Nevada

Kristin Erickson, representing Nevada District Attorneys Association  
Robert Roshak, representing Nevada Sheriffs' and Chiefs' Association  
Mendy Elliott, representing Nevada State Apartment Association

**Chairman Bobzien:**

[The roll was called. A quorum was present.] We will open the hearing on Assembly Bill 225.

**Assembly Bill 225: Revises provisions relating to business brokers. (BDR 54-1017)**

**Assemblyman Lynn D. Stewart, Clark County Assembly District No. 22:**

This bill better defines a business broker in real estate. I am presenting this bill on behalf of a group of real estate people who have had difficulties in the past. This clarifies language.

**Jack Novak, Chairman of the Board, Nevada Business Brokers Association, and Broker/Owner, Las Vegas Commercial and Business Sales:**

In the past six years, we have had the problem of people from out of state who are not licensed in Nevada coming into the state and selling businesses. They say our law does not affect them because they are not licensed here. The law defines a business broker in part as a person acting "as a real estate broker, real estate broker-salesperson or real estate salesperson for another and for compensation." The out-of-state people say, because they are not licensed in Nevada, they do not fit under the law and they do not need a permit. The solution we offer is to remove the words "as a real estate broker, real estate broker-salesperson or real estate salesperson." Then anybody who comes into the state of Nevada and represents a buyer or a seller in the sale of a business needs to have a real estate license and a permit.

**Chairman Bobzien:**

Are there any questions?

**Assemblyman Hardy:**

Is this leveling-the-playing-field verbiage?

**Jack Novak:**

By removing a few words, we are saying that if a person is going to represent a business owner or buyer in the state of Nevada, he needs to have a real estate license and a business broker permit. The law currently says that if you have a license, you fit under this law. We see out-of-state people who say they do not need a license in Nevada to do this.

**Assemblywoman Bustamante Adams:**

How much will it cost for the out-of-state people to be licensed as business brokers in Nevada?

**Jack Novak:**

They would have to go through the same process as all real estate agents. They would have to attend the 40-hour school, take the test, be fingerprinted, and, once they obtain their Nevada real estate license, pay a small fee and take a 24-hour course in business brokerage.

**Assemblywoman Bustamante Adams:**

I want to be sure that it does not impair any negotiations. Would it force me to use an in-state person if I were to sell my business?

**Jack Novak:**

The way the law reads, if someone represents you as a seller with the intention of receiving compensation, he must be licensed in Nevada. If he is licensed, he must also have the business broker permit. That has been the law since 2007.

**Assemblyman Stewart:**

This would conform to other licensed professions.

**Jack Novak:**

The license is required in many of the states.

**Assemblyman Livermore:**

What is a business broker?

**Jack Novak:**

A business broker will represent a buyer or a seller, and sometimes both, but not usually. He will help the seller by giving advice on how to prepare a business for a sale, reviewing the profit and loss statements for probably the last three years, and reviewing the tax returns. They will go through a process to establish the value of a business. The process used to establish the value of the business includes the recast method and fair market evaluation. A trained business broker will have experience. He will be able to assess the value of the business and suggest a price. The same thing occurs for the buyer.

**Assemblyman Ellison:**

Licensing is different in every state and this is important. Will this clarify that?

**Jack Novak:**

It will definitely help clarify that.

**Assemblyman Livermore:**

Would a non-broker such as a relative have to be licensed if he helped to facilitate a sale?

**Jack Novak:**

He would not have to be licensed if he were not going to receive compensation. If he negotiated a lease, he would need to be licensed.

**Assemblyman Livermore:**

I am trying to eliminate some potential conflicts in this broad definition of a business broker.

**Jack Novak:**

The current state definition of a business broker, as written in *Nevada Revised Statutes* (NRS) 645.0075, is a person who acts for another with the intention of receiving compensation; sells, exchanges, options, or purchases a business; negotiates or offers, attempts or agrees to negotiate the sale, exchange, option, or purchase of a business; or lists or solicits prospective purchasers of a business. That person has to have a license.

**Assemblyman Daly:**

People are coming into the state, acting as a business broker, claiming that they do not have to have a license as a business broker because they are not acting as a real estate agent. Is that the problem?

**Jack Novak:**

They say they do not need a business broker permit in Nevada because they are not acting as a licensee. The intention was to protect the general public from people coming into the state, acting as business brokers, and putting valuations on businesses, with no proof that they were qualified to do that. The law helps the seller and the buyer because they know the broker is well educated.

**Assemblyman Daly:**

The business broker is getting most of his training by being a real estate agent or broker. Who is saying that they do not have to do this and why has it not been challenged? In your bill, you take NRS 645.0075 and remove the real estate license language. You also have NRS 645.230, which says it is unlawful to act as a business broker in this state unless you comply with NRS 645.863. In that section, it says that you have to have a license as a real estate broker in order to be a business broker. Either you are not hitting all the points of law you need, or they are claiming they do not need to be licensed and this needs to be taken to court.

**Jack Novak:**

That is the case. When this became law in 2007, the Real Estate Division and the Nevada Real Estate Commission did not fully understand the law. People, including me, called the Division and told them they wanted to sell their business. When they were asked if an individual had to hire a licensed business broker with a permit to do that, they said no, if there is no real estate involved, they do not have to be licensed. By taking the words out, as we are suggesting, it will make it clear that if you are doing the job of a business broker, you must have a real estate license and a permit.

**Assemblyman Daly:**

I agree the business brokers need to be licensed, but just removing those words from this one section of the law still conflicts with the language that is in NRS 645.863. Or we can fix the law so there is no ambiguity. If you are going to be a business broker, you also have this training. I do not think the 24-hour training requirement has enough safeguards. I do not think the bill as written will end the problem. I do not disagree with your intent.

**Jack Novak:**

I agree with you and would like to make some clarifications, but it is one step at a time.

**Chairman Bobzien:**

Are there any additional questions from the Committee? [There were none.]  
Are there others to speak in support of the bill?

**Ron Quinn, President, Accelerated Escrow Company, Las Vegas, Nevada:**

I am neither a business broker nor a real estate agent. My business for the past 12 years has been facilitating these transactions, so I have seen it from all angles. I am very much in support of this. Prior to the business broker permit, anybody who was licensed as a real estate agent in Nevada could sell a business. As a result, there were people selling businesses who did not know how. I would see purchase agreements for the sale of a business written on a residential sales agreement, which did not cover the basics. The business broker permit was put in place. You cannot get a permit without first being a real estate agent or broker.

I have personal knowledge of people who called me to ask if they needed to get a permit to sell a business, because they were from out of state. You have to be licensed in each state for each task. We often see transactions which are attempted by people who are not skilled in what they are doing and who think they can circumvent the law. They feel that because it is not real property, the law does not apply. A leasehold interest is real property.

**Chairman Bobzien:**

Are there any questions? [There were none.]

**Linda Hentges-Nyman, Chief Operating Officer, First Choice Business Brokers,  
Las Vegas, Nevada:**

Our business was founded here in 1994. I am in support of this bill. We were trying to clean it up, but those who are selling businesses in other states and want to sell businesses in Nevada do not quite know the process of how to protect the parties. The parties end up hurt, and they are who we are trying to protect. We felt if we removed the verbiage from the law, it would make the intent clear and it would close the loophole. It would make it possible for the Real Estate Division to be able to say, if you are representing parties for compensation and acting in that capacity, you would need to have a real estate license and a business broker permit.

**Chairman Bobzien:**

Are there any questions?

**Assemblywoman Bustamante Adams:**

Has anyone contacted the Real Estate Division to be sure this is something with which they agree?

**Linda Hentges-Nyman:**

We met with them regarding this subject. Initially the proposed bill was longer, and they told us to simplify it. We need to be able to say that if a person is acting in the capacity to represent parties, he needs to be licensed. The confusion is that the law as written says if you do not have a license, then go for it.

**Chairman Bobzien:**

Are there additional questions? Seeing none, do we have anyone else in support?

**R. W. (Bob) Burley, President and Corporate Broker, Gold Seal Business and  
Equipment Appraisals, Henderson, Nevada:**

I moved to Nevada 1979. Clark County indicated to me that I needed a real estate license to sell businesses. I have been a business broker continuously since 1980. I am in support of A.B. 225 because it simplifies and gives a method to approaching unlicensed out-of-state people.

**Chairman Bobzien:**

Are there any questions? [There were none.] Are there any others in support? [There were none.] Is there any opposition? Seeing none, is there anyone wishing to testify from a neutral position?

**Diana Foley, Securities Administrator, Office of the Secretary of State:**

My Division regulates the blue sky laws—specifically the regulation of securities and licensing of the individuals who sell them. I am testifying as neutral on this bill because there is currently an exemption from the securities licensing bill before the Legislature. That bill is before the Senate Committee on Commerce, Labor, and Energy. The bill is seeking an exemption from the licensing requirements of the Securities Division.

The business broker permit was created in 2005 and was meant to protect those sellers and buyers of real property who also have a business sold as part of the property, so the real estate professional had some training in valuation. Business is defined as tangible assets and good will. The Securities Division is concerned about business broker activities because there are many business brokers who are also in the business of selling securities. There are some individuals who call themselves business brokers who deal in mergers and acquisitions, work with small entity formation, sell new companies, and sell businesses.

The business broker is a permit added to a real estate license and is not meant to be a license that applies to all the myriad of activities that a business broker performs.

**Chairman Bobzien:**

Are there any questions?

**Assemblywoman Carlton:**

Licensure gives the state a hammer. If these people are not licensed, what recourse would our constituents have if there is a problem?

**Diana Foley:**

How the Real Estate Division would deal with that issue is going to be different from how the Securities Division would. If we are talking about a violation of the securities laws, we have the ability to fine people, which could lead to a felony in certain cases. This particular permit is a limited permit for selling a business. It is not a wide permit that allows a business broker to do all of certain kinds of activities. I cannot speak for the Real Estate Division.



**Assemblywoman Carlton:**

When I think of selling a business, sometimes a person sells the "book of business" and sometimes he sells the location. If you are selling the business within its location and are transferring real estate, you need to have someone who knows real estate law. It is nice to hear that you still have a hammer in the Securities Division.

**Diana Foley:**

If a person sells securities and is not licensed, we have remedies. One of the issues that has arisen in the exemption bill that the business brokers are requesting is the level of education that business brokers have and whether or not they should have certain education so that when they are involved in a transaction that will likely be consummated as a sale of security, they are aware of it and can deal with it. That is another bill, but I want you to be aware of it.

**Assemblywoman Carlton:**

It is always good for us to know what other pieces of legislation are moving in the building so we can look at the discussion in total. I am still concerned about the real estate part of this.

**Chairman Bobzien:**

We do not have anyone from the Real Estate Division here, which is a problem. Is there anyone else wishing to testify from a neutral position on this bill?

**Linda Hentges-Nyman:**

I can answer some of the questions asked.

**Assemblywoman Carlton:**

If an exemption is allowed and there is a problem for a number of different issues in the scope of practice, where is the hammer in the state of Nevada to get recourse?

**Linda Hentges-Nyman:**

We are trying to make sure that those parties who are coming into this state do have to have the license. The Real Estate Division governs licensees, so if contracts are written inappropriately or a party was not protected properly, the Division will be the hammer.

**Assemblywoman Carlton:**

If they are practicing without a license, most areas in the state have a provision that lets them go after someone who is misrepresenting himself or practicing where he should have a license. I have a concern about the open-endedness of the new language with the words a "proposed transaction or prospective

transaction." I want to make sure the clients and constituents are protected and have somewhere to seek recourse. If there is a problem with them not going after nonlicensees now, we need to fix that by giving them the authority to do it and not by diluting who gets licensed.

**Jack Novak:**

By deleting that little sentence in the definition of what is a business broker, we are tightening the law so that many people who are acting as business brokers will be covered by this law. We will eliminate people from out of state who come into Nevada to do this work. The current law is not clear and specific. Our legislative committee for the Nevada Business Brokers Association has met with Administrator Gail Anderson of the Real Estate Division and all of the Realtor Associations and have been working on this issue for two years. None of them object to what we are proposing.

**Chairman Bobzien:**

Are there any questions? [There were none.] Assemblyman Stewart, do you have any closing remarks?

**Assemblyman Stewart:**

I appreciate the Committee hearing the bill and providing input.

**Chairman Bobzien:**

I will close the hearing on A.B. 225 and open the hearing on Assembly Bill 187.

**[Assembly Bill 187](#): Revises provisions governing retail installment contracts.  
(BDR 8-977)**

**John Sande IV, representing PassTime USA:**

Today you will hear about a relatively new technology and a legal contract involved in the sale of motor vehicles called the retail installment contract. Our goal through this legislation is to recognize that these two can coexist. I have information on starter interruption devices ([Exhibit C](#)), the single document rule ([Exhibit D](#)), a bullet-point handout on some of the benefits of GPS starter interruption devices ([Exhibit E](#)), and some numbers illustrating the amount of additional business that has arisen as a direct result of these devices ([Exhibit F](#)).

We realize that there will be testimony today opposing the method that this bill attempts to resolve a unique legal issue. We have talked with the opposition, and we are not tied to the specific method by which the original bill attempts to accomplish our goals. My clients have recently passed similar legislation in California while working with consumer interests and were able to craft language that provided clarity in the laws, yet provided consumer protections as

well. We are confident that we can work with the opposition to craft similar legislation specific to Nevada. I would like to introduce Corinne Kirkendall.

[John Sande IV provided a handout, Payment Devices Best Practices ([Exhibit G](#)).]

**Corinne Kirkendall, Vice President of Public Relations, PassTime USA, Littleton, Colorado:**

Thank you for providing us the opportunity to talk about PassTime, the single document rule, auto financing in Nevada, and the installation of the starter interrupt and Global Positioning Systems (GPS) devices, including our disclosure policies and some of the consumer benefits the systems provide.

PassTime is a family-owned business and has been in the auto-finance business for 20 years focusing on quality and support. We sold over 1.5 million devices protecting over \$5 billion in assets. PassTime currently supports over 10,000 dealers and lenders worldwide. We have 24/7 customer support for dealers, lenders, and consumers, including support in Spanish. One hundred percent of PassTime devices are visually inspected, functionally tested by a tester, and then again tested manually. This procedure leads to a failure rate of less than 0.5 percent on over a million and a half devices. PassTime owns, controls, designs, manufactures, and ensures all of the quality processes.

The start interrupt devices are discretely installed under the dashboard in the vehicle with the starter in a five-wire harness. Every customer receives a remote backup in case they have an emergency so they can call the lender or have 24 hours to use the vehicle. When properly installed, the device will never shut off while driving. It has no interface with the vehicle operations in reference to disabling while driving. PassTime has a dedicated installation portal, installation manuals, installation guides, and dedicated licensed mechanic that focus on the clear and concise information, so installers and mechanics can install our devices in the easiest and most effective way possible.

PassTime provides consumer disclosures for every state to the dealers and lenders. In addition, every state with a "right to cure" period has a specific disclosure to address those cure periods, during which people can catch up on their payments. PassTime has also built these cure periods into our proprietary software, so the dealer or lender will not have to worry about complying with the laws for each specific state, because we have already done it for them.

I would like to address some of the benefits of these devices to the consumer. I have submitted a document, PassTime Consumer Benefits. [Read from handout ([Exhibit E](#)).] A GPS device can be used to help recover a vehicle if

stolen. The device is a tool to track an asset, not a consumer. It offers lenders the flexibility to work with consumers struggling with payments, instead of immediately repossessing the vehicle. PassTime has cooperated with state and federal law enforcement on numerous occasions, including alleged interstate trafficking of persons and substances, as well as stolen vehicle cases.

These devices were developed to help the consumer rebuild credit. They should be seen as a tool to help the consumer get back on his feet.

**Christine Hennick, Director of Finance, CAG Acceptance, LLC, Mesa, Arizona:**

We are a family-owned auto-finance business based in Arizona since 1997. I have worked with the company since 1998. Our company has five tiers for loan approval. Factors we review include credit score, bankruptcies, credit history, auto credit history including number of auto repossessions or charge-offs, home foreclosures, employment, and residential stability. Our top tier finances customers with a credit score of 600. Our lowest tier finances customers with no credit or a score less than 450 who have already experienced up to three auto repossessions or charge-offs and may have limited income or are unable to verify all of their income. We encourage financing of extended service contracts so that customers can afford to fix mechanical breakdowns through at least half of the term of their loans.

Our average customer has a credit score of 500 and has had two repossessions or charge-offs, one bankruptcy within the past seven years, and less than six months on their current job. This is a customer who more than likely would not get financed for a late-model vehicle with most lending institutions. This customer generally falls in our tier 3 program, which allows financing of up to \$12,000 and a maximum term of 45 months.

Before implementation of the starter interrupt systems, in 2009 our company financed \$4.8 million in new loans, of which \$361,000 or 7.4 percent were loans provided to Nevada residents.

Because of the confidence PassTime instilled in us, we were able to recover our collateral and increase revenues. In 2011, we lent just over \$22 million to 1,822 credit-challenged customers, of which \$7 million was lent to 615 Nevada customers. Ninety-five percent of our new customers had PassTime units installed in their vehicles, and 591 were Nevada residents.

Growth in 2011 represented a 400 percent increase in our overall business compared to 2010, and a 1,400 percent increase in our Nevada loans. Considering a state sales tax of approximately 7.1 percent, this resulted in \$500,000 in taxes to the state, plus registration and title fees, not to mention

increased business for Nevada insurance companies, gasoline vendors, mechanics, and other vehicle-related businesses. Implementation of our PassTime program meant that there were 591 Nevada residents who had reliable transportation to get to work and were able to start to rebuild from past credit mistakes. As you can see from our compilation handout ([Exhibit F](#)), in 2012 we had similar numbers, and we see no reason for these numbers to be any different in 2013. In 2011 and 2012, Nevada loans accounted for 33 to 40 percent of our new loan business. Because of this growth, CAG Acceptance, LLC, has three full-time employees in Las Vegas to support the dealerships with which we work and to be physically available for our customers.

Most of us have been fortunate that we have not had a financial setback that resulted in an inability to pay our debts. Unfortunately, some of us have. Those of us who have can understand and appreciate how important a second or even a third chance can be in our lives. Our business believes that we are providing consumers with that "last" chance and the majority of our customers are successful in reestablishing positive credit, which is shown clearly by our decrease from 28 percent delinquency in 2009 to less than 9 percent in 2012. My account representatives and I have provided counsel to several customers with regard to refinance and repayment strategies to help them succeed and obtain more mainstream financing.

We looked at several different starter interrupt companies before entering into a relationship with PassTime. While this is not a marketing endorsement of PassTime, we wanted to do what was best for our customers when we went with a starter interrupt device. We were able to design our program to suit our needs and comply with state laws as well as provide two emergency codes per pay period. PassTime has a 24-hour-a-day, 7-days-a-week customer service center. Our customers can contact them if they have a problem even when our office is closed. We also have the flexibility to send PassTime's customer service center direction, such as giving everyone an additional emergency code during a holiday weekend if a customer calls and asks. PassTime has also been very supportive of installer technician training and provides fantastic resources online. We are able to offer our Las Vegas and Henderson customers a mobile technician who can go to them if they are having issues. We rarely charge our customers for this service, even though there has never been a time that the problem they were having was PassTime-related.

As a subprime finance company, when we look at an individual's request for credit, it is easy to find at least one reason to say no to lending that individual money. PassTime makes it easier for us to take a higher risk and say yes.

The primary reason that CAG Acceptance has been able to loosen its funding requirements, and allow a higher amount financed per loan, and increase our business in Nevada is the PassTime starter interrupt device. If we believed that Nevada laws were counterproductive to the success of our financing programs, we would have no choice but to reconsider our loan programs to minimize our business risk and exposure.

**Nicole F. Munro, Counsel, PassTime USA:**

I am a partner in the Maryland office of Hudson Cook. I am also the chair of the Consumer Financial Services Committee of the Business Law Section of the American Bar Association.

I focus my law practice on non-litigation compliance issues related to automobile sales and finance. I represent dealers, finance companies, ancillary products providers, financial institutions, and forms companies. I counsel those companies on how to comply with federal and state laws. Last year, I worked closely with John Sande IV, the Nevada Division of Financial Institutions, and Dan Wulz of the Legal Aid Center of Southern Nevada to develop revisions to the state-mandated retail installment contract. Yesterday, I submitted recommended changes to the state-mandated credit application.

I am here today to discuss the general impact of Nevada's single document rule on automobile sales and finance. The Nevada Retail Installment Sales of Goods and Services Provisions provide that every retail installment contract must be contained in a single document which must contain the entire agreement of the parties. That single document is a mandated contract that is prepared and issued by the Nevada Financial Institutions Division (FID). The FID has prepared a basic contract, as well as slight variations of that basic contract, that may be used for transactions involving simple interest, precomputed interest, balloon payments, and recreational vehicles. A dealer and a buyer entering into a consumer motor vehicle retail installment contract must pick one of those four contracts in order to do business in Nevada.

Nevada's single document rule, coupled with the mandated contract, restricts the ability of a buyer and a seller in a retail installment transaction to tailor the transaction to meet the particular needs and circumstances. This can limit the initial effectiveness of the contract, as well as the ability of the parties to interact and respond to changing circumstances during the life of the contract. Further, the law limits the ability of the Nevada Legislature to respond to and effectuate changes in the retail installment contract.

The Nevada single document rule and mandatory contract forms require a buyer and seller to enter into a one-size-fits-all agreement. We recognize and support

the concern for consumer protection, but also support the ability for creditors to provide additional documents and disclosures which could benefit both the dealers and their customers. There are terms and ancillary products that may benefit a particular buyer or dealer but may be deemed prohibited because they are not within the current contract structure. For example, some dealers provide a "we owe" document at the time of the transaction, which would indicate that the dealer has to make a repair as part of a sale. That is an outside agreement to the retail installment contract. The single document rule could prohibit the addition of that agreement. No court in their right mind is going to say to the dealer, who said they were obligated to fix something, that the agreement does not comply. The alternate is true for the buyer. The dealer is the first one to be taken to court and has to defend against the single document rule.

When the contract is signed, the buyer and seller must interact within the confines of that contract. Adjustments over the term of the transaction may not be permitted. For example, it is unclear whether a creditor in Nevada would be permitted to modify the contract terms to allow a buyer to defer payments if the buyer had financial difficulty. There are many reasons a financier would modify contracts. At my law firm, Hudson Cook, we counsel our clients to say we are not sure that you can do that in Nevada.

Further, the single document rule and the use of the mandatory form limit the ability of the Nevada Legislature to implement changes to the retail installment contract. Under the current law, changes to the retail installment contract that are adopted by the Legislature take effect only when the new contract is issued by the FID.

In 2009, the Legislature passed Assembly Bill No. 274 of the 75th Session, which contained default provisions and a change in the "right to cancel" date. That contract implementing those provisions was not adopted until October 2012.

This statutory and regulatory structure of the single document rule and the mandated model contract is applicable only in Nevada. There is no other state in the country that has this statutory and regulatory structure. Seventeen other states have single document rules. None of those states mandate a contract, and none effectively prohibit additional documents integrated as part of the transaction.

In California, Minnesota, and North Dakota, the single document rule is limited to the terms of credit—such as the total cost of credit and payment terms—which is very similar to the current proposal for A.B. 187. These are the same

terms that apply under the federal Truth in Lending Act, and they say that you have to provide cost of credit terms and an itemization of the amount financed. There are 14 other states that have single document rules and do not prohibit or expressly allow the use of addenda to their retail installment on a contract. The remaining 32 states and the District of Columbia do not have any single document rule.

Nevada's single document rule, coupled with the mandated contract, inhibits business and restricts the ability to change the contract and progress technologically. It requires business to limit practices that are generally acceptable throughout the country. It limits the ability of businesses to react to legislative changes at the federal and state level. It limits the ability of businesses to react to consumer situations and technological advances.

I respectfully submit that the Legislature can protect consumers from bad players and facilitate good business practices without boxing dealers and consumers into a one-size-fits-all arrangement. The addendum disclosure proposed by PassTime provides necessary consumer disclosures that are an important part of the transaction. We believe the single document rule could prevent those disclosures from being legally part of the transaction.

**Chairman Bobzien:**

Are there any questions?

**Assemblywoman Carlton:**

We already have the starter interrupters in the state, is that correct?

**John Sande:**

That is correct. The purpose of the presentations, especially that of Ms. Munro, was to illustrate some of the complexities of the retail installment contract. We are attempting to establish that these two things can coexist. We believe that there are necessary disclosures that need to be made when utilizing a product such as a vehicle interruption device. The retail installment contract, because of the single document rule, provides some confusion as to whether that ancillary document can be disclosed. Maybe the way the bill is written is not the best way to go about these changes. We are willing to work with the opposition to arrive at a solution that works for everybody.

**Assemblywoman Carlton:**

You are doing something now that allows you to provide loans on these vehicles. How are you getting around the single document rule? What kind of reaction have you had from consumers, and have there been complaints?



**John Sande:**

That is why we are here. You will hear testimony from people who have raised this issue and made the argument that these devices cannot be used because of the single document rule. A judge ruled that the devices were not prohibited and the disclosures did not violate the single document rule. Our concern is that another judge may disagree and this will have to go to the Supreme Court. We would like to clarify that this product can be adequately disclosed to customers and not violate the single document rule.

**Assemblywoman Carlton:**

Can you tell me what court that was?

**John Sande:**

I believe that was in the Eighth Judicial District Court in Clark County.

**Assemblywoman Carlton:**

I am always worried about getting involved in something that has litigation potential.

**Chairman Bobzien:**

Are there any other questions?

**Assemblywoman Diaz:**

When a consumer buys a vehicle, how does he know about it?

**John Sande:**

Those disclosures are provided and they are specific to Nevada to address the unique Nevada laws in regard to default and cure periods. Our disclosures do not intend to subvert current law and will be in compliance with Nevada law.

**Assemblywoman Diaz:**

I think we lost the scope of the intention of the bill. Can you define for the Committee your intention in having to amend this bill?

**John Sande:**

Our goal through this legislation is to recognize in statute that this disclosure does not run afoul of the single document rule. There is no current pending litigation. The case mentioned earlier was adjudicated in favor of my clients.

**Assemblywoman Bustamante Adams:**

What is the failure rate of these devices?

**Corinne Kirkendall:**

I do not have the exact failure rate, but in over a 1.5 million devices, our overall rate is less than 0.05 percent or extremely small. They provide every opportunity for the device to be installed properly. We provide the resources and the training to ensure the device is installed properly for both the dealer and the lender. We also have a 24-hour call line for consumer questions or issues.

**Chairman Bobzien:**

Are there additional questions? [There were none.] Are there additional proponents for the bill? Seeing none, we will move to opposition.

**Jon Sasser, representing Legal Aid Center of Southern Nevada and Washoe Legal Services:**

The bill as written is a broad scale attack against the Nevada single document rule. It opens the door wide to abate it in a lot of important ways by saying that other than those items in *Nevada Revised Statutes* (NRS) 97.185, which are the basic cash price, amount of down payment, et cetera, you can give a disclosure or have terms of a contract that are not in a single document. The single document that has been adopted by the Division of Financial Institutions is a 14-page document that includes many more items. Some of those items are important to legal services. There was testimony submitted by Dan L. Wulz from the Legal Aid Center of Southern Nevada ([Exhibit H](#)). On the first page he talks about the fact that the single document rule would be limited to the few terms and not to the 14-page document adopted by the Commissioner. There are some very important things which have been excluded.

There is nowhere in statute, but in this document the term default is defined. Default is defined as being 30 days in arrear of a payment. If that definition of default did not apply, then one could use a vehicle interruption device if the consumer was one day late on a payment. Most of the provisions in the single document rule have been the result of compromise between Mr. Wulz and the auto franchise dealers represented by Mr. Sande. Included in there is the "yo-yo sale." A person thinks she has financing and has possession of the vehicle, but learns the financing failed. Then the consumer has to get a different financial agreement to keep the vehicle. The single document rule, which the state has had since 1965, covers these issues. The first part of Mr. Wulz's testimony goes into the value of the single document rule as it exists today. If the bill is about an attack on the single document rule, then you are making a lot of changes to Nevada law beyond anything you have heard today.

If the bill is not about the single document rule, but about the new technology of starter interrupters about which we have no laws, then I would invite the Committee to think about some things. Do we want these devices in our state?

If we do, should we have any laws governing their use? I do not think these things are a disclosure but are an extra term of the contract that needs to be discussed. Under current law, we feel it violates the single document rule. If they want to change the single document, they should go to the Commissioner of the Division of Financial Institutions and have the discussion. If they want to make an exception to the rule for this particular device, they should take it to the Legislature to make that determination. It is not just a matter of disclosure. The current law provides that a person buys a car, and the dealer keeps a security interest in the car. If the buyer falls behind in his payments, the car can be repossessed. I do not know if turning the car off while operating is a repossession or not. Does it meet the definition of a repossession? Are we changing the law on default to something else? All those things would need to be considered.

The devices as described sound wonderful. The Kansas Office of the State Bank Commissioner found that the devices "present a serious public safety concern," and may comprise an unconscionable act or practice. The devices may foreseeably malfunction and cause traffic incidents that adversely affect individuals other than the borrower.

The Michigan Department of Consumer and Industry Services found that installing the device into the vehicle "causes it to be so intimately incorporated into the vehicle that an accession occurs. The doctrine of accession causes title in the device to pass from the dealer to the installment buyer of the vehicle." There are a lot of legal and safety issues related to these devices on which the Legislature has never taken a policy stand.

If this is not about knocking out the single document rule and is only about these devices, we are happy to have the discussion with Mr. Sande. We have to have something in the law that would say the vehicles could not be cut off in motion. What if the driver is put at risk, and what recourse does he have? All the issues in Mr. Wulz's testimony need to be considered ([Exhibit H](#)).

We strongly oppose the bill and feel the introduction of the starter interruption devices should be regulated or there should be laws regarding their use and their role in default.

**Chairman Bobzien:**

Are there any questions?

**Assemblyman Hansen:**

Is Nevada the only state with a single document rule?

**Jon Sasser:**

That is not what I heard. I believe that Nicole Munro's testimony said there are different versions of the single document rule in 17 states. She said our rule is unique in some ways.

**Assemblyman Hansen:**

This is much more in depth than the bill indicates.

**Chairman Bobzien:**

Are there additional questions?

**Assemblyman Ohrenschall:**

An argument for this bill is that it helps low-income people get into a vehicle. Public transportation is difficult. I wonder what your response is to that argument?

**Jon Sasser:**

The argument seems to be if people have bad credit and they have the security of this device, which makes it more likely that they can be repossessed under current laws, it is a policy decision for the Legislature. There needs to be protections surrounding the devices rather than just opening the door by including things not currently in the single document.

**Assemblyman Ohrenschall:**

Some data would be helpful.

**Assemblyman Grady:**

We have two completely separate issues. Are we talking about the contracts or about a device we want to license?

**Chairman Bobzien:**

Are there any final questions for Mr. Sasser? [There were none.] Are there others to testify in opposition to the bill?

**Sophia Medina, Staff Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada:**

I represented my client, Ms. Smith, in a case which addressed the issue of the installment device versus the contract. The judge in the Eighth Judicial District Court in Clark County held that the one document rule precluded the addendum that Ms. Smith was forced to sign in order to put the disablement device on her vehicle because it changed the terms of the contract. The device was shutting off her vehicle prior to her default under the contract. That is the connection

between the one document rule and the PassTime electronic disablement devices.

We oppose this bill for two reasons. It essentially voids Nevada's one document rule and because it puts lives in danger. This bill allows devices that shut off cars. It is bad policy and should not be put into law in Nevada. Imagine that you were a day late on your car payment and your car begins to beep incessantly and you have no idea why. You are driving on the freeway and your vehicle shuts down, which endangers your life and all those who share the road with you. This is all done by a computer. There is no way to dispute whether or not you have made a payment. There is no way for anyone to access the consequences of the vehicle being shut off. The proponents of the bill will say this is far-fetched, unlikely, or statistically rare. My client had two different PassTime electronic disablement devices installed in her car, and each time her vehicle was shut off while driving.

**T. Candice Smith, Private Citizen, Las Vegas, Nevada:**

I am appearing today as a concerned citizen not only for the public in general but because this affects me directly. [Read from prepared testimony ([Exhibit I](#)).]

When CAG required the PassTime device to be installed, my credit score was 690, I had paid off another car, and I had never filed bankruptcy.

**Chairman Bobzien:**

Are there any questions? Seeing none, is there additional opposition to the bill?

**George West, Attorney, Las Vegas, Nevada:**

I have been a consumer attorney for 22 years. In the last ten years I have specialized in the area of automobile fraud, mostly in Las Vegas. There is more than meets the eye in this legislation. My main concern is twofold. We already know some of the problems with the electronic disablement devices. Three of my clients have had them shut off while their vehicles were moving. What is the real intent and objective of this legislation? I believe the proponent, Mr. Sande, wants a legitimate way to have these electronic disablement devices put in cars for various reasons. The underlying policy reasons can be debated. The single document rule could become a hindrance to that. There are alternatives to that, one of which is in Part 6 of Article 9 of the *Uniform Commercial Code* (U.C.C.).

I am most concerned with the testimony by Ms. Munro. What I heard from her is the complete dismantling or evisceration of the single document rule. I heard a characterization that Nevada is in the Stone Age. Nevada is really the vanguard of consumer protection. I have been involved in numerous class and

individual actions in this country. I am extremely aware of single document rules. They are there for a primary purpose. Although Nevada's single document rule was passed in 1965, it is one of the best. You are part of this community, and next to your home, a vehicle is going to be the most expensive and important purchase you are going to make as a consumer within your community. You are going to do it 10 to 15 times in your lifetime.

The purpose of the single document rule is that it is the single integrated document that you have, as the consumer who might buy a car once every three to four years versus the dealer who sells 30, or 40, or 100 cars per month. The consumer comes in unarmed automatically. The most intelligent consumer who believes that he can negotiate a good deal should know that is almost a fallacy. There are too many bad players and we are not going to weed them out. All that most consumers are concerned about, especially subprime consumers, is the amount of their monthly payment. Everything the consumer needs to know is on the one comprehensive integrated document. A consumer who finances the purchase of a car would only have to read the one document retail installment sales contract. It is their gospel, and that is reflected in the way this legislation currently reads in section 1, subsection 1, paragraph (c), which states, "The seller may provide in a separate document any disclosure not otherwise related to the items set forth in NRS 97.185."

One thing the Committee needs to understand is that NRS 97.185 is not the complete disclosure that is required under NRS 97.299, which has to do with required itemization of every single aftermarket item. The consumer can go through the itemization line by line to see how much he pays for each item. That is the sacred document on which every consumer relies. This legislation as currently worded would allow a dealer to put those itemizations on a separate document. It could be buried in the file. It is not incumbent on the consumer to start fishing through 50 documents to figure out exactly what they are being charged. Everything is on the single document.

This legislation is going to allow a lot of bad players to take advantage of your constituency and the people in our community. If this Committee wants to increase litigation and put more problems and create more logistical issues for our already stretched judiciary, that is what this legislation will do. This is not the way to go. If you want clarity and consistency and do not want ambiguity, the best way to do it is to get full disclosure in one document. This legislation will create more litigation. It is a disaster for the dealerships and the community.

The devices can be dealt with within Article 9 of the U.C.C. The way this legislation reads, there is much more than meets the eye. What I heard from

John Sande is not consistent with what he told me. What I heard from Ms. Munro is that if we cannot scrap the single document rule, we need to eviscerate it because this keeps Nevada in the Stone Age and is bad for business. If you want it to be bad for business, pass this legislation the way it is, and there will be more litigation.

**Chairman Bobzien:**

Are there any questions?

**Assemblywoman Diaz:**

Is there a way to currently add these devices?

**George West:**

I think the alternative is not to affect the single document rule. We could put a proviso in NRS 97.165 that maintains and protects the single document rule. It could say something like, otherwise as provided for in NRS Chapter 104, which is the Article 9 of the U.C.C. which is where these things should be considered. You could carve out an exception within NRS 97.165 and keep the single document rule. If you want to deal with these devices specifically as to what constitutes a repossession of collateral as a secured creditor under Article 9 and deal with what constitutes a repossession, deal with certain penalties that would be assessed against subprime lenders or dealers that activate these devices before the 30-day default period. You could deal with this legislation while maintaining the integrity of the single document rule. You could say "as provided for in Article 9 of the U.C.C." and cite the NRS section. Everything must be maintained in a single document. Subsidies should be completely out. That is how you can deal with these interlock devices. It would still maintain protections. It gives the banks and the dealers the protections they want, and it will provide penalties to protect the consumers.

**Chairman Bobzien:**

Are there additional questions? [There were none.]

**Craig Friedberg, Attorney, Las Vegas, Nevada:**

I am a private-practice attorney and have practiced for 22 years in Las Vegas. I also do consumer protection law. I wanted to bring up a number of points which deal with the safety issue. Ms. Smith's issues are not the result of an isolated incident. I have had calls where a consumer had purchased a used car. His first payment was pending and he had problems with the car. The dealership told him to take the car into the dealership. A few days after the first payment was due, while he was on the way to the dealership, they disabled his car. He could not even get the car to the dealership so they could determine what the repair issues were.

Mr. West discussed the shortening default rule. I have seen incidents where a dealer will attempt to shorten the delinquency period. The type of language that could be included with this contract could undermine all of the itemizations and provisions that are in NRS 97.299 and those provisions that have been adopted by the Commissioner with respect to how to take the provisions and place them into a readable document for any consumer to see.

**Chairman Bobzien:**

Are there any questions? [There were none.] Is there any other opposition? There needs to be some work done to resolve some of the differences between the parties. I will close the hearing on A.B. 187. I will open the hearing on Assembly Bill 284.

**Assembly Bill 284: Provides for the early termination of certain rental agreements by victims of domestic violence. (BDR 10-525)**

**Assemblywoman Lucy Flores, Clark County Assembly District No. 28:**

This bill allows victims of domestic violence to be able to terminate their lease early with 30-day notice or through the end of their current lease agreement term. It makes the abuser liable for a landlord's economic loss. It allows the victims to have the locks changed, and it protects victim's information. This bill is a work in progress. I have been diligently working with the Realtors Association and the Apartment Association to try to come up with something that works for everyone. The focus remains on the domestic violence victim. I will go through the bill, and there will be a mock-up of amendments to the bill. We are working on the list of the qualified third parties.

The first change is in section 1, subsection 1. It says that "the tenant or cotenant may terminate the rental agreement by giving the landlord 30 days' written notice." In there we are going to add "or notice through the current rental period, whichever is less." That means if a situation occurs midmonth, the tenant has to give notice through the end of that month. If it occurs at the beginning, he would give the full 30-day notice. It allows the tenant to go through the current period and be financially liable to the lease up until the current rental period. In section 1, subsection 2, it lists how a person can give notice. She can give notice with a copy of an order for protection, a written report from law enforcement, or a copy of a written statement by a qualified third party. In the written statement we are adding the word "affidavit." We want to mitigate the possibility of people taking advantage of this to get out of a lease.

Under subsection 4, lines 25 through 27 on page 2 of the bill are being removed at my request. When the language came back from the Legal Division, I did not



have time to have it edited. I am taking out "The amount due from the tenant or cotenant must be paid to the landlord on or before the date the tenant or cotenant vacates the dwelling" because it would defeat the purpose of the bill. Also on page 2, the sentence on lines 31 through 34 is being deleted because it is in conflict with current statute. When a deposit is paid, it must be itemized when it is returned. If part of the deposit is kept, the payer must get a statement that explains how the money was used.

The other changes are to the qualified third-party list. Many times domestic violence victims do not go to law enforcement and get the protective order, but they will seek help elsewhere, such as through an anti-domestic violence organization, a church, or a social worker. In the list, everyone holds a professional license. We are trying to ensure that we reduce the ability for anyone to take advantage of this to get out of a lease. If someone has a professional license and she gives an affidavit to get a person out of a lease, the consequence could go against her license. We are removing an attorney licensed to practice in this state and an employee of any court of this state. We are working on the language on page 4, line 7 so we can narrow it to a person who is employed either as a licensed professional or an executive director of an anti-domestic violence organization, with the possible inclusion of a member of the board of directors of the organization. In the rural areas of the state some of the anti-domestic violence organizations are completely volunteer-based and none of them are paid. We want to ensure that those people are able to provide an affidavit if necessary.

Domestic violence in Nevada is a big issue. In 2012 there was a lot of media coverage because a Centers for Disease Control report that was issued in 2011 found that nearly half of all women living in Nevada who participated in a survey had experienced domestic violence in their lifetime. The Violence Policy Center issued more troubling information using 2009 data. Nevada led the country in domestic violence fatality rates. I believe the majority of the fatalities were women.

This lease issue came to my attention because an attorney told me she often worked with women who have issues with their leases when they try to seek shelter and safety. Often they cannot leave or they are burdened with the financial obligation in trying to flee their abuser. I immediately took interest. It was difficult to find victims to testify on this bill. The reason is that no one wants to admit that she is a victim and that she may have voluntarily subjected herself to abuse. When I was young, I did. I had the courage to leave my abuser when I was in my early twenties.

I had a rough childhood and did not have a lot of support. I ended up in a relationship and finally got the courage to leave. My little brother was visiting and my boyfriend was choking me, locked me in a bathroom, and threw my phone in the toilet. My brother escaped and sought help. My father came, and I left. I knew it was the right thing to do because I could not allow my brother to think that behavior was acceptable. I broke my lease and had that financial burden. In situations like that you need to get to a better place and to deal with it. I got another apartment and a temporary protective order. About a month later, I arrived home and he was waiting for me. I was severely beaten. He said I would regret leaving him, and he kept his promise. After I crawled into an apartment—while others heard me screaming as I was being beaten in broad daylight outside of my apartment—I called the police. They responded and took me to the hospital. I then tried to leave that apartment.

Despite my appearance and the police report, that apartment's management did not want to let me out of the lease. I broke that lease too. It took a long time for me to feel safe by myself. I was being pursued for the broken leases. It was difficult to rent another apartment because of the two broken leases.

That is why I think this bill is important. We have to be sure that landlords are able to contract and protect their business interests, but we also have to care about victims and women who end up in those types of situations. As difficult as it already is to leave that type of situation, I do not think that we need to encourage a state of affairs where it is more challenging to get out of the situation and start to rebuild lives. I rebuilt my own life, but it was difficult. That is why I think this is important, and I hope you will agree with me.

**Chairman Bobzien:**

Are there any questions?

**Assemblyman Ellison:**

I am a landlord and the last thing I would want would be for a woman to be stuck in a lease, in an apartment, and be a target. Sometimes it is best to say, I understand. Regarding the bill, you said you had a part that you were going to delete.

**Assemblywoman Flores:**

There were several parts to be deleted. We are deleting from the list of qualified third parties. They include an attorney licensed to practice in this state and an employee of any court of this state, and I am finding appropriate language for any person who is employed by or volunteers for an agency or service. The reason for that is to have a person in authority provide an affidavit so it comes from a credible source.

**Assemblyman Grady:**

Thank you for your testimony. I had a person from Fallon contact me and sent in two leases. The lease says a person can be evicted within 24 hours if there is a call reporting domestic violence. Is that normal?

**Assemblywoman Flores:**

I am not sure whether that is normal. The federal Violence Against Women Act prohibits, at least in public housing, the ability to evict someone because there has been an incident of domestic violence.

**Assemblyman Ohrenschall:**

The law, as is, seems to throw salt into the wounds of victims in terms of their not being able to find another apartment and having their credit ruined. In Las Vegas, there are apartment conglomerates that own 40 or 50 apartment complexes. If you have to break a lease with one of the big owners, you could be shut out of many apartments and it could be difficult to find another place to rent. Do you think this bill will address that situation?

**Assemblywoman Flores:**

I believe this will address that issue. This gives the renter the ability to legally terminate a lease early and absolves her of liability throughout the end of the lease agreement. It is a legal way to break a lease, and the person would not be held accountable for the rest of the lease agreement term.

**Chairman Bobzien:**

Are there additional questions? Seeing none, we will move to Ms. Meuschke.

**Susan Meuschke, Executive Director, Nevada Network Against Domestic Violence:**

I would like to thank Assemblywoman Flores for bringing this bill and for sharing her story so the reason for this bill becomes real for the Committee. The Nevada Network Against Domestic Violence is the statewide coalition of anti-domestic violence programs in Nevada. I am here today to testify in favor of Assembly Bill 284. [She read from prepared testimony ([Exhibit J](#)).]

**Chairman Bobzien:**

Thank you, Assemblywoman Flores, for your courage in bringing forth this bill. Are there any questions? [There were none.]

**Assemblywoman Flores:**

There are others in Las Vegas who will testify in support of this bill.

**I. Kristine Bergstrom, Staff Attorney, Nevada Legal Services, Inc., Las Vegas, Nevada:**

We are a statewide legal aid provider funded by the Federal Legal Services Corporation. Our office works with tenants who reside in federally subsidized housing. Our clients are lucky because they are protected by the federal Violence Against Women Act (VAWA) as federally subsidized housing participants. Among other protections, VAWA allows them to terminate their lease early if they are the victim of domestic violence. They cannot be evicted because they are the victim of domestic violence, and housing authorities cannot discriminate against them for being past victims of domestic violence.

We see this situation nearly every month. Our clients are injured or threatened usually in their home. They are beaten and choked, and one had an incendiary device thrown into her apartment. Our clients obtain protective orders and report incidents to the police, but they are terrified that their abusers will come back once they are released from jail or will ignore the protective order. The best protection for them is to not be where the abuser can find them. Because they have the federal protections, we are able to assist them in moving, breaking their leases, and working with the housing authority to help them get new housing.

We also have a Tenant's Rights Center for people who are not in federal housing. The people we see there have the same problems, but they do not have the same protections. They are forced to incur fees from landlords, their credit histories can be ruined, or they have to stay where they are and risk the abuser returning and victimizing them again. It would be beneficial to Nevada if those people could have the same protections as the people in subsidized housing.

The clause in the lease about being evicted in 24 hours because of domestic violence is not normal. I am not sure that it is legal. I think it is in contradiction to *Nevada Revised Statutes* (NRS) Chapter 118A. If it is an issue, I would encourage your constituents to go to Nevada Legal Services for assistance.

**Chairman Bobzien:**

Are there any questions? Seeing none, are there others in Las Vegas wishing to testify in support of the bill?

**Christopher Preciado, Organizer, Progressive Leadership Alliance of Nevada:**

This is a personal issue for me also. One of my mother's old friends, Erma, was a mother of three. A couple of years ago, she moved into her new apartment with her children and her boyfriend. After a while, he started to abuse her. She stopped visiting us and we went weeks without hearing from her.

The only time we heard from her was when she sneaked out of her house while the boyfriend was not there. She told us what was going on, and we tried to counsel her to seek help. The situation continued for a couple months. She wanted to break her lease, but she would have to pay a huge penalty, which was not possible. That is why we support A.B. 284. It would provide an avenue for people who face domestic violence to seek a better life. I urge you to vote in favor of this bill to help victims of domestic violence.

**Sonia Garcia, representing Hermandad Mexicana Transnacional, Las Vegas, Nevada:**

I would like to testify in favor of A.B. 284. We are a nonprofit organization that provides direct services to victims of domestic violence. We support this bill based on our experience. We have seen it be necessary for victims to relocate in order to escape persecution by the aggressor, which sometimes forces the victims to break their lease. That results in penalties and liabilities. This bill will provide relief for victims.

**Jon Sasser, representing Legal Aid Center of Southern Nevada and Washoe Legal Services:**

We are in favor of A.B. 284. Both organizations I represent are nonprofit law firms that provide free legal assistance to low-income Nevadans in civil cases. Both have units that deal with victims of domestic violence, help to get temporary protection orders, and assist victims going through the divorce process. Washoe Legal Services represents tenants in matters with landlords. This bill would be of great use to these units because of the frustrations they face with people in private housing because there is no ability to break a lease.

It is not precedent setting to have people in the middle of leases who, through no fault of their own, need to break leases early. If you look at NRS 118A.340, we worked with apartment owners and real estate people about ten years ago to allow people to break their lease if they have a senior citizen or a disabled person in their home who needs to relocate to a higher level of care. It allows that person and the cotenant who could not afford the lease to break the lease. This is a similar process to that being proposed today for victims of domestic violence.

**Chairman Bobzien:**

Are there any questions?

**Assemblyman Hansen:**

On page 2, lines 17 through 20, it says, "circumstances that resulted in the tenant, cotenant or household member becoming a victim of domestic violence occurred within the 90 days immediately preceding the written notice of

termination to the landlord." Does that mean the victim can stay in the property for 90 days?

**Jon Sasser:**

It means that the victim needs to move within 90 days.

**Assemblyman Hansen:**

In that 90-day window, who pays the rent?

**Assemblywoman Flores:**

Those are two different issues. If an incident occurs and it takes 60 days to get your situation together, you can give notice that you will be moving. That notice is protected under this bill. The landlord would not be able to share the information with the cotenant. The person is still liable to pay the rent. It does not allow her to get out of anything for which she is still liable. If a landlord loses money, he can go after the abuser through small claims court to try to reclaim the losses.

**Assemblyman Hansen:**

On page 2, lines 31 through 34 mention the security deposit. Who is the landlord responsible to give that to?

**Assemblywoman Flores:**

That language is being stricken because it is in conflict with current law regarding security deposits.

**Assemblywoman Bustamante Adams:**

Will there be a mock-up for the changes?

**Assemblywoman Flores:**

I will provide a mock-up to members of the Committee.

**Assemblyman Hardy:**

What happens when the victim reconciles with the abuser?

**Assemblywoman Flores:**

If the rental agreement was terminated, the renter would have to restart the rental agreement. The lease would be terminated.

**Chairman Bobzien:**

Are there others in favor of this bill?

**Kristin Erickson, representing Nevada District Attorneys Association:**

We are in support of this bill. Domestic violence is a serious and dangerous problem, and this is a positive step forward in helping and protecting victims.

**Robert Roshak, representing Nevada Sheriffs' and Chiefs' Association:**

I am also speaking for Lieutenant Eric Spratley of the Washoe County Sheriff's Office. We are in support of this bill. Having responded to many of these issues when I was a police officer, I recall that one of the biggest problems was for a victim to be able to find a safe harbor. This bill appears to allow the victim to make the decision more easily.

**Chairman Bobzien:**

Are there any others in favor of this bill? [There were none.] Is there opposition? [There was none.] Is there anyone testifying as neutral?

**Mendy Elliott, representing Nevada State Apartment Association:**

We are working with Assemblywoman Flores to refine the amendment. We hope to have amendments that are fair to both the landlord and the tenant.

**Chairman Bobzien:**

Is there anyone else to go on the record on this bill? Seeing none, thank you, Assemblywoman Flores. I will close the hearing on A.B. 284. Is there any public comment? [There was no response.] Are there any matters to come before the Committee? [There was no response.] The meeting is adjourned [at 2:37 p.m.].

RESPECTFULLY SUBMITTED:

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Earlene Miller  
Committee Secretary

APPROVED BY:

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Assemblyman David P. Bobzien, Chairman

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name: Committee on Commerce and Labor**

**Date: March 22, 2013**

**Time of Meeting: 12:07 p.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 187	C	John Sande IV	Handout
A.B. 187	D	John Sande IV	Handout
A.B. 187	E	John Sande IV	Handout
A.B. 187	F	John Sande IV	Handout
A.B. 187	G	John Sande IV	Handout
A.B. 187	H	Jon Sasser	Prepared Testimony
A.B. 187	I	Candice Smith	Prepared Testimony
A.B. 284	J	Susan Meuschke	Prepared Testimony