

SENATE BILL NO. 123—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

FEBRUARY 5, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions governing certain loans.
(BDR 52-634)

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

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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 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 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 or high-interest loan, complies
7 with certain conditions, one of which is that the licensee does not commence any
8 civil action or process of alternative dispute resolution (ADR) on a defaulted loan
9 or any extension or repayment plan thereof. (NRS 604A.480) This bill removes that
10 condition, allowing such a licensee to make a new deferred deposit or high-interest
11 loan without including in the agreement therefor a provision which sets forth that
12 the licensee will not commence a civil action or ADR.

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,
4 if a customer agrees in writing to establish or extend the period for
5 the repayment, renewal, refinancing or consolidation of an
6 outstanding loan by using the proceeds of a new deferred deposit



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

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

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

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

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

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

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

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

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

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

30 *and*

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 not commence any civil action or process of alternative
37 dispute resolution on a defaulted loan or any extension or repayment
38 plan thereof.~~

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

