

**PROPOSED REGULATION OF THE COMMISSIONER
OF FINANCIAL INSTITUTIONS**

LCB File No. R049-05

July 6, 2005

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

AUTHORITY: §§1 and 3, NRS 658.055 and 675.170; §§2 and 4-7, NRS 675.170.

A REGULATION relating to installment loans; requiring certain licensees to pay an annual assessment related to the employment of a certified public accountant and the performance of audits and examinations conducted by the Division of Financial Institutions of the Department of Business and Industry; and providing other matters properly relating thereto.

Section 1. Chapter 675 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. *As used in this chapter, unless the context otherwise requires, “Commissioner” means the Commissioner of Financial Institutions.*

Sec. 3. 1. *Each licensee shall pay to the Division an annual assessment in an amount calculated in accordance with NAC 658.030 to cover the costs related to the employment of a certified public accountant and the performance of audits and examinations conducted by the Division.*

2. The Division shall bill each licensee for the assessment. The assessment must be paid within 30 calendar days after the date the bill is received.

3. A charge of 10 percent of the assessment will be imposed on any licensee whose assessment is received by the Division after the date on which the assessment is due. The Commissioner may waive the penalty for good cause.

4. As used in this section, "Division" means the Division of Financial Institutions of the Department of Business and Industry.

Sec. 4. NAC 675.010 is hereby amended to read as follows:

675.010 1. No licensee may advertise in any manner that may tend to confuse the identity of the licensee with any other unrelated licensee.

2. No licensee may advertise in any manner that a loan of a prospective borrower with another licensee will be paid or increased if the loan is transferred to the advertising licensee.

3. No unethical advertising by licensees will be permitted and the Commissioner ~~[of Financial Institutions]~~ reserves the right to require all licensees to submit proposed advertising for approval before its dissemination through the press, by radio or television.

Sec. 5. NAC 675.030 is hereby amended to read as follows:

675.030 1. Requests for payment must be made only to those obligated on the loan contract.

2. Collection attempts through written or printed communication, sent by mail, must be enclosed in a sealed envelope.

3. The ledger card must indicate when an account has been placed for collection or legal action taken. It must also indicate whether judgment was obtained, together with the date and the amount of the judgment.

4. On prepaid accounts, the ledger card must clearly indicate the amount rebated, both for interest and for insurance.

5. Adequate records which will enable the Commissioner ~~[of Financial Institutions]~~ to reconcile outstanding balances must be maintained in each licensed office.

6. If there no longer is an outstanding indebtedness from the borrower to the licensee, there must be delivered to the borrower by the licensee a termination statement as required by the Uniform Commercial Code (chapter 104 of NRS). Such delivery is necessary even though the Uniform Commercial Code under such circumstances does not require delivery of a termination statement unless the borrower makes a written demand upon the secured party for a termination statement.

7. If ledger cards or similar records for loan accounts and installment sale contract accounts are commingled in a licensee's files, there must be a system by which such cards may be readily identified one from the other, such as being of different colors or having corners of different colors. All of such cards must bear the date of the contract and must identify the type of transaction reflected on them.

Sec. 6. NAC 675.065 is hereby amended to read as follows:

675.065 1. A licensee may conduct business in the same office or place of business with a licensed mortgage company if:

- (a) The licensee and the mortgage company maintain separate licenses;
- (b) Each company is operated as a separate legal entity;
- (c) The books, records and accounts of each company are kept and maintained separately;
- (d) The licensee and the mortgage company are subsidiaries of the same parent corporation or otherwise have the same ownership; and
- (e) The mortgage company does not maintain trust accounts as those described in NRS 645B.175.

2. Each application for approval to conduct business pursuant to subsection 1 must be written and on a form prescribed by the Commissioner . ~~{of Financial Institutions.}~~

Sec. 7. NAC 675.080 is hereby amended to read as follows:

675.080 1. The Commissioner ~~[of Financial Institutions]~~ will charge and collect a fee of \$30 per hour from each installment loan company for any supervision, examination, audit, investigation or hearing conducted pursuant to chapter 675 of NRS.

2. The Commissioner will bill each installment loan company upon the completion of the activity for the fee established in subsection 1. The fee must be paid within 30 days after the date the bill is received. Except as otherwise provided in this subsection, any payment received after that date must include a penalty of 10 percent of the fee plus an additional 1 percent of the fee for each month, or portion of a month, that the fee is not paid. The Commissioner may waive the penalty for good cause.

3. Failure of an installment loan company to pay the fee required by subsection 1 as provided in this section constitutes grounds for revocation of its license.