

SENATE BILL NO. 242—SENATOR ROBERSON

MARCH 10, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Requires payday lenders to use best practices.
(BDR 52-953)

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

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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 payday lending; enacting the Payday Lender Best Practices Act; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law authorizes the Commissioner of Financial Institutions to license
2 and regulate persons providing check-cashing services, deferred deposit loan
3 services, high-interest loan services and title loan services. (Chapter 604A of NRS)
4 This bill enacts the Payday Lender Best Practices Act, which adopts certain
5 provisions of the Community Financial Services Association of America's Best
6 Practices for the Payday Loan Industry and makes those provisions applicable to
7 persons providing deferred deposit loan services, high-interest loan services and
8 title loan services.

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

1 **Section 1.** Chapter 604A of NRS is hereby amended by
2 adding thereto the provisions set forth as sections 2 to 13, inclusive,
3 of this act.

4 **Sec. 2.** *The provisions of sections 2 to 13, inclusive, of this*
5 *act may be cited as the Payday Lender Best Practices Act.*

6 **Sec. 3.** *1. In addition to the requirements of any other*
7 *provision of this chapter, or any applicable law or regulation of*
8 *this State or federal law or regulation, a licensee who has been*
9 *issued one or more licenses to operate a deferred deposit loan*
10 *service, high-interest loan service or title loan service pursuant to*



1 *this chapter shall comply with the provisions of sections 2 to 13,*
2 *inclusive, of this act.*

3 2. *The provisions of sections 2 to 13, inclusive, of this act do*
4 *not apply to the operation of a check-cashing service licensed*
5 *pursuant to this chapter.*

6 **Sec. 4. 1.** *A licensee who has been issued one or more*
7 *licenses to operate a deferred deposit loan service, high-interest*
8 *loan service or title loan service pursuant to this chapter shall*
9 *comply with the disclosure requirements of NRS 604A.405 and the*
10 *Federal Truth in Lending Act. A loan agreement between such a*
11 *licensee and a customer must fully disclose the terms of the*
12 *transaction, including, without limitation, the amount of any fees*
13 *charged for providing deferred deposit loan services, high-interest*
14 *loan services or title loan services represented in both a dollar*
15 *amount and as an annual percentage rate.*

16 2. *A licensee described in subsection 1 shall prominently*
17 *disclose in the loan agreement all fees charged for providing*
18 *deferred deposit loan services, high-interest loan services or title*
19 *loan services to a customer before he or she enters into the*
20 *transaction process.*

21 **Sec. 5.** *A licensee who has been issued one or more licenses*
22 *to operate a deferred deposit loan service, high-interest loan*
23 *service or title loan service pursuant to this chapter shall not*
24 *charge a fee for providing deferred deposit loan services, high-*
25 *interest loan services or title loan services that is prohibited by an*
26 *applicable law or regulation of this State or federal law or*
27 *regulation.*

28 **Sec. 6.** *A licensee who has been issued one or more licenses*
29 *to operate a deferred deposit loan service, high-interest loan*
30 *service or title loan service pursuant to this chapter shall comply*
31 *with the provisions of subsection 6 of NRS 604A.440 prohibiting*
32 *advertisements that are false, misleading or deceptive with regard*
33 *to the rates, terms or conditions for loans.*

34 **Sec. 7.** *A licensee who has been issued one or more licenses*
35 *to operate a deferred deposit loan service, high-interest loan*
36 *service or title loan service pursuant to this chapter shall place the*
37 *following notices on marketing materials and television, print,*
38 *radio and Internet advertising when space or time reasonably*
39 *permits:*

40 1. *Deferred deposit loans, high-interest loans and title loans*
41 *should be used for short-term financial needs only and not as a*
42 *long-term financial solution; and*

43 2. *Customers with credit difficulties should seek credit*
44 *counseling before entering into any loan transaction.*



Sec. 8. *A licensee who has been issued one or more licenses to operate a deferred deposit loan service, high-interest loan service or title loan service pursuant to this chapter shall not allow a customer to extend, rollover, renew, refinance or consolidate any deferred deposit loan or high-interest loan for a period longer than the period set forth in subsection 3 of NRS 604A.408.*

Sec. 9. *A licensee who has been issued one or more licenses to operate a deferred deposit loan service, high-interest loan service or title loan service pursuant to this chapter shall provide each customer with the ability to rescind any deferred deposit loan, high-interest loan or title loan in accordance with the provisions of NRS 604A.460.*

Sec. 10. *A licensee who has been issued one or more licenses to operate a deferred deposit loan service, high-interest loan service or title loan service pursuant to this chapter must collect past due accounts in a professional, fair and lawful manner in accordance with the provisions of NRS 604A.440 and applicable provisions of the Federal Fair Debt Collection Practices Act, 15 U.S.C. § 1692 et seq., as amended. Such a licensee shall not use unlawful threats, intimidation or harassment to collect unpaid accounts.*

Sec. 11. *A licensee who has been issued one or more licenses to operate a deferred deposit loan service, high-interest loan service or title loan service pursuant to this chapter shall report to the Commissioner any person the licensee knows, or reasonably should know, is in violation of the provisions of this chapter within 30 days after the date the licensee knows, or reasonably should know, of the violation.*

Sec. 12. *A licensee who has been issued one or more licenses to operate a deferred deposit loan service, high-interest loan service or title loan service pursuant to this chapter shall provide to any customer who is unable to repay a deferred deposit loan, high-interest loan or title loan in accordance with the loan agreement between the licensee and the customer the opportunity to enter into a repayment plan pursuant to NRS 604A.475. Such a licensee shall disclose the availability of such a repayment plan to any customer who is unable to repay a loan.*

Sec. 13. *A licensee that offers deferred deposit loan services, high-interest loan services or title loan services through an Internet website must be licensed in each state, as applicable, where any of its customers reside and shall comply with any state or federal law or regulation applicable to such jurisdiction.*

