

ASSEMBLY BILL NO. 298—ASSEMBLYMAN FLORES

MARCH 16, 2021

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to noncommercial vehicle leases. (BDR 8-782)

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 vehicles; requiring the Commissioner of Financial Institutions to prescribe forms for use in the leasing of vehicles under certain circumstances; setting forth certain requirements for a noncommercial vehicle lease; revising the definition of the term “vehicle lease” for certain purposes; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires the lessor of a vehicle to disclose certain information to a lessee before the consummation of a “commercial vehicle lease,” which is generally defined by existing law to mean a lease of a single vehicle for a period of more than 4 months primarily for business or commercial purposes. (NRS 100.095, 100.105) Existing law further requires the Commissioner of Financial Institutions to prescribe forms for the application for credit and contracts that are required to be used in the sale of vehicles if the seller is a dealer, the sale is not a commercial transaction and the sale meets certain other conditions. (NRS 97.299, 97.301) Under existing law, such forms are required to meet certain requirements set forth in existing law for retail installment contracts. (NRS 97.165, 97.299)

Section 2 of this bill requires the Commissioner to prescribe forms to be used for the lease of a vehicle if the lessor is a dealer and the lease is a “noncommercial vehicle lease,” which is generally defined in **section 6** of this bill to mean a lease of a single vehicle for a period of more than 4 months, primarily for personal, family or household purposes. **Section 3** of this bill requires that whenever a vehicle is leased in this State under the circumstances described in **section 2**, the lessor and any other person necessary to effectuate the lease are required to use the forms prescribed by the Commissioner. **Sections 4 and 5** of this bill set forth certain requirements for a noncommercial vehicle lease which are similar to certain requirements for retail installment contracts set forth in existing law. (NRS 97.165, 97.215)



Existing law defines the term "vehicle lease" to generally include only leases of a single vehicle for a period of more than 4 months where the lessee's obligation upon termination or expiration of the lease is based on the excess of the unamortized capitalized cost of the vehicle over its residual value. (NRS 100.095) Existing law sets forth certain requirements for the establishment of the residual value of the vehicle at the termination or expiration of such a lease. (NRS 100.145, 100.155) **Sections 6-9** of this bill change the term "vehicle lease" to "open-end vehicle lease" to account for the addition of the provisions of **sections 2-5** concerning a noncommercial vehicle lease while maintaining the requirements of existing law concerning the establishment of the residual value of a lease for a vehicle where the lessee's obligation upon termination or expiration of the lease is based on the excess of the unamortized capitalized cost of the vehicle over its residual value.

Section 10 of this bill makes a conforming change to indicate the proper placement of **sections 2-5** in the Nevada Revised Statutes.

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

Section 1. Chapter 100 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this act.

Sec. 2. 1. *The Commissioner of Financial Institutions shall prescribe, by regulation, forms to be used for the lease of a vehicle if:*

(a) The lease is a noncommercial vehicle lease; and

(b) The lessor is a dealer.

2. *The forms prescribed pursuant to subsection 1 must meet the requirements of section 4 of this act, must be accepted and acted upon by the lessor and any other person necessary to effectuate the lease and must:*

(a) Contain any information required to be disclosed by the Consumer Leasing Act of 1976, 15 U.S.C. §§ 1667 et seq., and the regulations adopted pursuant thereto.

(b) If the lease provides for the sale of goods or services, identify and itemize the goods sold or to be sold or services furnished or rendered or to be furnished or rendered and the price of each item of goods or services.

(c) Contain a provision that default on the part of the lessee is only enforceable to the extent that:

(1) The lessee fails to make a payment as required by the agreement; or

(2) The prospect of payment, performance or realization of collateral is significantly impaired. The burden of establishing the prospect of significant impairment is on the lessor.

(d) Include the following notice in at least 10-point bold type:



NOTICE TO LESSEE

Do not sign this agreement before you read it or if it contains any blank spaces. You are entitled to a completed copy of this agreement. If you fail to perform your obligations under this agreement, the vehicle may be repossessed and you may be liable for the unpaid indebtedness evidenced by this agreement.

3. The Commissioner shall arrange for or otherwise cause the translation into Spanish of the forms prescribed pursuant to subsection 1.

4. If a change in state or federal law requires the Commissioner to amend the forms prescribed pursuant to subsection 1, the Commissioner need not comply with the provisions of chapter 233B of NRS when making those amendments.

5. As used in this section, "dealer" has the meaning ascribed to it in NRS 482.020.

Sec. 3. *Whenever a vehicle is leased in this State under the circumstances described in subsection 1 of section 2 of this act, the lessor and any other person necessary to effectuate the lease shall use the form prescribed pursuant to that section.*

Sec. 4. 1. *Except as otherwise provided in NRS 598.9715, every noncommercial vehicle lease must be contained in a single document which must contain the entire agreement of the parties, including any promissory notes or other evidences of indebtedness between the parties relating to the transaction.*

2. The noncommercial vehicle lease must be dated, signed by the lessor and completed as to all essential provisions, except as otherwise provided in section 5 of this act. The printed or typed portion of the lease, other than instructions for completion, must be in a size equal to at least 8-point type.

3. Any fee charged to the lessee for his or her cancellation of a noncommercial vehicle lease within 72 hours after its execution is prohibited unless notice of the fee is clearly set forth in the printed or typed portion of the noncommercial vehicle lease.

Sec. 5. *The lessor shall not obtain the signature of the lessee to any noncommercial vehicle lease when it contains blank spaces of items which are essential provisions of the transaction, except that if delivery of the vehicle leased or any goods purchased under the lease are not made at the time of the execution of the noncommercial vehicle lease, the identifying numbers or marks of the vehicle or goods or similar information and the due date of the first installment may be inserted by the lessor in the lessor's*



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counterpart of the noncommercial vehicle lease after it has been signed by the lessee.

Sec. 6. NRS 100.095 is hereby amended to read as follows:

100.095 As used in NRS 100.095 to 100.175, inclusive ~~it~~ **and sections 2 to 5, inclusive, of this act:**

1. "Commercial vehicle lease" means a bailment or lease of a single vehicle by a person for a period of more than 4 months for a total contractual obligation not exceeding \$25,000, primarily for business or commercial purposes, whether or not the lessee has the option to purchase or otherwise become the owner of the vehicle at the termination or expiration of the lease. The term includes a bailment or lease where the lessee becomes or may become owner of the vehicle by payment to the lessor of an amount which is substantially equal to the residual value or the unamortized capitalized cost, if the payment is not nominal. The term does not include a bailment or lease where the lessee contracts to pay as compensation for use of the vehicle a sum substantially equivalent to or in excess of the capitalized cost of the vehicle and it is agreed that the lessee may become the owner for no other consideration or for a nominal consideration.

2. *"Noncommercial vehicle lease" means a bailment or lease of a single vehicle by a person for a period of more than 4 months, primarily for personal, family or household purposes, whether or not the lessee's obligation upon termination of the lease is based on the excess of the unamortized capitalized cost of the vehicle over its residual value as established pursuant to NRS 100.145. The term includes:*

(a) An open-end vehicle lease entered into primarily for personal, family or household purposes; and

(b) A bailment or lease entered into primarily for personal, family or household purposes where the lessee becomes or may become owner of the vehicle by payment to the lessor of an amount which is substantially equal to the residual value or the unamortized capitalized cost, if the payment is not nominal.

3. *"Open-end vehicle lease" means a bailment or lease of a single vehicle by a person for a period of more than 4 months where the lessee's obligation upon termination or expiration of the lease is based on the excess of the unamortized capitalized cost of the vehicle over its residual value as established pursuant to NRS 100.145. The term includes a bailment or lease where the lessee becomes or may become owner of the vehicle by payment to the lessor of an amount which is substantially equal to the residual value or the unamortized capitalized cost, if the payment is not nominal.*

4. "Person" includes any governmental entity.



~~13.1~~ 5. "Vehicle" means every device in, upon or by which any person or property is or may be transported upon a public highway, except devices:

(a) Moved by human power;

(b) Used exclusively upon stationary rails or tracks; or

(c) Having a gross vehicle weight of more than 10,000 pounds, exclusive of the weight of any slide-in camper as defined in NRS 482.113 which may be on it.

➤ The term does not include electric personal assistive mobility devices as defined in NRS 482.029.

~~14. "Vehicle lease" means a bailment or lease of a single vehicle by a person for a period of more than 4 months where the lessee's obligation upon termination or expiration of the lease is based on the excess of the unamortized capitalized cost of the vehicle over its residual value as established pursuant to the provisions of NRS 100.145. The term includes a bailment or lease where the lessee becomes or may become owner of the vehicle by payment to the lessor of an amount which is substantially equal to the residual value or the unamortized capitalized cost, if the payment is not nominal.]~~

Sec. 7. NRS 100.145 is hereby amended to read as follows:

100.145 1. Where the lessee's liability on the date any **open-end** vehicle lease or commercial vehicle lease terminates or expires is based on the residual value of the vehicle at that time and the lessor and lessee do not agree in writing on that value or on another method of establishing it, the lessor may, subject to the provisions of NRS 100.165, for the purpose of establishing residual value and thereby providing the basis for determining the lessee's liability, obtain written bids from third persons.

2. The lessor shall act in good faith and in a commercially reasonable manner in obtaining bids for the vehicle. The fact that a better price could have been obtained at a different time or in a different method from that selected by the lessor is not of itself sufficient to establish that the lessor did not act in a commercially reasonable manner. If the lessor obtains bids at the price current in any recognized market for such a vehicle at the time of the bidding, the lessor has acted in a commercially reasonable manner.

3. The highest effective bid obtained pursuant to this section or NRS 100.165, where applicable, or the actual sale price, whichever is higher, establishes the residual value of the vehicle.

Sec. 8. NRS 100.155 is hereby amended to read as follows:

100.155 1. The lessor shall give the lessee written notice of his or her intention to establish the residual value of the vehicle under the **open-end** vehicle lease or commercial vehicle lease at least 15 days before that action is taken. The notice must be given in



1 person to the lessee or sent by mail to the address of the lessee
2 shown on the lease, or to the lessee's last known address, unless the
3 lessee has notified the lessor in writing of a different address.

4 2. The notice must:

5 (a) List separately any actual or estimated charges due under the
6 **open-end** vehicle lease or commercial vehicle lease as of the date of
7 the notice, notwithstanding any possible limitations on the liability
8 of the lessee provided by the Consumer Leasing Act of 1976 (15
9 U.S.C. § 1667b);

10 (b) Inform the lessee that the lessee has the right to submit a
11 written bid for the purchase of the vehicle before its value is
12 established; and

13 (c) Inform the lessee of the probable residual value of
14 comparable vehicles on the date of the notice as estimated in the
15 then current version of the Kelley Blue Book or its equivalent.

16 3. If the lease is not in default and has not been terminated
17 before its scheduled expiration, the notice must also inform the
18 lessee that his or her maximum total liability under the **open-end**
19 vehicle lease or commercial vehicle lease is limited to three times
20 the average payment allocable to a monthly period under the lease
21 if the estimated residual value exceeds the actual residual value and
22 the difference is not the result of physical damage to the vehicle
23 beyond reasonable wear and use or to excessive use.

24 **Sec. 9.** NRS 100.175 is hereby amended to read as follows:

25 100.175 If the lessor under ~~the~~ **an open-end** vehicle lease or a
26 commercial vehicle lease fails to comply with NRS 100.145 to
27 100.165, inclusive, the lessor may not recover any deficiency from
28 the lessee.

29 **Sec. 10.** NRS 104A.2104 is hereby amended to read as
30 follows:

31 104A.2104 1. A lease, although subject to this Article, is also
32 subject to any applicable:

33 (a) Certificate of title statute of this State, including any
34 applicable provision of chapters 482, 488, 489 and 490 of NRS;

35 (b) Certificate of title statute of another jurisdiction (NRS
36 104A.2105); or

37 (c) Consumer protection statute of this State, including any
38 applicable provision of NRS 97.297, 97.299, 97.301 and 100.095 to
39 100.175, inclusive, **and sections 2 to 5, inclusive, of this act** and a
40 final decision of a court of this State concerning the protection of
41 consumers rendered before January 1, 1990.

42 2. In case of conflict between this Article, other than NRS
43 104A.2105, subsection 3 of NRS 104A.2304 and subsection 3 of
44 NRS 104A.2305, and a statute or decision referred to in subsection
45 1, the statute or decision controls.



- 1 3. Failure to comply with an applicable law has only the effect
2 specified therein.

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