

ASSEMBLY BILL NO. 223—ASSEMBLYMEN CARTER, ANDERSON;
D’SILVA, DURAN, KOENIG, LA RUE HATCH, C.H. MILLER,
MONROE-MORENO, PETERS, SUMMERS-ARMSTRONG,
THOMAS AND TORRES

FEBRUARY 23, 2023

JOINT SPONSOR: SENATOR NGUYEN

Referred to Committee on Commerce and Labor

SUMMARY—Revises requirements relating to collection agencies.
(BDR 54-755)

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 collection agencies; requiring a collection agency to provide a payoff letter upon the request of a debtor; authorizing a debtor to bring a civil action against a collection agency that violates that requirement; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires certain persons who operate a collection agency or otherwise engage in the collection of claims for others in this State to obtain a license from the Commissioner of Financial Institutions and adhere to certain other requirements. (Chapter 649 of NRS) **Section 1** of this bill requires a collection agency to provide, without charge, a debtor with a payoff letter concerning a claim which is owed or asserted to be owed by the debtor not later than 10 days after the debtor requests the payoff letter. **Section 1** defines the term “payoff letter” to mean a written communication from a collection agency stating, at minimum, the amount outstanding and required to be paid to satisfy a claim. **Section 1** authorizes a debtor aggrieved by a violation of the requirement to provide a payoff letter to bring a civil action against the collection agency that committed the violation. **Section 2** of this bill makes a conforming change to indicate the proper placement of **section 1** in the Nevada Revised Statutes.



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

Section 1. Chapter 649 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A collection agency shall, without charge, provide a debtor with a payoff letter concerning a claim which is owed or asserted to be owed by the debtor not later than 10 days after the date on which the debtor requests the payoff letter.

2. In addition to any other remedies, a debtor aggrieved by a violation of subsection 1 may bring a civil action against the collection agency that committed the violation in any court of competent jurisdiction to seek any or all of the following relief:

(a) Declaratory and injunctive relief;

(b) Actual damages;

(c) Reasonable attorney's fees and costs; and

(d) Any other legal or equitable relief that a court deems appropriate.

3. As used in this section, "payoff letter" means a written communication from a collection agency stating, at minimum, the amount outstanding and required to be paid to satisfy a claim.

Sec. 2. NRS 649.171 is hereby amended to read as follows:

649.171 1. A person who is not licensed in this State as a collection agency may apply to the Commissioner for a certificate of registration as a foreign collection agency.

2. To be issued and to hold a certificate of registration as a foreign collection agency, a person:

(a) Must meet the qualifications to do business as a collection agency in this State;

(b) Must not have any employees or agents present in this State who engage in the collection of claims and must not maintain any business locations in this State as a collection agency;

(c) Must submit proof to the Commissioner, upon application and upon each annual renewal of the certificate of registration, that the person and his or her employees and agents will not, in this State:

(1) Engage in the business of soliciting the right to collect or receive payment for another of any claim;

(2) Respond to a bid, proposal or invitation for the right to collect or receive payment for another of any claim, unless the bid, proposal or invitation is for the collection of claims owed by residents of another state; or

(3) Advertise or solicit, either in print, by letter, in person or otherwise, the right to collect or receive payment for another of any claim;



(d) When collecting claims against debtors who are present in this State, must:

(1) Limit his or her activities and those of his or her employees and agents to interstate communications by telephone, mail or facsimile;

(2) Limit his or her activities and those of his or her employees and agents to the collection of claims from residents of this State on behalf of residents of another state; and

(3) Comply with the requirements of NRS 649.305 to 649.375, inclusive, *and section 1 of this act* with regard to his or her activities and those of his or her employees and agents;

(e) Must pay:

(1) A fee to apply for a certificate of registration of not less than \$200 prorated on the basis of the registration year as determined by the Commissioner; and

(2) An annual renewal fee of not more than \$200;

(f) Must deposit and maintain a bond or an appropriate substitute for the bond in the same manner as an applicant or licensee pursuant to NRS 649.105, 649.115 and 649.119;

(g) Must maintain the accounts, books and records of the collection agency in accordance with generally accepted accounting principles and in accordance with the requirements of subsection 1 of NRS 649.335; and

(h) Must pay any fees related to any examination of the accounts, books and records of the collection agency conducted by the Commissioner pursuant to subsection 5.

3. A certificate of registration issued pursuant to this section expires on December 31 of each year, unless it is renewed. To renew a certificate of registration, a foreign collection agency must submit to the Commissioner:

(a) An application for renewal which contains, without limitation, the information specified in paragraph (c) of subsection 2; and

(b) The renewal fee specified in subparagraph (2) of paragraph (e) of subsection 2.

4. If a foreign collection agency fails to submit any item required pursuant to subsection 3 to the Commissioner on or after November 1 and on or before December 31 of any year, the certificate of registration of the foreign collection agency is cancelled as of December 31 of that year. The Commissioner shall not reinstate a certificate of registration that has been cancelled pursuant to this subsection.

5. The Commissioner may conduct an annual examination and any additional examinations pursuant to NRS 649.335 of the



1 accounts, books and records of each person who holds a certificate
2 of registration as a foreign collection agency.

3 6. The Commissioner may take disciplinary action pursuant to
4 NRS 649.385, 649.390 and 649.395 against a person who holds a
5 certificate of registration as a foreign collection agency for any act
6 or omission that would be grounds for taking such disciplinary
7 action under those sections.

8 7. The Commissioner shall adopt:

9 (a) Regulations establishing the amount of the fees required
10 pursuant to this section; and

11 (b) Any other regulations as may be necessary to carry out the
12 provisions of this section.

