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FIRST REPRINT **S.B. 437**

SENATE BILL NO. 437–COMMITTEE ON COMMERCE AND LABOR

MARCH 24, 2025

Referred to Committee on Commerce and Labor

SUMMARY—Enacts provisions relating to Internet consumer lenders. (BDR 55-951)

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 financial services; setting forth certain requirements for a contract between an Internet consumer lender and a resident of this State for the provision of a loan; authorizing an Internet consumer lender to apply for a license to engage in the business of lending for an office or place of business located outside this State without having a license for an office or place of business located inside this State; exempting Internet consumer lenders from provisions prohibiting a person from conducting the business of making loans in the same office or place of business as any other business; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law prohibits a person from engaging in the business of lending in this State without having first obtained a license from the Commissioner of Financial Institutions for each office or other place of business in which the person engages in the business of lending. (NRS 675.060) Under existing law, a person who wishes to obtain a license for an office or place of business located outside this State is required to have a license for an office or place of business located inside this State, unless the person is an Internet business lender, which existing law defines to mean a person who makes business loans exclusively through the Internet. (NRS 675.020, 675.090) **Section 3** of this bill additionally authorizes an Internet consumer lender to apply for a license to engage in the business of lending for an office or place of business located outside this State without having a license for an office or place of business located inside this State. **Section 2** of this bill defines the term "Internet consumer lender" to mean a person who makes, solicits, brokers, arranges or facilitates consumer loans exclusively through the Internet.

Existing law exempts Internet business lenders from provisions of existing law which prohibit persons, with certain exceptions, from conducting the business of

making loans in the same office or place of business as any other business. (NRS 675.230) **Section 4** of this bill similarly exempts Internet consumer lenders from those provisions.

Section 1 of this bill requires any contract between an Internet consumer lender and a resident of this State for the provision of a loan to: (1) provide that the contract is governed by the laws of this State; and (2) require that any process for the resolution of disputes arising out of the contract occur in this State. Under **section 1**, any condition, stipulation or provision in such a contract that conflicts with such requirements is contrary to public policy and is void and unenforceable.

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

Section 1. Chapter 675 of NRS is hereby amended by adding thereto a new section to read as follows:

1. To the extent not preempted by federal law, any contract between an Internet consumer lender and a resident of this State for the provision of a loan must:

(a) Provide that the contract is governed by the laws of this State; and

(b) Require that any litigation, arbitration or other process for the resolution of disputes arising out of the contract occur in this State.

2. Any condition, stipulation or provision in a contract between an Internet consumer lender and a resident of this State for the provision of a loan that conflicts with the provisions of this section is contrary to public policy and is void and unenforceable.

Sec. 2. NRS 675.020 is hereby amended to read as follows:

675.020 As used in this chapter, unless the context otherwise requires:

1. "Amount of cash advance" means the amount of cash or its equivalent actually received by a borrower or paid out at his or her direction or on his or her behalf.

2. "Amount of loan obligation" means the amount of cash advance plus the aggregate of charges added thereto pursuant to authority of this chapter.

3. "Breach of the security of the computerized data system" or "breach" means the unauthorized acquisition of computerized data from the computerized data system of the licensee that compromises the security, confidentiality or integrity of personal information maintained by the licensee. The term does not include the good faith acquisition of personal information by an employee or agent of a licensee for a legitimate purpose of the licensee, so long as the personal information is not used for a purpose unrelated to the licensee or subject to further authorized disclosure.

4. "Business of lending in this State" means that a person:

(a) Solicits loans in this State or makes loans to persons in this State, unless these are isolated, incidental or occasional transactions; or

(b) Is located in this State and solicits loans outside of this State or makes loans to persons located outside of this State, unless these are isolated, incidental or occasional transactions.

5. "Commissioner" means the Commissioner of Financial Institutions.

6. "Community" means a contiguous area of the same economic unit or metropolitan area as determined by the Commissioner, and may include all or part of a city or several towns or cities.

7. "Computerized data system" means a system of software, hardware or firmware, including, without limitation, a system of web-based applications, that:

(a) Is owned, leased or licensed by a licensee;

(b) Is located at the place of business of the licensee or hosted remotely; and

(c) Stores or provides access to personal information, financial information or other data related to borrowers or potential borrowers.

8. "Consumer credit" has the meaning ascribed to it in NRS 604A.036.

9. "Covered service member" has the meaning ascribed to it in NRS 604A.038.

10. "Dependent" has the meaning ascribed to it in NRS 604A.057.

11. "Internet business lender" means a person who makes business loans exclusively through the Internet.

12. ***"Internet consumer lender" means a person who makes, solicits, brokers, arranges or facilitates consumer loans exclusively through the Internet.***

13. "License" means a license, issued under the authority of this chapter, to make loans in accordance with the provisions of this chapter, at a single place of business.

~~[13.]~~ ***14.*** "Licensee" means a person to whom one or more licenses have been issued.

~~[14.]~~ ***15.*** "Nationwide Multistate Licensing System and Registry" or "Registry" has the meaning ascribed to it in NRS 604A.083.

~~[15.]~~ ***16.*** "Personal information" has the meaning ascribed to it in NRS 603A.040.

~~[16.]~~ ***17.*** "Remote location" means a location other than an office or place of business for which a license has been issued pursuant to this chapter and at which an employee of a licensee

engages in the business of lending in this State pursuant to NRS 675.2965 to 675.299, inclusive.

Sec. 3. NRS 675.090 is hereby amended to read as follows:

675.090 1. Application for a license must be in writing, under oath, and in the form prescribed by the Commissioner.

2. The application must:

(a) Provide the address of the office or other place of business for which the application is submitted.

(b) Contain such further relevant information as the Commissioner may require, including the names and addresses of the partners, officers, directors or trustees, and of such of the principal owners or members as will provide the basis for the investigations and findings contemplated by NRS 675.110 and 675.120.

3. A person may apply for a license for an office or other place of business located outside this State from which the applicant will conduct business in this State if:

(a) The applicant is an Internet business ***lender or Internet consumer*** lender; or

(b) The applicant or a subsidiary or affiliate of the applicant has a license issued pursuant to this chapter for an office or other place of business located in this State.

4. A person who wishes to apply for a license pursuant to subsection 3 must submit with the application for a license a statement signed by the applicant which states that the applicant agrees to:

(a) Make available at a location within this State the books, accounts, papers, records and files of the office or place of business located outside this State to the Commissioner or a representative of the Commissioner; or

(b) Pay the reasonable expenses for travel, meals and lodging of the Commissioner or a representative of the Commissioner incurred during any investigation or examination made at the office or place of business located outside this State.

➥ The person must be allowed to choose between paragraph (a) or (b) in complying with the provisions of this subsection.

5. The Commissioner shall consider an application to be withdrawn if the Commissioner has not received all information and fees required to complete the application within 6 months after the date the application is first submitted to the Commissioner or within such later period as the Commissioner determines in accordance with any existing policies of joint regulatory partners. If an application is deemed to be withdrawn pursuant to this subsection or if an applicant otherwise withdraws an application, the

Commissioner may not issue a license to the applicant unless the applicant submits a new application and pays any required fees.

Sec. 4. NRS 675.230 is hereby amended to read as follows:

675.230 1. Except as otherwise provided in subsections 2 and 3, a licensee may not conduct the business of making loans under this chapter within any office, suite, room or place of business in which any other business is solicited or engaged in, except an insurance agency or notary public, or in association or conjunction with any other business, unless authority to do so is given by the Commissioner.

2. A licensee may conduct the business of making loans pursuant to this chapter in the same office or place of business as a mortgage company if:

(a) The licensee and the mortgage company:

(1) Operate as separate legal entities;

(2) Maintain separate accounts, books and records;

(3) Are subsidiaries of the same parent corporation; and

(4) Maintain separate licenses; and

(b) The mortgage company is licensed by this state pursuant to chapter 645B of NRS and does not receive money to acquire or repay loans or maintain trust accounts as provided by NRS 645B.175.

3. A licensee who is an Internet business lender ***or Internet consumer lender*** may conduct the business of making loans pursuant to this chapter within any office, suite, room or place of business in which any other business is solicited or engaged in.

Sec. 5. The amendatory provisions of this act do not apply to a contract entered into before October 1, 2025.

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