

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*



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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.*



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

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

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

22 **Sec. 11.** *A licensee who has been issued one or more licenses*
23 *to operate a deferred deposit loan service, high-interest loan*
24 *service or title loan service pursuant to this chapter shall report to*
25 *the Commissioner any person the licensee knows, or reasonably*
26 *should know, is in violation of the provisions of this chapter within*
27 *30 days after the date the licensee knows, or reasonably should*
28 *know, of the violation.*

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

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



