

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.

~

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.

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.** *In addition to the requirements of any other provision*
7 *of this chapter, or any applicable law or regulation of this State or*
8 *federal law or regulation, a licensee shall comply with the*
9 *provisions of sections 2 to 13, inclusive, of this act.*
10 **Sec. 4.** *1. A licensee shall comply with the disclosure*
11 *requirements of NRS 604A.405 and the Truth in Lending Act. A*
12 *loan agreement between a licensee and a customer must fully*



1 *outline the terms of the transaction, including, without limitation,*
2 *the amount of any fees charged for providing check-cashing*
3 *services, deferred deposit loan services, high-interest loan services*
4 *or title loan services represented in both a dollar amount and as*
5 *an annual percentage rate.*

6 *2. A licensee shall make all fees charged for providing check-*
7 *cashing services, deferred deposit loan services, high-interest loan*
8 *services or title loan services clearly visible to a customer before he*
9 *or she enters into the transaction process.*

10 **Sec. 5.** *A licensee shall not charge a fee for providing check-*
11 *cashing services, deferred deposit loan services, high-interest loan*
12 *services or title loan services that is prohibited by an applicable*
13 *law or regulation of this State or federal law or regulation.*

14 **Sec. 6.** *A licensee shall comply with the provisions of*
15 *subsection 6 of NRS 604A.440 prohibiting advertisements that are*
16 *false, misleading or deceptive.*

17 **Sec. 7.** *A licensee shall implement procedures to inform*
18 *consumers of the responsible use of check-cashing services,*
19 *deferred deposit loan services, high-interest loan services or title*
20 *loan services. These procedures shall include, without limitation,*
21 *the placement of a notice on all marketing materials and*
22 *television, print, radio and Internet advertising that:*

23 *1. Such services should be used for short-term financial*
24 *needs only and not as a long-term financial solution; and*

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

27 **Sec. 8.** *A licensee shall not allow a customer to extend,*
28 *rollover, renew, refinance or consolidate any deferred deposit*
29 *loan, high-interest loan or title loan for a period longer than the*
30 *period set forth in subsection 3 of NRS 604A.408.*

31 **Sec. 9.** *A licensee shall provide each customer with the*
32 *ability to rescind any deferred deposit loan, high-interest loan or*
33 *title loan in accordance with the provisions of NRS 604A.460.*

34 **Sec. 10.** *A licensee must collect past due accounts in a*
35 *professional, fair and lawful manner in accordance with the*
36 *provisions of NRS 604A.440 and the Federal Fair Debt Collection*
37 *Practices Act, 15 U.S.C. § 1692 et seq., as amended. A licensee*
38 *shall not use unlawful threats, intimidation or harassment to*
39 *collect unpaid accounts.*

40 **Sec. 11.** *A licensee shall report to the Commissioner any*
41 *person the licensee knows, or reasonably should know, is in*
42 *violation of the provisions of this chapter within 30 days after the*
43 *date the licensee knows, or reasonably should know, of the*
44 *violation.*



1 **Sec. 12.** *A licensee shall provide to any customer who is*
2 *unable to repay a deferred deposit loan, high-interest loan or title*
3 *loan in accordance with the loan agreement between the licensee*
4 *and the customer the opportunity to enter into a repayment plan*
5 *pursuant to NRS 604A.475. A licensee shall disclose the*
6 *availability of such a repayment plan to any customer who is*
7 *unable to repay a loan.*

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



