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FIRST REPRINT

A.B. 223

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; requiring a collection agency to provide a satisfaction letter to a debtor after a claim has been satisfied; authorizing a debtor to bring a civil action against a collection agency that violates the requirement to provide a payoff letter or a satisfaction letter to the debtor; revising the method by which a collection agency must notify a medical debtor before taking any action to collect a medical debt; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires certain persons who operate a collection agency or
2 otherwise engage in the collection of claims for others in this State to obtain a
3 license from the Commissioner of Financial Institutions and adhere to certain other
4 requirements. (Chapter 649 of NRS) **Section 1** of this bill requires a collection
5 agency to provide, without charge, a debtor with a: (1) payoff letter concerning a
6 claim which is owed or asserted to be owed by the debtor not later than 10 business
7 days after the debtor requests the payoff letter; and (2) satisfaction letter concerning
8 a claim which is owed or asserted to be owed by the debtor not later than 5 business
9 days after a claim has been satisfied. **Section 1** defines the term: (1) “payoff letter”



10 to mean a written communication from a collection agency containing the amount
11 outstanding and required to be paid to satisfy a claim and certain other information
12 relating to the claim; and (2) "satisfaction letter" to mean a written communication
13 from a collection agency stating that a claim has been satisfied. **Section 1** sets forth
14 various requirements for the content and provision of a payoff letter or satisfaction
15 letter and authorizes a debtor aggrieved by a violation of the requirement to provide
16 a payoff letter or a satisfaction letter to bring a civil action against the collection
17 agency that committed the violation. **Section 2** of this bill makes a conforming
18 change to indicate the proper placement of **section 1** in the Nevada Revised
19 Statutes.

20 Existing law requires a collection agency, not less than 60 days before taking
21 any action to collect a medical debt, to send by registered or certified mail to the
22 medical debtor written notification setting forth certain information. (NRS 649.366)
23 **Section 3** of this bill removes the requirement that the written notification be sent
24 by mail that is registered or certified.

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

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

3 *1. Except as otherwise provided in subsection 4, a collection*
4 *agency shall, without charge, provide a debtor with a payoff letter*
5 *concerning a claim which is owed or asserted to be owed by the*
6 *debtor not later than 10 business days after the date on which the*
7 *debtor requests the payoff letter.*

8 *2. A request made by a debtor for a payoff letter to be*
9 *provided pursuant to subsection 1 must:*

10 *(a) Be in writing;*

11 *(b) Be provided to the collection agency by:*

12 *(1) Any method of mailing offered by the United States*
13 *Postal Service or another mail delivery service that may provide*
14 *evidence of mailing; or*

15 *(2) Electronic mail at an electronic mail address that the*
16 *collection agency has:*

17 *(I) Used to communicate with the debtor;*

18 *(II) Provided in written correspondence with the debtor;*

19 *or*

20 *(III) Made publicly available; and*

21 *(c) Contain, without limitation, the following information:*

22 *(1) The first and last name of the debtor;*

23 *(2) The account number associated with the claim which is*
24 *owed or asserted to be owed by the debtor or any other information*
25 *reasonably necessary for the collection agency to identify the*
26 *claim;*

27 *(3) The mailing address of the debtor; and*



1 (4) *If the request is sent by electronic mail, the electronic*
2 *mail address of the debtor.*

3 3. *A payoff letter provided to a debtor by a collection agency*
4 *pursuant to subsection 1:*

5 (a) *Must contain, without limitation, the date on which the*
6 *payoff letter is prepared and the following information concerning*
7 *the claim which is owed or asserted to be owed by the debtor:*

8 (1) *The total amount required to satisfy the claim as of the*
9 *date on which the payoff letter is prepared;*

10 (2) *The principal amount of the claim;*

11 (3) *The amount of interest and each fee or other charge*
12 *included in the amount identified pursuant to subparagraph (1)*
13 *that has accrued as of the date on which the payoff letter is*
14 *prepared;*

15 (4) *The name of the creditor to whom the claim was*
16 *originally owed or asserted to have been owed; and*

17 (5) *A method to calculate interest, fees or other charges*
18 *accruing after the date on which the payoff letter is prepared to*
19 *allow the debtor to reasonably determine the total amount*
20 *required to satisfy the claim at a future date.*

21 (b) *Must not contain any estimate of the total amount required*
22 *to satisfy the claim that is owed or asserted to be owed by the*
23 *debtor as of any future date that is later than 60 days after the date*
24 *on which the payoff letter is prepared.*

25 4. *A debtor is entitled to request, within any 180-day period,*
26 *not more than three payoff letters concerning a single claim to be*
27 *provided without charge pursuant to subsection 1. A collection*
28 *agency may charge a debtor a reasonable fee to provide any*
29 *additional payoff letter concerning the claim in excess of that*
30 *amount that is requested by the debtor within the 180-day period.*

31 5. *A collection agency shall, without charge, provide a debtor*
32 *with a satisfaction letter concerning a claim that is owed or*
33 *asserted to be owed by the debtor not later than 5 business days*
34 *after the date on which the debtor satisfies the claim. The*
35 *satisfaction letter must be:*

36 (a) *Written or printed on letterhead that identifies the*
37 *collection agency; and*

38 (b) *Provided to the debtor by:*

39 (1) *A method of mailing offered by the United States Postal*
40 *Service or another mail delivery service which may provide*
41 *evidence of the mailing; and*

42 (2) *Electronic mail, if requested by the debtor.*

43 6. *In addition to any other remedies, a debtor aggrieved by a*
44 *violation of subsection 1 or 5 may bring a civil action against the*



1 *collection agency that committed the violation in any court of*
2 *competent jurisdiction to seek any or all of the following relief:*

- 3 (a) *Declaratory and injunctive relief;*
- 4 (b) *Actual damages;*
- 5 (c) *Reasonable attorney's fees and costs; and*
- 6 (d) *Any other legal or equitable relief that a court deems*
7 *appropriate.*

8 7. *As used in this section:*

9 (a) *"Payoff letter" means a written communication from a*
10 *collection agency containing the information required by*
11 *subsection 3.*

12 (b) *"Satisfaction letter" means a written communication from*
13 *a collection agency stating that a claim has been satisfied.*

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

15 649.171 1. A person who is not licensed in this State as a
16 collection agency may apply to the Commissioner for a certificate of
17 registration as a foreign collection agency.

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

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

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

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

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

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

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

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

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

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



1 (3) Comply with the requirements of NRS 649.305 to
2 649.375, inclusive, *and section 1 of this act* with regard to his or her
3 activities and those of his or her employees and agents;

4 (e) Must pay:

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

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

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

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

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

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

23 (a) An application for renewal which contains, without
24 limitation, the information specified in paragraph (c) of subsection
25 2; and

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

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

35 5. The Commissioner may conduct an annual examination and
36 any additional examinations pursuant to NRS 649.335 of the
37 accounts, books and records of each person who holds a certificate
38 of registration as a foreign collection agency.

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

44 7. The Commissioner shall adopt:



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

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

5 **Sec. 3.** NRS 649.366 is hereby amended to read as follows:

6 649.366 1. Not less than 60 days before taking any action to
7 collect a medical debt, a collection agency shall send by ~~registered~~
8 ~~or certified~~ mail to the medical debtor written notification that sets
9 forth:

10 (a) The name of the medical facility, provider of health care or
11 provider of emergency medical services that provided the goods or
12 services for which the medical debt is owed;

13 (b) The date on which those goods or services were provided;
14 and

15 (c) The principal amount of the medical debt.

16 2. The written notification required by subsection 1 must:

17 (a) Identify the name of the collection agency; and

18 (b) Inform the medical debtor that, as applicable:

19 (1) The medical debt has been assigned to the collection
20 agency for collection; or

21 (2) The collection agency has otherwise obtained the medical
22 debt for collection.



