

ASSEMBLY BILL NO. 255—ASSEMBLYMAN HAMBRICK

MARCH 3, 2017

Referred to Committee on Commerce and Labor

SUMMARY—Provides that provisions governing certain short-term loans apply only to consumer loans. (BDR 52-921)

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; providing that provisions governing the licensing and regulation of certain short-term loans apply only to loans made primarily for personal, family or household purposes; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law establishes standards and procedures for the licensing and
2 regulations of certain short-term loans, commonly referred to as “payday loans,”
3 high-interest loans and title loans. (Chapter 604A of NRS) This bill provides that
4 these provisions apply only to consumer loans, which are defined as loans made
5 primarily for personal, family or household purposes.

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

1 Section 1. NRS 604A.050 is hereby amended to read as
2 follows:
3 604A.050 “Deferred deposit loan” means a transaction entered
4 into primarily for personal, family or household purposes in
5 which, pursuant to a loan agreement:
6 1. A customer tenders to another person:
7 (a) A personal check drawn upon the account of the customer; or
8 (b) Written authorization for an electronic transfer of money for
9 a specified amount from the account of the customer; and
10 2. The other person:



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1 (a) Provides to the customer an amount of money that is equal to
2 the face value of the check or the amount specified in the written
3 authorization for an electronic transfer of money, less any fee
4 charged for the transaction; and

5 (b) Agrees, for a specified period, not to cash the check or
6 execute an electronic transfer of money for the amount specified in
7 the written authorization.

8 **Sec. 2.** NRS 604A.0703 is hereby amended to read as follows:

9 604A.0703 1. "High-interest loan" means a loan made to a
10 customer *primarily for personal, family or household purposes*
11 pursuant to a loan agreement which, under its original terms,
12 charges an annual percentage rate of more than 40 percent.

13 2. The term includes, without limitation, any single-payment
14 loan, installment loan or open-ended loan *entered into primarily for*
15 *personal, family or household purposes* which, under its original
16 terms, charges an annual percentage rate of more than 40 percent.

17 3. The term does not include:

18 (a) A deferred deposit loan;

19 (b) A refund anticipation loan; or

20 (c) A title loan.

21 **Sec. 3.** NRS 604A.105 is hereby amended to read as follows:

22 604A.105 1. "Title loan" means a loan made to a customer
23 *primarily for personal, family or household purposes* pursuant to a
24 loan agreement which, under its original terms:

25 (a) Charges an annual percentage rate of more than 35 percent;
26 and

27 (b) Requires the customer to secure the loan by either:

28 (1) Giving possession of the title to a vehicle legally owned
29 by the customer to the licensee or any agent, affiliate or subsidiary
30 of the licensee; or

31 (2) Perfecting a security interest in the vehicle by having the
32 name of the licensee or any agent, affiliate or subsidiary of the
33 licensee noted on the title as a lienholder.

34 2. The term does not include a loan which creates a purchase-
35 money security interest in a vehicle or the refinancing of any such
36 loan.

37 **Sec. 4.** This act becomes effective upon passage and approval.

