

Senate Bill No. 507–Committee on
Commerce, Labor and Energy

CHAPTER.....

AN ACT relating to financial institutions; repealing provisions relating to development corporations and corporations for economic revitalization and diversification; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires the Legislative Counsel and the Research Director of the Legislative Counsel Bureau to work collaboratively to develop recommendations for the elimination of obsolete or antiquated provisions of the Nevada Revised Statutes. (NRS 220.085) **Section 8** of this bill repeals obsolete provisions relating to development corporations and corporations for revitalization and diversification, and **sections 1-7** of this bill delete various statutory references to such corporations. (Chapters 670 and 670A of NRS)

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Section 1. NRS 658.098 is hereby amended to read as follows:
658.098 1. On a quarterly or other regular basis, the Commissioner shall collect an assessment pursuant to this section from each:

(a) Check-cashing service or deferred deposit loan service that is supervised pursuant to chapter 604A of NRS;

(b) Collection agency that is supervised pursuant to chapter 649 of NRS;

(c) Bank that is supervised pursuant to chapters 657 to 668, inclusive, of NRS;

(d) Trust company or family trust company that is supervised pursuant to chapter 669 or 669A of NRS;

~~(e) Development corporation that is supervised pursuant to chapter 670 of NRS;~~

~~—(f) Corporation for economic revitalization and diversification that is supervised pursuant to chapter 670A of NRS;~~

~~—(g) Person engaged in the business of selling or issuing checks or of receiving for transmission or transmitting money or credits that is supervised pursuant to chapter 671 of NRS;~~

~~(h)~~ *f* Savings and loan association that is supervised pursuant to chapter 673 of NRS;



~~(g)~~ (g) Person engaged in the business of lending that is supervised pursuant to chapter 675 of NRS;

~~(h)~~ (h) Thrift company that is supervised pursuant to chapter 677 of NRS; and

~~(i)~~ (i) Credit union that is supervised pursuant to chapter 678 of NRS.

2. The Commissioner shall determine the total amount of all assessments to be collected from the entities identified in subsection 1, but that amount must not exceed the amount necessary to recover the cost of legal services provided by the Attorney General to the Commissioner and to the Division of Financial Institutions. The total amount of all assessments collected must be reduced by any amounts collected by the Commissioner from an entity for the recovery of the costs of legal services provided by the Attorney General in a specific case.

3. The Commissioner shall collect from each entity identified in subsection 1 an assessment that is based on:

(a) A portion of the total amount of all assessments as determined pursuant to subsection 2, such that the assessment collected from an entity identified in subsection 1 shall bear the same relation to the total amount of all assessments as the total assets of that entity bear to the total of all assets of all entities identified in subsection 1; or

(b) Any other reasonable basis adopted by the Commissioner.

4. The assessment required by this section is in addition to any other assessment, fee or cost required by law to be paid by an entity identified in subsection 1.

5. Money collected by the Commissioner pursuant to this section must be deposited in the State Treasury pursuant to the provisions of NRS 658.091.

Sec. 2. NRS 604A.250 is hereby amended to read as follows:
604A.250 The provisions of this chapter do not apply to:

1. Except as otherwise provided in NRS 604A.200, a person doing business pursuant to the authority of any law of this State or of the United States relating to banks, national banking associations, savings banks, trust companies, savings and loan associations, credit unions, ~~development corporations,~~ mortgage brokers, mortgage bankers, thrift companies or insurance companies, including, without limitation, any affiliate or subsidiary of such a person regardless of whether the affiliate or subsidiary is a bank.

2. A person who is primarily engaged in the retail sale of goods or services who:



(a) As an incident to or independently of a retail sale or service, from time to time cashes checks for a fee or other consideration of not more than \$2; and

(b) Does not hold himself or herself out as a check-cashing service.

3. A person while performing any act authorized by a license issued pursuant to chapter 671 of NRS.

4. A person who holds a nonrestricted gaming license issued pursuant to chapter 463 of NRS while performing any act in the course of that licensed operation.

5. A person who is exclusively engaged in a check-cashing service relating to out-of-state checks.

6. A corporation organized pursuant to the laws of this State that has been continuously and exclusively engaged in a check-cashing service in this State since July 1, 1973.

7. A pawnbroker, unless the pawnbroker operates a check-cashing service, deferred deposit loan service, high-interest loan service or title loan service.

8. A real estate investment trust, as defined in 26 U.S.C. § 856.

9. An employee benefit plan, as defined in 29 U.S.C. § 1002(3), if the loan is made directly from money in the plan by the plan's trustee.

10. An attorney at law rendering services in the performance of his or her duties as an attorney at law if the loan is secured by real property.

11. A real estate broker rendering services in the performance of his or her duties as a real estate broker if the loan is secured by real property.

12. Any firm or corporation:

(a) Whose principal purpose or activity is lending money on real property which is secured by a mortgage;

(b) Approved by the Federal National Mortgage Association as a seller or servicer; and

(c) Approved by the Department of Housing and Urban Development and the Department of Veterans Affairs.

13. A person who provides money for investment in loans secured by a lien on real property, on his or her own account.

14. A seller of real property who offers credit secured by a mortgage of the property sold.

15. A person who makes a refund anticipation loan, unless the person operates a check-cashing service, deferred deposit loan service, high-interest loan service or title loan service.



Sec. 3. NRS 673.276 is hereby amended to read as follows:
673.276 An association may invest in:

1. Without limit, obligations of, or obligations guaranteed as to principal and interest by, the United States or any state.
 2. Obligations of the United States Postal Service, whether or not guaranteed as to principal and interest by the United States.
 3. Stock of a Federal Home Loan Bank of which the association is eligible to be a member.
 4. Any obligations or consolidated obligations of any Federal Home Loan Bank or Banks.
 5. Stock or obligations of the Federal Deposit Insurance Corporation.
 6. Stock or obligations of a national mortgage association or any successor or successors thereto, including the Federal National Mortgage Association.
 7. Demand, time or savings deposits with any bank, credit union or trust company whose deposits are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a private insurer approved pursuant to NRS 678.755.
 8. Stock or obligations of any corporation or agency of the United States or any state, or in deposits therewith to the extent that such a corporation or agency assists in furthering or facilitating the association's purposes or powers.
 9. Savings accounts of any insured association licensed by the State and of any federal savings and loan association, if the accounts of the savings and loan association are insured by the Federal Deposit Insurance Corporation.
 10. Bonds, notes or other evidences of indebtedness which are general obligations of any city, town, county, school district or other municipal corporation or political subdivision of any state.
 11. ~~Capital stock and other securities of:~~
 - ~~(a) A state development corporation organized under the provisions of chapter 670 of NRS.~~
 - ~~(b) A corporation for economic revitalization and diversification organized under the provisions of chapter 670A of NRS, if the association is a member of the corporation, and to the extent of its loan limit established under NRS 670A.200.~~
- ~~12.]~~ Any other investment at the discretion of the association's directors if, after the investment is made, the association's accounts remain insurable by the Federal Deposit Insurance Corporation.



Sec. 4. NRS 675.035 is hereby amended to read as follows:

675.035 The provisions of this chapter apply to any person who:

1. Makes installment loans that are not subject to regulation pursuant to chapter 604A of NRS;

2. Is an affiliate, subsidiary or holding company of a bank, national banking association, savings bank, trust company, savings and loan association, credit union, ~~development corporation,~~ mortgage broker, mortgage banker, thrift company or insurance company; and

3. Seeks to evade its application by any device, subterfuge or pretense, including, without limitation:

(a) Calling a loan by any other name;

(b) Using any agents, affiliates or subsidiaries in an attempt to avoid the application of the provisions of this chapter; or

(c) Having any affiliation or other business arrangement with an entity that is exempt from the provisions of this chapter pursuant to subsection 1 of NRS 675.040, the effect of which is to evade the provisions of this chapter, including, without limitation, making a loan while purporting to be the agent of such an exempt entity where the purported agent holds, acquires or maintains a material economic interest in the revenues generated by the loan.

Sec. 5. NRS 675.040 is hereby amended to read as follows:

675.040 This chapter does not apply to:

1. Except as otherwise provided in NRS 675.035, a person doing business under the authority of any law of this State or of the United States relating to banks, national banking associations, savings banks, trust companies, savings and loan associations, credit unions, ~~development corporations,~~ mortgage brokers, mortgage bankers, thrift companies, pawnbrokers or insurance companies.

2. A real estate investment trust, as defined in 26 U.S.C. § 856.

3. An employee benefit plan, as defined in 29 U.S.C. § 1002(3), if the loan is made directly from money in the plan by the plan's trustee.

4. An attorney at law rendering services in the performance of his or her duties as an attorney at law if the loan is secured by real property.

5. A real estate broker rendering services in the performance of his or her duties as a real estate broker if the loan is secured by real property.

6. Except as otherwise provided in this subsection, any firm or corporation:



(a) Whose principal purpose or activity is lending money on real property which is secured by a mortgage;

(b) Approved by the Federal National Mortgage Association as a seller or servicer; and

(c) Approved by the Department of Housing and Urban Development and the Department of Veterans Affairs.

7. A person who provides money for investment in loans secured by a lien on real property, on his or her own account.

8. A seller of real property who offers credit secured by a mortgage of the property sold.

9. A person holding a nonrestricted state gaming license issued pursuant to the provisions of chapter 463 of NRS.

10. A person licensed to do business pursuant to chapter 604A of NRS with regard to those services regulated pursuant to chapter 604A of NRS.

Sec. 6. NRS 678.760 is hereby amended to read as follows:

678.760 Money not used in loans to members may be invested in:

1. Securities, obligations, participations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States of America or any agency thereof or in any trust or trusts established for investing directly or collectively in these instruments;

2. Obligations of this state or any political subdivision thereof, including, without limitation, a city, county or school district;

3. Certificates of deposit or passbook type accounts issued by a state or national bank, mutual savings bank or savings and loan association;

4. Loans to or shares or deposits of other credit unions as permitted by the bylaws;

5. Capital shares, obligations or preferred stock issues of any agency or association organized either as a stock company, mutual association or membership corporation if the membership or stockholdings, as the case may be, of the agency or association are confined or restricted to credit unions or organizations of credit unions, and the purposes for which the agency or association is organized are designed to service or otherwise assist credit union operations;

6. Shares of a cooperative society organized under the laws of this state or the United States in a total amount not exceeding 10 percent of the shares, deposits and surplus of the credit union;

7. ~~Capital stock and other securities of a corporation for economic revitalization and diversification organized under the~~



~~provisions of chapter 670A of NRS, if the credit union is a member of the corporation, and to the extent of its loan limit established under NRS 670A.200;~~

~~—8.1~~ Stocks and bonds of United States corporations to a maximum of 5 percent of unallocated reserves, except that such an investment must be limited to stocks or bonds yielding income which are approved by the Commissioner;

~~19.1~~ 8. Loans to any credit union association, national or state, of which the credit union is a member, except that such an investment must be limited to 1 percent of the shares, capital deposits and unimpaired surplus of the credit union; and

~~110.1~~ 9. Negotiable obligations of federal or state banks.

Sec. 7. NRS 682A.080 is hereby amended to read as follows:

682A.080 1. An insurer may invest any of its funds in obligations other than those eligible for investment under NRS 682A.230, relating to real property mortgages, if they are issued, assumed or guaranteed by any solvent institution and are qualified under any of the following:

(a) Obligations which are secured by adequate collateral security and bear fixed interest if, during each of any 3, including the last 2, of the 5 fiscal years next preceding the date of acquisition by the insurer, the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges, as defined in NRS 682A.090, have been not less than 1 1/2 times the total of its fixed charges for that year. In determining the adequacy of collateral security, not more than one-third of the total value of the required collateral may consist of stock other than stock meeting the requirements of NRS 682A.100, relating to preferred or guaranteed stock.

(b) Fixed interest-bearing obligations, other than those described in paragraph (a), if the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges for a period of 5 fiscal years next preceding the date of acquisition by the insurer have averaged per year not less than 1 1/2 times its average annual fixed charges applicable to that period and if, during the last year of that period, the net earnings have been not less than 1 1/2 times its fixed charges for that year.

(c) Adjustment, income or other contingent interest obligations if the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges for a period of 5 fiscal years next preceding the date of acquisition by the insurer have averaged per year not less than 1 1/2 times the sum of its average annual fixed charges and its average annual maximum contingent



interest applicable to such period and if, during each of the last 2 years of that period, the net earnings have not been less than 1 1/2 times the sum of its fixed charges and maximum contingent interest for such year.

~~[(d) Capital stock and other securities of:~~

~~(1) A state development corporation organized under the provisions of chapter 670 of NRS.~~

~~(2) A corporation for economic revitalization and diversification organized under the provisions of chapter 670A of NRS, if the insurer is a member of the corporation, and to the extent of its loan limit established under NRS 670A.200.]~~

2. No insurer may invest in any such bonds or evidences of indebtedness in excess of 10 percent of any issue of such bonds or evidences of indebtedness or, subject to subsection 1 of NRS 682A.050, relating to diversification, more than an amount equal to 10 percent of the insurer's admitted assets in any issue.

Sec. 8. NRS 662.099, 670.010, 670.020, 670.030, 670.040, 670.050, 670.067, 670.070, 670.075, 670.080, 670.085, 670.090, 670.100, 670.110, 670.115, 670.120, 670.130, 670.155, 670.180, 670.200, 670.220, 670.230, 670.240, 670.250, 670.260, 670.270, 670.280, 670.290, 670.300, 670.310, 670.320, 670.330, 670A.010, 670A.020, 670A.030, 670A.040, 670A.050, 670A.060, 670A.070, 670A.080, 670A.090, 670A.100, 670A.110, 670A.120, 670A.130, 670A.140, 670A.150, 670A.160, 670A.170, 670A.180, 670A.190, 670A.200, 670A.210, 670A.220, 670A.230, 670A.240, 670A.250, 670A.260, 670A.270, 670A.280, 670A.290, 670A.300, 670A.310 and 670A.320 are hereby repealed.

Sec. 9. This act becomes effective upon passage and approval.

