

STATE OF NEVADA

STEVE SISOLAK
Governor



TERRY REYNOLDS
Director

SANDY O'LAUGHLIN
Commissioner

DEPARTMENT OF BUSINESS AND INDUSTRY

FINANCIAL INSTITUTIONS DIVISION

**NOTICE OF INTENT TO ACT UPON A REGULATION
AND HEARING AGENDA**

Notice of Hearing for the Adoption of Regulations

The Department of Business and Industry, Nevada Financial Institutions Division Chapter 604A of the Nevada Administrative Code- Deferred Deposit Loans, Short-Term Loans, Title Loans and Check Cashing Services.

The State of Nevada, Department of Business and Industry, Financial Institutions ("Division") will hold a public hearing on **December 9, 2020, at 10:00 a.m.** via Webex videoconference and teleconference. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of permanent regulations that pertain to Chapter 604A of the Nevada Administrative Code ("NAC").

Date: December 9, 2020

Time: 10:00 a.m. – noon

When it's time, join the Webex meeting by clicking on "Join meeting" link below:

[Join meeting](#)

Meeting number (access code): 146 804 1543

Meeting password: SB201HEARING

Or join by phone: 1-844-621-3956 United States Toll Free

Additional options to join:

Join from a video system or application

Dial 1468041543@businessnv2.webex.com

You can also dial 173.243.2.68 and enter your meeting number.

Join using Microsoft Lync or Microsoft Skype for Business

Dial 1468041543.businessnv2@lync.webex.com

Governor Steve Sisolak signed an emergency directive related to how public bodies in the state of Nevada must operate public meetings to ensure the safety of all Nevadans during the COVID-19 crisis. The directive suspends the requirement that there must be a physical location designated for meetings of a public body where members of the public are permitted to attend and participate in-person. Any public body that holds a meeting pursuant to this Executive Order must find an alternative way for the public to participate without having to be physically present. In addition, the directive states that if a public body holds a meeting by teleconference or videoconference, there must be a way for members of the public to provide public comment.

The purpose of this public hearing is to receive final comments from all interested persons regarding this permanent regulation and the adoption of Chapter 604A of the Nevada Administrative Code (“NAC”), LCB File No. R037-20, dated October 26, 2020.

The following information is provided pursuant to the requirements of the Nevada Revised Statutes (“NRS”) 233B.0603:

LCB File No. R037-20

A regulation relating to financial services; establishing the duties of a service provider who develops, implements and maintains a database of certain loans pursuant to a contract with the Commissioner of Financial Institutions of the Department of Business and Industry; providing for access to the database; establishing certain duties of a licensee regarding the use of the database and the making of certain loans; authorizing the charging and collection of certain fees from licensees and customers under certain circumstances; requiring a licensee to enter certain information into the database; requiring a licensee to retain certain information and documentation relating to certain loans; providing for access to the database by the Office of the Commissioner of Financial Institutions for certain purposes; and providing other matters properly relating thereto.

1. Need for and purpose of the proposed regulation

The regulation is required as a result of the passage of Senate Bill (“SB”) 201 during the 80th Session of the Nevada Legislature. Existing law requires the Division to develop, implement and maintain, by contract with a service provider a database of all deferred deposit loans, title loans and high-interest loans in this State. This regulation sets forth the criteria, duties and requirements of the database and service provider, as well as requirements for a licensee and the Division.

This regulation is needed to establish the specifications of the database for the Division to administer, carry out and enforce the provisions of S.B.201. It will provide consumer protection for Nevada borrowers and a centralized database to assist licensees in making loans to a borrower, as they can see how many outstanding loans a borrower may have with other NRS 604A lenders.

2. Description of proposed regulation and the manner in which approved or revised text of the proposed regulation prepared by the Legislative Counsel Bureau (“LCB”) may be obtained Authority: SB 201-NRS 604A.

The regulation proposed for adoption is stated in the attached Proposed Regulation of the Commissioner of the Financial Institutions Division, LCB File No. R037-20. The proposed regulation includes measures to implement the requirements of SB 201 to develop, implement and maintain a database of all deferred deposit loans, title loans and high-interest loan in this State. This includes:

- Defining “database”, “delete”, “due date”, “identifying customer information” and “service provider” for the purposes of this chapter;
- Sets forth certain duties of a service provider regarding development, implementation and maintenance of the database and the protection of the confidentiality and security of the information contained in the database;
- Sets forth certain requirements for a licensee;
- Sets forth certain requirements for the Division
- Restricts the persons who may have access to the database;
- Sets a fee that the service provider can charge a licensee;
- Requires a licensee to enter certain information regarding the loan into the database;
- Sets a record retention timeframe; and
- Other matters properly related thereto.

Access to the approved or revised text of the proposed regulation prepared by the LCB pursuant to NRS 233B.063 may be obtained by visiting the website of the Nevada Legislature at <http://www.leg.state.nv.us>, hovering over the term “Law Library,” hovering over the term “Nevada Register,” clicking upon the term “Browse,” and then clicking upon the term “Numerical Index” appearing under the category “2020 Regulations.” Access may then be obtained by scrolling down the list of LCB File Numbers to seek “R037-20” or by performing a search function specifying LCB File Number “R037-20” and clicking upon the item(s).

3. Statement of estimated economic effect of the proposed regulation on the business of financial product or service providers and upon the public

The estimated economic effect of the proposed regulation on the business which it is to regulate:

a. Adverse effect:

i. Immediate effect- The 604A community has concerns of the start-up, training, and ongoing costs associated with implementing and maintaining the database. In addition, the community is concerned they may see a decrease in accounts receivable since less loans will be given out.

The Division does not foresee any adverse effects of the proposed regulation. There is no additional expense for the licensee to operate the database. The service provider will not charge a start-up fee. The fee will be charged per approved loan and the minimal charge, not to exceed \$3.00, will be passed on to the customer. The volume of loans may go down due to the database verifying eligibility of a loan and all licensees will be reporting to the database. This may have an impact on the loans made by a licensee since a customer's ability to repay is considered for loans a customer receives from all licensees, the database will assist a licensee to be in compliance with NRS 604A.

ii. Long-term effect- The volume of loans may go down due to the database verifying eligibility of a loan and all licensees will be reporting to the database. This may have an impact on the loans made by a licensee since a customer's ability to repay is considered for loans a customer receives from all licensees, the database will assist a licensee to be in compliance with NRS 604A and keep a customer off the debt treadmill.

b. Beneficial effect:

i. Immediate effect- Less loans will be made due to the database providing an eligibility check of the loan, however, less consumers will go into default since the ability to repay is checked and the lenders percentage of paid-in-full loans should increase, and could result in a strong returning customer base. The Division has determined the most noticeable beneficial effect from the passage of S.B. 201 is the database will require all licensees to access the database to ensure compliance with existing law governing 604A loans and provide data for statistical purposes.

ii. Long-term effect- Less loans will be made due to the database providing an eligibility check of the loan, however, less consumers will go into default since the ability to repay is checked and the lenders percentage of paid-in-full loans should increase, and could result in a strong returning customer base. The Division has determined the most noticeable beneficial effect from the passage of S.B. 201 is the database will require all licensees to access the database to ensure compliance with existing law governing 604A loans and provide data for statistical purposes.

The Division has determined that the proposed regulation does not have an adverse economic impact on small business.

4. Statement identifying the methodology used by the Division in determining the impact of the proposed regulation upon a small business

The Division reviewed the proposed regulation and preliminarily determined that it will not impose a direct and significant economic burden upon a small business, or directly restrict the formation, operation or expansion of a small business, because the proposed regulation does not require additional expense for the licensee to operate the database.

The Division vetted this preliminary determination by soliciting comments on the issue as part of the small business impact questionnaire and of its notice of workshop for the proposed regulation and in its e-mail notification to current licensees under NRS Chapter 604A and the Division's regulatory action contact list. Additionally, the notice of workshop and small business impact statement was posted on the Division's website, the State's official website, the Nevada Legislature's website and at the public locations of the Division's offices in Las Vegas and Reno, and all other public locations required by NRS 233B. Following the conducted workshop and consideration of the comments received during the workshop and comments from twenty-five entities who responded to the small business impact questionnaire, the Commissioner concluded that the proposed regulation does not impose a significant and direct burden upon a small business or restrict the formation, operation, or expansion of a small business.

5. The estimated cost to the agency for enforcement of the proposed regulation

The Division anticipates the cost of enforcement of the proposed regulation to be absorbed into the workloads of existing staff and will not need any additional funding or budget increase.

6. Overlap or duplication with other state, local governmental or federal agencies

To our knowledge, the proposed regulation does not duplicate any existing federal, state, or local standards regulating the same activity.

7. Existence of federal law requirement for proposed regulation or whether proposed regulation includes more stringent provisions than required by federal regulation governing same activity

To our knowledge, there is not a federal law for the proposed regulation governing the same activity.

8. Establishment of new fee or increase to existing fee

The proposed regulation provides for the service provider to collect a small fee for each approved loan from a 604A licensee. The Division will not collect or assess a fee.

COMMENTS AND WRITTEN SUBMISSIONS

Persons wishing to comment upon the proposed action of the Financial Institutions Division may appear at the scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Financial Institutions Division at fidmaster@fid.state.nv.us or at 3300 West Sahara Avenue, Suite 250, Las Vegas, Nevada, 89102. Written submissions must be received by the Division on or before **November 17, 2020**. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Financial Institutions Division may proceed immediately to act upon any written submissions.

COPIES OF PROPOSED REGULATION

A copy of this notice and the proposed regulation to be adopted will be on file at the Nevada State Library & Archives, 100 N. Stewart Street, Carson City, Nevada, 89701, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulation to be adopted will be available at the Division's website at www.fid.nv.gov and at the Division's offices at:

Southern Nevada
Financial Institutions Division
3300 West Sahara Avenue, Suite 250
Las Vegas, NV 89102

Northern Nevada
Financial Institutions Division
1755 East Plumb Lane, Suite 243
Reno, NV 89502

It will also be made available in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://www.leg.state.nv.us>. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. A reasonable fee may be charged for copying.

Note that NRS 233B.064(2) provides as follows:

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

This Hearing Notice has been sent to all interested persons on the Division's mailing list for administrative regulations and posted at the following locations:

Attn: Public Posting
Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Attn: Public Posting
Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Attn: Public Posting
Capital Building, Main Floor
101 North Carson Street
Carson City, Nevada 89701

Attn: Public Posting
Nevada State Library & Archives
100 North Stewart Street
Carson City, Nevada 89701

Attn: Public Posting
Churchill County Library
553 S. Maine Street
Fallon, Nevada 89406

Attn: Public Posting
Las Vegas – Clark County Library
7060 W. Windmill Lane
Las Vegas, Nevada 89113

Attn: Public Posting
Elko County Library
720 Court Street
Elko, Nevada 89801

Attn: Public Posting
Goldfield Public Library
Corner of Crook Ave. & Fourth St
P.O. Box 430
Goldfield, Nevada 89013

Attn: Public Posting
Goldfield Public Library
Corner of Crook Ave. & Fourth St
P.O. Box 430
Goldfield, Nevada 89013

Attn: Public Posting
Eureka Branch Library
80 S. Monroe Street
P.O. Box 293

Nevada State Business Center
3300 W. Sahara Avenue
Las Vegas, Nevada 89102

Attn: Public Posting
Nevada Dept. of Business & Industry
1830 College Parkway, Suite 100
Carson City, Nevada 89706

Attn: Public Posting
Grant Sawyer Building
555 E. Washington Avenue
Las Vegas, Nevada 89101

Attn: Public Posting
Nevada DETR
2800 E. St. Louis Avenue
Las Vegas, Nevada 89104

Attn: Public Posting
Douglas County Public Library
1625 Library Lane
P.O. BOX 337
Minden, Nevada 89423

Attn: Public Posting
Tonopah Public Library
167 S. Central Street
P.O. Box 449
Tonopah, Nevada 89049

Attn: Public Posting
Storey County Clerk
26 S. B Street, Drawer D
Virginia City, Nevada 89440

Attn: Public Posting
Pershing County Library
1125 Central Avenue
P.O. BOX 781
Lovelock, Nevada

Attn: Public Posting
Downtown Reno Library/Washoe County
301 S. Center Street
P.O. Box 2151
Reno, Nevada 89501

Attn: Public Posting
White Pine County Library
950 Campton St.
Ely, Nevada 89301

Eureka, Nevada 89316

Attn: Public Posting
Humboldt County Library
85 East 5th Street
Winnemucca, Nevada 89445

Attn: Public Posting
Lincoln County Library
63 Main Street
P.O. Box 330
Pioche, Nevada 89043

Attn: Public Posting
Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Attn: Public Posting
Lander County
625 South Broad Street
P.O. Box 141
Battle Mountain, Nevada 89820

Attn: Public Posting
Carson City Library
900 N. Roop Street
Carson City, Nevada 89701

Attn: Public Posting
Mineral County Public Library
110 1st Street
Hawthorne, Nevada 89415

Nevada Public Notice website:
www.notice.nv.gov

Nevada Legislature website:
www.leg.state.nv.us/App/Notice/A/

**NOTICE OF PUBLIC MEETING
TO CONDUCT A HEARING FOR ADOPTION
OF REGULATIONS OF THE COMMISSIONER OF THE FINANCIAL
INSTITUTIONS DIVISION
LCB FILE No. R037-20
AND
MEETING AGENDA**

The State of Nevada, Financial Institutions Division (“Division”), 3300 W. Sahara Avenue, Suite 250, Las Vegas, Nevada 89102, (702) 486-4120 is proposing the adoption of regulations to Chapter 604A of the Nevada Administrative Code (“NAC”). The proposed regulations are required as a result of the passage of Senate Bill 201 (S.B.201) during the 80th Session of the Nevada Legislature adjourned sine die on June 3, 2019. A public meeting on this matter has been set for **10:00 a.m. on December 9, 2020**, via Webex videoconference and teleconference:

Date: December 9, 2020

Time: 10:00 a.m. – noon

When it’s time, join the Webex meeting by clicking on “Join meeting” link below:

[Join meeting](#)

Meeting number (access code): 146 804 1543

Meeting password: SB201HEARING

Or join by phone: 1-844-621-3956 United States Toll Free

Additional options to join:

Join from a video system or application

Dial 1468041543@businessnv2.webex.com

You can also dial 173.243.2.68 and enter your meeting number.

Join using Microsoft Lync or Microsoft Skype for Business

Dial 1468041543.businessnv2@lync.webex.com

The purpose of the meeting is to conduct a hearing of all interested persons regarding the following proposed regulation and for the Division to take possible action on the regulation’s adoption. Please submit any written comments no later than **November 17, 2020**.

LCB File No. R037-20.

NRS 604A Database- Deferred Deposit Loans, Title Loans and High-Interest Loans

A regulation relating to financial services; establishing the duties of a service provider who develops, implements and maintains a database of certain loans pursuant to a contract with the Commissioner of Financial Institutions of the Department of Business and Industry; providing for access to the database; establishing certain duties of a licensee regarding the use of the database and the making of certain loans: authorizing the charging and collection of certain fees from licensees and customers under certain circumstances; requiring a licensee to enter certain information into the database; requiring a licensee to retain certain information and documentation relating to certain loans; providing for access to the database by the Office of the Commissioner of Financial Institutions for certain purposes; and providing other matters properly relating thereto.

A copy of all materials relating to the proposal(s) may be obtained at the meeting or by visiting the Division's Internet Web site at <http://fid.nv.gov/> or by contacting the Division, 3300 W. Sahara Avenue, Suite 250, Las Vegas, Nevada 89102, (702) 486-4120. A reasonable fee for copying may be charged. Members of the public who would like additional information about the proposed regulation may contact Mary Young, Deputy Commissioner, at (702)486-4120, or via e-mail to fidmaster@fid.state.nv.us

Notice of the meeting was provided via electronic means to all persons on the e-mail lists for noticing of administrative regulations maintained by the Division and licensees this regulation affects. This *Notice of Public Meeting* was posted to the agency's Internet Web site at http://fid.nv.gov/Opinion/Proposed_Regulations/, the Nevada Legislature's Internet Web site at <http://www.leg.state.nv.us>, and at the following locations:

Southern Nevada
Financial Institutions Division
3300 West Sahara Avenue, Suite 250
Las Vegas, NV 89102

Attn: Public Posting
Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Attn: Public Posting
Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Attn: Public Posting
Capital Building, Main Floor
101 North Carson Street
Carson City, Nevada 89701

Attn: Public Posting
Nevada State Library & Archives

Northern Nevada
Financial Institutions Division
1755 East Plumb Lane, Suite 243
Reno, NV 89502

Nevada State Business Center
3300 W. Sahara Avenue
Las Vegas, Nevada 89102

Attn: Public Posting
Nevada Dept. of Business & Industry
1830 College Parkway, Suite 100
Carson City, Nevada 89706

Attn: Public Posting
Grant Sawyer Building
555 E. Washington Avenue
Las Vegas, Nevada 89101

Attn: Public Posting
Nevada DETR

100 North Stewart Street
Carson City, Nevada 89701

Attn: Public Posting
Churchill County Library
553 S. Maine Street
Fallon, Nevada 89406

Attn: Public Posting
Las Vegas – Clark County Library
7060 W. Windmill Lane
Las Vegas, Nevada 89113

Attn: Public Posting
Elko County Library
720 Court Street
Elko, Nevada 89801

Attn: Public Posting
Goldfield Public Library
Corner of Crook Ave. & Fourth St
P.O. Box 430
Goldfield, Nevada 89013

Attn: Public Posting
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P.O. Box 430
Goldfield, Nevada 89013

Attn: Public Posting
Eureka Branch Library
80 S. Monroe Street
P.O. Box 293
Eureka, Nevada 89316

Attn: Public Posting
Humboldt County Library
85 East 5th Street
Winnemucca, Nevada 89445

Attn: Public Posting
Lincoln County Library
63 Main Street
P.O. Box 330
Pioche, Nevada 89043

Attn: Public Posting
Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Attn: Public Posting
Pershing County Library
1125 Central Avenue
P.O. BOX 781
Lovelock, Nevada 89419

2800 E. St. Louis Avenue
Las Vegas, Nevada 89104

Attn: Public Posting
Churchill County Library
553 S. Maine Street
Fallon, Nevada 89406

Attn: Public Posting
Douglas County Public Library
1625 Library Lane
P.O. BOX 337
Minden, Nevada 89423

Attn: Public Posting
Tonopah Public Library
167 S. Central Street
P.O. Box 449
Tonopah, Nevada 89049

Attn: Public Posting
Storey County Clerk
26 S. B Street, Drawer D
Virginia City, Nevada 89440

Attn: Public Posting
Downtown Reno Library/Washoe County
301 S. Center Street
P.O. Box 2151
Reno, Nevada 89501

Attn: Public Posting
White Pine County Library
950 Campton St.
Ely, Nevada 89301

Attn: Public Posting
Lander County
625 South Broad Street
P.O. Box 141
Battle Mountain, Nevada 89820

Attn: Public Posting
Carson City Library
900 N. Roop Street
Carson City, Nevada 89701

Attn: Public Posting
Mineral County Public Library
110 1st Street
Hawthorne, Nevada 89415

Nevada Public Notice website:
www.notice.nv.gov

Nevada Legislature website:
www.leg.state.nv.us/App/Notice/A/

HEARING AGENDA

The State of Nevada, Department of Business and Industry, Financial Institutions
Division

December 9, 2020 • 10:00 a.m.

Governor Steve Sisolak signed an emergency directive related to how public bodies in the state of Nevada must operate public meetings to ensure the safety of all Nevadans during the COVID-19 crisis. The directive suspends the requirement that there must be a physical location designated for meetings of a public body where members of the public are permitted to attend and participate in-person. Any public body that holds a meeting pursuant to this Executive Order must find an alternative way for the public to participate without having to be physically present. In addition, the directive states that if a public body holds a meeting by teleconference or videoconference, there must be a way for members of the public to provide public comment.

The purpose of this public hearing is to receive final comments from all interested persons regarding this permanent regulation and the adoption of Chapter 604A of the Nevada Administrative Code (“NAC”), LCB File No. R037-20, dated October 26, 2020.

1. Open Hearing: R037-20.
2. Public comment.
3. Presentation and Discussion of Proposed Regulation. (For Possible Action)

LCB File No. R037-20

NRS 604A Database- Deferred Deposit Loans, Title Loans and High-Interest Loans

A regulation relating to financial services; establishing the duties of a service provider who develops, implements and maintains a database of certain loans pursuant to a contract with the Commissioner of Financial Institutions of the Department of Business and Industry; providing for access to the database; establishing certain duties of a licensee regarding the use of the database and the making of certain loans: authorizing the charging and collection of certain fees from licensees and customers under certain circumstances; requiring a licensee to enter certain information into the database; requiring a licensee to retain certain information and documentation relating to certain loans; providing for access to the database by the Office of the Commissioner of Financial Institutions for certain purposes; and providing other matters properly relating thereto.

4. Adoption of Proposed Regulation R037-20 (For Possible Action)
5. Public Comment.
6. Close Hearing: R037-20. (Adjournment)

Supporting public material for this workshop may be requested from Mary Young, Deputy Commissioner, Financial Institutions Division, 3300 W. Sahara Avenue, Suite 250, Las Vegas, Nevada 89102, (702) 486-4120 or fidmaster@fid.state.nv.us

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and, discussion relating to an item may be delayed or continued at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

**PROPOSED REGULATION OF THE
DIVISION OF FINANCIAL INSTITUTIONS**

LCB File No. R037-20

October 26, 2020

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

AUTHORITY: §§1-25, NRS 604A.303.

A REGULATION relating to financial services; establishing the duties of a service provider who develops, implements and maintains a database of certain loans pursuant to a contract with the Commissioner of Financial Institutions of the Department of Business and Industry; providing for access to the database; establishing certain duties of a licensee regarding the use of the database and the making of certain loans; authorizing the charging and collection of certain fees from licensees and customers under certain circumstances; requiring a licensee to enter certain information into the database; requiring a licensee to retain certain information and documentation relating to certain loans; providing for access to the database by the Office of the Commissioner of Financial Institutions for certain purposes; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires the Commissioner of Financial Institutions of the Department of Business and Industry to develop, implement and maintain, by contract with a vendor or service provider or otherwise, a database of all deferred deposit loans, title loans and high-interest loans in this State. (NRS 604A.303)

Section 9 of this regulation sets forth certain duties of a service provider regarding: (1) the development, implementation and maintenance of the database; and (2) the protection of the confidentiality and security of the information contained in the database.

Section 10 of this regulation sets forth certain duties of a service provider regarding: (1) the maintenance of data in the database for the purposes of compliance, investigation and enforcement; and (2) notification of the Office of the Commissioner if the database becomes unavailable for any reason.

Section 11 of this regulation restricts the persons who may have access to the database and sets forth certain requirements for passwords to access the database.

Section 12 of this regulation requires a licensee to query the database with certain information which verifies the identity of a customer before making a deferred deposit loan, title loan or high-interest loan to that customer.

Section 13 of this regulation: (1) sets forth the information that must be provided by the database in response to a query by a licensee; (2) requires a licensee to consider that information and any other available information in determining the ability of a customer to repay a loan; and (3) requires a licensee to provide certain information to a customer if the customer is determined to be ineligible for a loan.

Section 14 of this regulation: (1) authorizes a licensee, during any period in which the database is unavailable due to technical issues on the service provider's side of the system, to rely upon certain written representations by a customer regarding the eligibility of the customer for a loan; and (2) requires the licensee to perform certain actions if the licensee makes a loan to a customer during a period when the database is unavailable.

Section 15 of this regulation: (1) requires the service provider to charge and collect a fee from a licensee for each loan which the licensee approves and enters into the database; and (2) sets certain restrictions on such a fee.

Section 16 of this regulation: (1) sets certain restrictions on the fee which a licensee may charge or collect from a customer; and (2) requires the fee to be itemized in the loan agreement.

Sections 17-21 of this regulation require a licensee to enter certain information regarding deferred deposit, high-interest and title loans into the database.

Section 22 of this regulation requires a licensee to retain for not less than 3 years certain information and documentation relating to certain loans.

Section 23 of this regulation prohibits a licensee from deleting from the database any information relating to a customer, unless the deletion is in accordance with **section 10** of this regulation, which requires the deletion of certain data 3 years after a loan is closed.

Section 24 of this regulation provides for access to the database to the Office of the Commissioner for the purposes of ensuring compliance and generating and publishing certain reports.

Section 25 of this regulation provides that a customer has the right to request from a licensee, without charge, fee or cost, certain information relating to his or her loan and the repayment of a loan.

Section 1. Chapter 604A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 25, inclusive, of this regulation.

Sec. 2. As used in sections 3 to 25, inclusive, of this regulation, unless the context otherwise requires, the words and terms in NRS 604A.036, 604A.038 and 604A.057, and sections 3 to 7, inclusive, of this regulation, have the meaning ascribed to them in those sections.

Sec. 3. "Database" means the database required by NRS 604A.303 to be developed, implemented and maintained.

Sec. 4. "Delete" means to erase data by overwriting the data.

Sec. 5. "Due date" means the date, based on a payment schedule and subject to all statutory requirements, on which a customer is scheduled to:

- 1. Make a payment, either to pay the full amount of a loan, including principal, finance charge and fees, and extinguish the debts; or*
- 2. If applicable, make an installment payment.*

Sec. 6. "Identifying customer information" means:

- 1. The name of a customer;*
- 2. The social security number or alien registration number of a customer;*
- 3. The driver's license number of a customer; or*
- 4. The number of an identification card which was issued to a customer by the Federal Government, this State or any other state,*

↳ that is entered into the database.

Sec. 7. "Service provider" means the vendor or service provider with which the Commissioner has contracted to develop, implement and maintain the database.

Sec. 8. For the purposes of sections 2 to 25, inclusive, of this regulation, a loan is closed if the final status of the loan is no longer active because the loan has been paid-in-full

under the loan agreement, because the loan is a title loan and the vehicle securing the loan has been repossessed, because the licensee has charged off the loan or for any other reason.

Sec. 9. *The service provider shall:*

- 1. Develop, implement and maintain the database.*
- 2. Take all actions the service provider deems necessary to protect the confidentiality and security of the information contained in the database and be responsible for the confidentiality and security of such information.*

Sec. 10. *The service provider shall:*

- 1. Retain data in the database only as required to ensure that a licensee complies with the requirements of this chapter and chapter 604A of NRS.*
- 2. Unless notified by the Commissioner that data and identifying customer information relating to a transaction of a customer is needed for the purposes of a pending investigation or enforcement action:*
 - (a) Archive the data in the database not later than 2 years after the loan is closed. As used in this paragraph, "archive" means to copy data to a long-term storage mechanism separate from the database.*
 - (b) Delete the data and any identifying customer information from the database on the date that is 3 years after the date on which the loan is closed.*
- 3. If the database becomes unavailable for any reason, notify the Office of the Commissioner not later than the next business day after the database becomes unavailable.*

Sec. 11. 1. *Access to the database must be limited to members of the staff of:*

- (a) A licensee who underwrite and process loans;*
- (b) A licensee who collect and post payments made on loans;*
- (c) A licensee who are senior staff members;*
- (d) The service provider; and*
- (e) The Office of the Commissioner.*

2. *Each user of the database must be required to:*

- (a) Create a password to access the database that meets the criteria of the service provider for passwords; and*
- (b) Safeguard the password by not sharing the password with any person or committing the password to writing.*

Sec. 12. 1. *Before making a deferred deposit loan, title loan or high-interest loan, a licensee shall query the database.*

2. *To verify the identity of a customer, a query made pursuant to subsection 1 must include, at a minimum:*

- (a) The full name of the customer, including, without limitation, first and last name and middle initial;*
- (b) The social security number or alien registration number of the customer;*
- (c) The number of a valid identification card which contains a photograph of the customer and was issued by a governmental entity; and*
- (d) The date of birth of the customer.*

3. *The service provider shall retain each query of the database for review by the Office of the Commissioner.*

Sec. 13. 1. *In response to a query by a licensee, the database must:*

(a) Provide the licensee with the information which a licensee may obtain pursuant to paragraphs (a) to (d), inclusive, of subsection 1 of NRS 604A.303;

(b) Inform the licensee whether a customer is eligible for a loan pursuant to this chapter and chapter 604A of NRS; and

(c) If the customer is ineligible for a loan, provide the licensee with the reason for such ineligibility.

2. In determining the ability of a customer to repay a loan for the purposes of chapter 604A of NRS, a licensee shall consider the information provided pursuant to subsection 1 and any other available information.

3. A licensee may approve a loan only if the making of the loan is permissible pursuant to the provisions of this chapter and chapter 604A of NRS.

4. If the database informs a licensee that a customer is ineligible for a loan, the licensee must provide the customer with a written notice which contains:

(a) The reason for the ineligibility;

(b) The contact information of the service provider; and

(c) A statement advising the customer to submit an inquiry to the service provider if the customer has questions regarding the specific reason for the ineligibility.

5. A written notice provided by a licensee pursuant to subsection 4 does not preclude or replace any disclosure required by federal law.

Sec. 14. 1. *During any period in which the database is unavailable due to technical issues on the service provider's side of the system, a licensee may rely upon the written representation of a customer applying for a loan and assess the ability of the customer*

to repay the loan by obtaining the documentation required by this chapter and chapter 604A of NRS to verify that making the loan for which the customer applied is permissible pursuant to this chapter and chapter 604A of NRS.

2. The written representation of a customer applying for a loan, which a licensee may rely on pursuant to subsection 1, must include, without limitation:

(a) An affirmation that the customer does not have any loan outstanding at the time the customer applies for the loan;

(b) If, at the time the customer applies for a deferred deposit loan or high-interest loan, the customer has another outstanding loan, an affirmation that:

(1) The amount of the additional deferred deposit loan or high-interest loan, as applicable, for which the customer is applying would not, when combined with the amount of the outstanding loan of the customer, exceed 25 percent of the expected monthly gross income of the customer; and

(2) The customer has the ability to repay the loan and the additional deferred deposit loan or high-interest loan for which the customer is applying; or

(c) If, at the time the customer applies for a title loan, the customer has outstanding another title loan, an affirmation that:

(1) The customer has the ability to repay the outstanding title loan and the additional title loan for which the customer is applying; and

(2) The title to the vehicle is not perfected with another lender or licensee.

3. If a licensee makes a loan to a customer during a period when the database is unavailable, whether due to a scheduled outage or other technical issues, a licensee

must: (a) Enter the loan into the database not later than 24 hours after the database becomes operational;

(b) Notate on the loan file that the loan was originated during a period the database was unavailable; and

(c) Retain all records of the loan transaction as required for any loan which is made by a licensee pursuant to the provisions of this chapter and chapter 604A of NRS.

Sec. 15. 1. *Except as otherwise provided in this section, the service provider shall charge and collect a fee from each licensee for each loan which the licensee approves and enters into the database. The fee:*

(a) Must have been established by the competitive procurement process through which the service provider was selected by the Commissioner; and

(b) Must not exceed \$3 per approved loan.

2. *The service provider shall not charge or collect a fee from a licensee for a loan which is:*

(a) Not approved;

(b) Voided; or

(c) Rescinded.

3. *The fee may be charged only at the time of the origination of a loan and cannot be charged to extend, roll over, renew, refinance or consolidate a loan, or for any other action which would extend the due date.*

Sec. 16. 1. *A licensee shall not charge or collect from a customer a fee:*

(a) If a loan is not approved.

(b) If a loan is voided.

(c) If a loan is rescinded.

(d) In an amount which exceeds the actual cost of the fee charged to the licensee by the service provider.

2. The fee must be itemized on the loan agreement, regardless of whether the fee is required to be included in the finance charge under the Truth in Lending Act, as amended, 15 U.S.C. §§ 1601 et. seq., and Regulation Z, 12 C.F.R. Part 226.

Sec. 17. *Except as otherwise provided in section 13 of this regulation, a licensee shall enter into the database, in real time:*

- 1. Each loan originated by the licensee;*
- 2. Each renewal, extension, rollover and refinance of a loan;*
- 3. Information concerning a loan has entered a grace period;*
- 4. Each payment on a loan;*
- 5. The date on which an offer of a repayment plan is sent;*
- 6. The date on which a repayment plan is entered into by the customer and the licensee;*
- 7. Each declined loan; and*
- 8. Any other transaction relating to a loan, as applicable and in compliance with the provisions of this chapter and chapter 604A of NRS.*

Sec. 18. 1. *A licensee who makes:*

(a) A deferred deposit loan; or

(b) A high interest loan,

↪ shall comply with the requirements of subsection 2.

2. Except as otherwise provided in section 13 of this regulation, a licensee who makes a loan described in subsection 1 shall, in real time, enter into the database the following information:

- (a) Whether the customer is a covered service member.*
- (b) Whether the customer is a dependent of a covered service member.*
- (c) The origination date of the loan.*
- (d) The term of the loan.*
- (e) The principal amount of the loan.*
- (f) The total finance charge associated with the loan.*
- (g) The fee charged for the loan.*
- (h) The due date of the loan.*
- (i) The annual percentage rate of the loan.*
- (j) The scheduled payment amount.*
- (k) The payment details as described in section 20 of this regulation.*
- (l) The type of loan product.*
- (m) The gross income of the customer.*
- (n) The total obligations of the customer.*

Sec. 19. *Except as otherwise provided in section 13 of this regulation, a licensee who makes a title loan shall, in real time, enter into the database the following information:*

- 1. Verification that the customer is the legal owner of the vehicle which secures the loan.*
- 2. Whether the customer is a covered service member.*
- 3. Whether the customer is a dependent of a covered service member.*
- 4. The origination date of the loan.*

5. *The term of the loan.*
6. *The principal amount of the loan.*
7. *The total finance charge associated with the loan.*
8. *The fee charged for the loan.*
9. *The due date of the loan.*
10. *The annual percentage rate of the loan.*
11. *The scheduled payment amount.*
12. *The payment details as described in section 20 of this regulation.*
13. *The year, make, model and vehicle identification number of the vehicle which secures the loan.*
14. *The fair market value of the vehicle as valued by a third-party vendor.*
15. *If applicable:*
 - (a) *The name of the legal co-owner of the vehicle; and*
 - (b) *The consent of the legal co-owner of the vehicle for the vehicle to serve as security for the loan.*

Sec. 20. 1. *Except as otherwise provided in section 13 of this regulation, for each payment made on a loan, the licensee shall, in real time, enter into the database the following information, without limitation:*

- (a) *The scheduled payment amount.*
- (b) *The due date of the payment.*
- (c) *The actual payment amount.*
- (d) *The date on which the payment was made.*

(e) The allocation of the total payment, including, without limitation, the dollar amount applied to the principal and the dollar amount applied to interest and fees.

(f) The amount and date of payment received from a customer when the loan is paid in full.

2. If a customer fails to make a payment as scheduled, the licensee shall enter into the database the following information:

(a) The new interest rate, if applicable.

(b) Whether a repayment plan was offered.

(c) Whether the customer entered into a repayment plan.

(d) The duration of the grace period, if any.

3. If a customer enters into a loan agreement which requires installment payments, the licensee must enter into the database the information required pursuant to subsection 1 for each installment payment.

Sec. 21. *Each licensee shall enter into the database and maintain the status of each loan originated by that licensee, including, without limitation:*

1. If the loan is in collection, whether being collected by the licensee or by a third party:

(a) The date on which the loan entered into collection.

(b) The payment history of the loan.

2. If the loan is in default:

(a) The date on which the loan entered into default.

(b) The payment history of the loan.

(c) And if the interest rate changed, the new rate and the date on which the rate changed.

3. If the loan is in a grace period:

(a) The date on which the loan entered into the grace period.

(b) The payment history of the loan.

4. If the loan is in a repayment plan:

(a) The date on which the loan entered the repayment plan.

(b) The payment history of the loan.

5. If the loan is closed:

(a) The date on which the loan closed.

(b) The reason the loan was closed.

6. If a vehicle which secured a loan was ordered to be repossessed:

(a) The date on which the vehicle was ordered to be repossessed.

(b) The date on which the repossession of the vehicle occurred.

Sec. 22. *A licensee shall retain for not less than 3 years all data and documentation collected and reviewed for any loan, loan transaction or query made in the database. For the purposes of this section, “documentation” includes, without limitation:*

1. All copies of the documents considered in determining the ability of a customer to repay a loan, including the gross income of the customer, identity and credit history; and

2. For title loans, any third-party vendor documentation which shows the fair market value of the vehicle which secured the title loan and a copy of the title to the vehicle.

Sec. 23. 1. *Except as otherwise provided in section 10 of this regulation, a licensee shall not delete any information relating to a customer that is entered into the database.*

2. If a loan or loan transaction is voided or rescinded, a licensee must notate on the loan file and in the database that the loan or loan transaction is voided or

rescinded, as applicable, and the reason that the loan or loan transaction is voided or rescinded. Except as otherwise provided in section 10 of this regulation, the licensee shall not delete the voided or rescinded loan or loan transaction from the database.

Sec. 24. 1. *The Office of the Commissioner must have access to the database and will use the database as a tool of enforcement to ensure the compliance of each licensee with the provisions of this chapter and chapter 604A of NRS.*

2. The Office of the Commissioner may periodically run reports for purposes other than examinations, investigations or internal reporting, including, without limitation, to publish online a report regarding the scope of the industry. The data in such a report must not disclose identifying customer information or information which identifies a licensee, including, without limitation, the name, address or number of the license of a licensee. The report may contain:

- (a) The number of loans made for each loan product;*
- (b) The number of defaulted loans;*
- (c) The number of loans paid, including the number of loans paid by their respective due dates and loans paid after their respective due dates;*
- (d) The total amount borrowed and collected; and*
- (e) Any other permissible data that the Commissioner or his or her designee deems necessary.*

Sec. 25. *A customer may request from a licensee, without charge, fee or cost, a copy of his or her loan history, file, record and any other documentation relating to any loan for which the customer applied or the repayment of any loan made to the customer.*

SMALL BUSINESS IMPACT STATEMENT FOR PROPOSED REGULATIONS BY
THE FINANCIAL INSTITUTIONS DIVISION TO SB 201 (Title 52, Chapter 604A)
DEFERRED DEPOSIT LOANS, HIGH-INTEREST LOANS, TITLE LOANS AND
CHECK-CASHING SERVICES

March 12, 2020

1. Small Business Impact Statement pursuant to NRS 233B.0609:

(a) A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

(I) Solicitation of affected small businesses.

The Division sought comments in accordance with NRS 233B.0608 for the purpose of considering whether as a result of the proposed regulations, there may be a direct and significant economic burden upon small business (defined as fewer than 150 employees) or if the regulations will directly restrict the formation, operation or expansion of a small business seeking to those engaged in or who desire to engage in the business of consumer litigation funding and to ensure that there is established in this State an adequate, efficient and competitive consumer litigation funding service available to the general public.

The Division composed the solicitation list from current licensees under Nevada Revised Statutes (NRS) 604A and the Division's regulatory action contact list. In turn, the Division solicited comments on the proposed regulations for SB 201 (Title 52, Chapter 604A) from the above lists by emailing a notice and questionnaire. Additionally, a copy of the full text of the proposed regulations was emailed and posted to the Division's website. The solicited comments were used to formulate this Small Business Impact Statement.

(II) Summary of responses. See attached spreadsheet.

(III) Obtain a copy of the summary.

This Small Business Impact Statement was posted on the Division's website on March 12, 2020 along with a Notice of Workshop on March 12, 2020. Interested persons may also obtain a copy of the Small Business Impact Statement by contacting the:

Office of the Commissioner
Financial Institutions
Division

3300 W. Sahara Avenue,
Suite 250 Las Vegas, NV
89102

Email:

FIDMaster@fid.state.nv.us

Telephone: (702) 486-
4120 Fax: (702)
486-4563

Website: <http://fid.nv.gov>

(b) The manner in which the analysis was conducted.

Pursuant to NRS 233B.0608(1), the Division made a concerted effort to determine whether the proposed regulations are likely to impose a direct and significant economic burden upon a small business; or directly restrict the formation, operation or expansion of a small business. For this effort, the Division sent a copy of the draft regulations and a Small Business Impact Questionnaire to all known companies under NRS 604A for review and invited written comment regarding the impact to the 604A community and took all comments submitted into consideration.

Following review and analysis of the authorizing statutory language (Senate Bill 201) and written comment from the industry, the Division has determined that the majority of the regulation is unlikely to impose a direct and significant economic burden upon a small business; result in any direct or indirect adverse effects on small business; or directly restrict the formation, operation, or expansion of a small business. Notwithstanding, the Division considered all comments and removed language and/or requirements that were confusing or would cause unnecessary efforts on the part of the 604A licensees, if it did not impact the consumer protection responsibility of the Division.

(c) The estimated economic effect of the proposed regulation on the small businesses which it is to regulate including, without limitation:

(1) Both Adverse and Beneficial effects:

(1) ADVERSE EFFECTS:

The 604A community has concerns of the start-up, training, and ongoing costs associated with implementing and maintaining the database. In addition, the community is concerned they may see a decrease in accounts receivable since less loans will be given out.

There is no additional expense for the licensee to operate the database. The service provider will not charge a start-up fee. The fee will be charged per approved loan and the minimal charge, not to exceed \$3.00, will be passed on to the customer. The volume of loans may go down due to the database verifying eligibility of a loan and all licensees will be reporting to the database. This may have an impact on the loans

made by a licensee since the consumer's ability to repay is considered for loans the consumer receives from all licensees.

(II) BENEFICIAL EFFECTS:

The 604A community provided only one comment beneficial comments regarding fees and costs associated with implementing and maintaining the database. One beneficial comment was regarding consumer default. The database may make less consumers go in default.

(2) Both Direct and Indirect effects:

(1) DIRECT EFFECTS:

There is no additional expense for the licensee to operate the database. The service provider will not charge a start-up fee. The fee will be charged per approved loan and the minimal charge, not to exceed \$3.00, will be passed on to the customer. Less loans will be made due to the database providing an eligibility check of the loan, however, less consumers will go into default since the ability to repay is checked and the lenders percentage of paid-in-full loans should increase.

The Division has determined the most prominent positive direct effect from the passage of S.B. 201 is the database will require all licensees to access the database to ensure compliance with existing law governing 604A loans and provide data for statistical purposes.

(II) INDIRECT EFFECTS:

It is noted that a common concern from the 604A community is the unknown of how the database operates. Unaware that it is a live database that interfaces with a licensee's current software and for licensees that maintain manual records; an online portal will be provided for their use. The Division and service provider will assist any licensee with questions during an examination to alleviate any concerns.

- (d) A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The Division has received a total of twenty-five (25) responses to the solicitation sent to all interested parties. The Division has considered and analyzed all submitted comments and removed language and/or requirements that were confusing or would cause unnecessary efforts on the part of the 604A company, if it did not impact the consumer protection responsibility of the Division.

- (e) The estimated cost to the agency for enforcement of the proposed regulation. It is estimated the Division will not need any additional funding or a budget increase.

(f) If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect, and the manner in which the money will be used.

The proposed regulation provides for the service provider to collect a small fee for each approved loan from the 604A licensee. The Division will not collect or assess a fee.

(g) If the proposed regulation includes provisions which duplicate or are more stringent than federal, state, or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

To our knowledge, the proposed regulations do not duplicate any existing federal, state, or local standards regulating the same activity.

(h) The reasons for the conclusions of the agency regarding the impact of the regulation on small businesses.

This is a result of the passage of new legislation that will require 604A lenders to operate a database and pay the database vendor a fee per approved loan. The Division can only indirectly lessen the impact on small business by allowing the minimal fee to be passed on to the customer receiving the loan. In addition, the Division will work with the service provider to provide sufficient training to all licensees and their employees.

To the best of my knowledge, the information contained in this Small Business Impact Statement was prepared properly and accurate.



Sandy O'Laughlin
Commissioner

<u>604A- High-Interest, Deferred Deposit and Title Loans- Direct or Indirect Impact Item</u>	<u>Number/ and %</u>	<u>Direct or Indirect</u>	<u>Adverse or Beneficial</u>	<u>NFID Answer/Mitigation</u>
Does not want the requirement to put the method of payment but only accept cash.	1 (4%)	Direct	Adverse	Not all licensees just accept cash. The regulations were meant to capture all licensees and all payment types.
Section 14 requires an excessive amount of detailed information regarding payments and transactions throughout the term of the loan that will be time consuming and excessively burdensome.	17 (68%)	Direct	Adverse	The database will interface with a licensee's current system. If a licensee does not use any type of software, they will have online access to enter the information into the database. FID removed the language for documents to be uploaded to the database such as payment receipts and repayment plans since it is not required to be uploaded and FID will still review the receipts and repayment plans during an examination. FID removed collection notes since there is not a set deadline for the collection

				notes and will still review the collection notes during an examination.
Section 17 requires an excessive amount of detailed information regarding the initial query	17 (68%)	Direct	Adverse	This should not be burdensome since the database will interface with a licensee's current system. If a licensee does not use any type of software, they will have online access to enter the information into the database.
Section 23, 24 & 25 requires an excessive amount of detailed information regarding payments and transactions throughout the term of the loan that will be time consuming and excessively burdensome.	17 (68%)	Direct	Adverse	This should not be burdensome since the database will interface with a licensee's current system. If a licensee does not use any type of software, they will have online access to enter the information into the database.

Borrowers will be upset at the third-party verification, sharing of their private information, and limiting of their viable credit options.	2 (8%)	Indirect	Adverse	All information will remain confidential and retained securely.
Section 11 states, in part, A licensee shall not collect any fee, charge or cost from a customer if a loan is not approved. Requesting similar language be used so the service provider cannot charge for a loan that is not approved.	1 (4%)	Direct	Adverse	Added language to the proposed regulations to clarify both the licensee and service provider cannot charge a fee for a loan that is not approved.
Section 14 requires collection notes to be entered. This requirement will be confusing and onerous to the licensee and employees and notes are primarily meant for internal communications and not for compliance purposes.	2 (8%)	Direct	Adverse	The database will interface with a licensee's current system. NFID reviews collection notes to ensure compliance with NRS 604A and FDCPA during the course of an examination and will continue to do so.
Requirement that information is entered into the database in "real time" should be "immediately" as defined in Section 4: means the action must occur in one business day.	1 (4%)	Indirect	Adverse	The database operates in real time. It interfaces with the licensee's current system; therefore, the information will be

				entered into the database as the licensee enters it into their software. Licensee's without a current system, must enter the data online at the time the loan, payment, action occurs.
Small business without the resources to spend big on advertising. Would need to double salary expense.	3 (12%)	Direct	Adverse	The database operates in real time. It interfaces with the licensee's current system; therefore, the information will be entered into the database as the licensee enters it into their software. Licensee's without a current system, must enter the data online at the time the loan, payment, action occurs. There should be no need to double salary expense or have high advertising costs.
The cost of the database fee will be passed down to the customer, could be up to \$15 per loan.	1 (4%)	Direct	Adverse	The fee is per approved loan not to exceed \$3.00.

No real time database entry.	2 (8%)	Direct	Adverse	The regulations do require real time database entry.
The database checking the eligibility for a new loan will impact accounts receivable. Lose customers that have other loans out elsewhere. Make less loans.	4 (16%)	Direct	Adverse	The database was implemented to verify the eligibility of a loan to keep consumers off the debt treadmill and not overextend themselves.
Concerned about the expense related to the database.	2 (8%)	Direct	Adverse	There is no additional expense for the licensee to operate the database. The service provider will not charge a start-fee. They charge per approved loan and that minimal charge (not to exceed \$3.00) will be passed on to the customer.

Concerned this will hurt responsible borrowers and small lenders because of the limits imposed (referring to 25% gross monthly income)	1 (4%)	Indirect	Adverse	The 25% gross monthly income requirement has been around since the inception of NRS 604A in 2005. The database will ensure that licensees are considering all loans made from all licensees and in compliance with statutes and regulations.
Concerned how the database will calculate the customer's ability to repay.	2 (8%)	Indirect	Adverse	The database will not calculate the ability to repay. The licensee will need to continue to calculate and retain the documents used to determine the ability to repay.
Concerned the database will decrease their loan portfolio since they will no longer have control over who qualifies for a loan and who doesn't, the database will check the eligibility.	1 (4%)	Direct	Adverse	If loans are underwritten in compliance with NRS 604A, the decrease should be minimal. The database will have all licensee's reporting to determine the eligibility.

Concerned too much of customer's personal data entered into the database.	5 (20%)	Direct	Adverse	The database interfaces with the licensee's current software. The database will have high-level security that is state approved, which typically will be PCI Level 1 compliant. The information requested is already requested during the examination and will continue to remain confidential.
There are already enough fees that the customer and the lender must pay to process a title loan.	1 (4%)	Direct	Adverse	There is no additional expense for the licensee to operate the database. The service provider does not charge a start-up fee. They charge per approved loan and that minimal charge (not to exceed \$3.00) will be passed on to the customer.
Section 24 (m) requires a licensee verify a customer's net disposable income, which would be burdensome.	1 (4%)	Direct	Adverse	This requirement is currently in NRS 604A.5011, 604A.5038 and 604A.5065 for determining a customer's ability to repay.

Concerned costs related to training staff.	1 (4%)	Direct	Adverse	The service provider will provide the necessary training on the database functions.
The database could make less people go in default so less chasing for money but don't think that it will outweigh good people lost from receiving loans.	1 (4%)	Indirect	Benefit	Comment-no replied required
Considered consumers will turn to hard money lenders or unlicensed entities.	1 (4%)	Indirect	Adverse	The FID will take disciplinary action against any unlicensed lender and they will be required to obtain a license. Hard money lending would fall under NRS 675 - Installment Loans, it would be regulated under that chapter.
Considered this is a new line of business for the state to make money.	1 (4%)	Indirect	Adverse	The state does not receive any of the fees. The fees are charged and collected by the database vendor.

<p>Considered of the disclosure of confidential and proprietary underwriting and business information leading to a competitive disadvantage.</p> <p>Or that users may unintentionally receive access to another consumer's information.</p>	1 (4%)	Indirect	Adverse	<p>This information is to be collected not disclosed. The database is checking the eligibility of the loan. Another lender will not see the name of the other lender. The data obtained is confidential pursuant to S.B.201.</p>
<p>Suggests the term "service provider" be changed to "licensee" and be defined as such.</p>	1 (4%)	Indirect	Adverse	<p>The term "service provider" is used throughout S.B.201 and the proposed regulations. It states, in part, The Commissioner shall contract with a vendor or service provider...develop, implement and maintain a database by which the Commissioner and licensees may obtain information related...</p> <p>FID believes it is clear who the service provider is and not does require a definition for "service provider"</p>
<p>Would like the licensees to be able to charge the fee for denied</p>	1 (4%)	Indirect	Adverse	<p>Neither the consumer nor the licensee will be</p>

loans to recover the costs of the denied loans.				charged for denied loans. Only approved/booked loans.
The use of the term "in collection" is unclear	1 (4%)	Indirect	Adverse	Collection of an account is clear in NRS 604A and FDCPA
The term "closed" is vague	1 (4%)	Indirect	Adverse	FID defined closed loan in regulation
Object to retaining evidence of the query	1 (4%)	Indirect	Adverse	FID needs to verify the query was made in compliance with statute and regulation and the loan was approved or denied pursuant to statute and regulation. i.e. if a consumer complaint is received by FID.
Shouldn't be required to notify FID if the database goes down.	1 (8%)	Direct	Adverse	The database is not anticipated to have unscheduled downtime often. This is not a burden since the database should not be down for excessive time periods. Notifying FID is an additional check of the operation of the database.

FID requiring collection notes creates potential HIPAA violations.	1 (4%)	Direct	Adverse	FID does not believe the HIPAA law will be violated since the FID is not looking at the collections related to the medical records but to NRS 604A lending. FID currently reviews collection notes during an examination.
Section 21 requires notice to a customer if ineligible for the loan, unclear how the notice is given.	1 (4%)	Indirect	Adverse	Written notice to the customer along with REG B disclosure.
<p><u>SBI Response Summary:</u></p> <p>Total Solicited: 120 Total Responded: 25 % Responded: 21%</p>				