

SENATE BILL NO. 231—SENATOR KIECKHEFER

MARCH 15, 2021

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions related to financial services. (BDR 55-86)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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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; requiring loans made exclusively through the Internet to a resident of this State and contracts related to such loans to be governed by the laws of this State; requiring litigation proceedings arising from such loans and related contracts to be conducted in this State; voiding and making unenforceable as against public policy certain contractual provisions relating to such loans; revising provisions relating to persons who make loans exclusively through the Internet; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law prohibits a person from engaging in the business of lending
2 without first having obtained a license from the Commissioner for each office or
3 other place of business at which the person engages in the business of lending.
4 (NRS 675.060) Existing law generally authorizes a person to obtain such a license
5 for an office or other place of business located outside of this State only if: (1) the
6 person has a license for an office or other place of business located in this State; or
7 (2) the person is an “Internet business lender,” which existing law defines to mean a
8 person who makes business loans exclusively through the Internet. (NRS 675.020,
9 675.090) **Section 3** of this bill authorizes an “Internet consumer lender,” which is
10 defined in **section 2** of this bill to mean a person who makes consumer loans
11 exclusively through the Internet, to obtain a license to engage in the business of
12 lending for an office or place of business located outside of this State.

13 **Section 1** of this bill requires every loan made to a resident of this State by
14 such a lender and any related loan contract to be governed by the laws of this State.
15 **Section 1** also requires any litigation proceeding arising from such a loan or loan
16 contract to be conducted in this State. **Section 1** provides that any provision,



17 covenant or clause in a loan contract that conflicts with such requirements are null,
18 void and unenforceable as against public policy.

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

1 **Section 1.** Chapter 675 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 ***1. The laws of this State shall govern every loan made to a***
4 ***resident of this State by an Internet consumer lender and any***
5 ***related loan contract.***

6 ***2. Any litigation proceeding arising from a loan made to a***
7 ***resident of this State by an Internet consumer lender or from a***
8 ***related loan contract shall be conducted in this State.***

9 ***3. Any provision, covenant or clause in a loan contract that***
10 ***conflicts with the provisions of this section shall be null, void and***
11 ***unenforceable as against public policy.***

12 **Sec. 2.** NRS 675.020 is hereby amended to read as follows:

13 675.020 As used in this chapter, unless the context otherwise
14 requires:

15 1. "Amount of cash advance" means the amount of cash or its
16 equivalent actually received by a borrower or paid out at his or her
17 direction or on his or her behalf.

18 2. "Amount of loan obligation" means the amount of cash
19 advance plus the aggregate of charges added thereto pursuant to
20 authority of this chapter.

21 3. "Commissioner" means the Commissioner of Financial
22 Institutions.

23 4. "Community" means a contiguous area of the same
24 economic unit or metropolitan area as determined by the
25 Commissioner, and may include all or part of a city or several towns
26 or cities.

27 5. "Consumer credit" has the meaning ascribed to it in
28 NRS 604A.036.

29 6. "Covered service member" has the meaning ascribed to it in
30 NRS 604A.038.

31 7. "Dependent" has the meaning ascribed to it in
32 NRS 604A.057.

33 8. "Internet business lender" means a person who makes
34 business loans exclusively through the Internet.

35 9. ***"Internet consumer lender" means a person who makes***
36 ***consumer loans exclusively through the Internet.***



1 **10.** "License" means a license, issued under the authority of
2 this chapter, to make loans in accordance with the provisions of this
3 chapter, at a single place of business.

4 ~~[10.]~~ **11.** "Licensee" means a person to whom one or more
5 licenses have been issued.

6 **Sec. 3.** NRS 675.090 is hereby amended to read as follows:

7 675.090 1. Application for a license must be in writing, under
8 oath, and in the form prescribed by the Commissioner.

9 2. The application must:

10 (a) Provide the address of the office or other place of business
11 for which the application is submitted.

12 (b) Contain such further relevant information as the
13 Commissioner may require, including the names and addresses of
14 the partners, officers, directors or trustees, and of such of the
15 principal owners or members as will provide the basis for the
16 investigations and findings contemplated by NRS 675.110 and
17 675.120.

18 3. A person may apply for a license for an office or other place
19 of business located outside this State from which the applicant will
20 conduct business in this State if:

21 (a) The applicant is an Internet business *lender or Internet*
22 *consumer* lender; or

23 (b) The applicant or a subsidiary or affiliate of the applicant has
24 a license issued pursuant to this chapter for an office or other place
25 of business located in this State.

26 4. A person who wishes to apply for a license pursuant to
27 subsection 3 must submit with the application for a license a
28 statement signed by the applicant which states that the applicant
29 agrees to:

30 (a) Make available at a location within this State the books,
31 accounts, papers, records and files of the office or place of business
32 located outside this State to the Commissioner or a representative of
33 the Commissioner; or

34 (b) Pay the reasonable expenses for travel, meals and lodging of
35 the Commissioner or a representative of the Commissioner incurred
36 during any investigation or examination made at the office or place
37 of business located outside this State.

38 ↪ The person must be allowed to choose between paragraph (a) or
39 (b) in complying with the provisions of this subsection.

40 5. The Commissioner shall consider an application to be
41 withdrawn if the Commissioner has not received all information and
42 fees required to complete the application within 6 months after the
43 date the application is first submitted to the Commissioner or within
44 such later period as the Commissioner determines in accordance
45 with any existing policies of joint regulatory partners. If an



1 application is deemed to be withdrawn pursuant to this subsection or
2 if an applicant otherwise withdraws an application, the
3 Commissioner may not issue a license to the applicant unless the
4 applicant submits a new application and pays any required fees.

