



May 10, 2019

Assemblywoman Ellen Spiegel
Chair, Assembly Committee on Commerce and Labor
401 South Carson Street
Legislative Building, Room 4108
Carson City, NV 89701-4747

Re: Senate Bill 201 relating to financial services; adopting certain provisions of the federal Military Lending Act; requiring the Commissioner of Financial Institutions to develop, implement and maintain a database

Dear Chair Spiegel:

I write on behalf of American Financial Services Association (AFSA)¹ to express our concern about SB 201, which amends laws relating to consumer finance. Our members believe that, far from enhancing consumer protections in the state, the bill, as written, will serve only to needlessly increase the compliance burden on Nevada's traditional installment lenders, affecting their ability to offer safe and affordable loans to borrowers who rely on them. This will affect financial capability for individuals and families in Nevada and decrease opportunities for financial mobility.

Although AFSA has significant concerns about the bill's introduction of the Military Annual Percentage Rate (MAPR) into Nevada², our *primary* concern is the effect of its database reporting provisions, which require lenders to submit detailed information never before sought by Nevada regulators for compilation in a lending database. The additional compliance burden for Nevada lenders would involve establishing the means for collection and submission of complex information in every lender's office in the state. This would be costly, even without taking into consideration the mandated additional fees levied to maintain the database.

The establishment of a database also raises issues of both security, at a time when criminal elements show a relentless appetite for personal financial data, and liability, under the provisions for affirmative defense set forth in subsection 3. This includes a greater danger of facing class action suits, and will further affect traditional installment lenders ability to take on risk and serve Nevada borrowers. All of these factors will inevitably affect availability of credit in the state, depriving borrowers of options to increase their financial capability and cutting off a tried and tested route to improved credit.

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

² AFSA believes this non-TILA definition of APR is confusing for borrowers and subverts long-standing, effective federal law

AFSA members are also concerned about recent amendments to the bill that require that a loan from a licensed high-interest loan service—which includes traditional installments lenders—and deferred deposit loans—which are not offered by AFSA members—in combination with any other outstanding loan of the customer, does not exceed 25 percent of the customer’s expected gross monthly income when the loan is made. Installment lenders already work with borrowers to assess each individual’s ability to repay a loan based on that borrower’s situation. Such a one-size-fits-all approach to budgeting leaves no room to work with borrowers and is likely to have a commensurate effect on the availability of credit in the state.

We would like to respectfully remind the committee that traditional installment loans (TILs) are widely recognized by consumer groups and others as a safe and affordable alternative to payday and title loans. This has been demonstrated most recently by the willingness of the federal Consumer Financial Protection Bureau (CFPB) to exclude TILs from the provisions of their Payday Rule. This appreciation for TILs as tools of financial capability and even mobility, hinges on the fact that unlike payday or title loans, they do not rely for repayment on a single payment on a certain due date, and instead are repaid in regularly scheduled, equal payments of principal and interest, after an underwriting process that includes a calculation of the borrower’s ability to repay a loan out of their monthly budget. Unlike payday or title loans, TIL performance is reported directly to credit bureaus. This is a vital tool for borrowers looking to build a credit history and become more financially mobile.

For these reasons, we respectfully request traditional installment lenders in Nevada, specified in section 604A.5057, be excluded from the bill’s requirements. By doing so, Nevada can preserve the bill’s intent, without seriously affecting the availability of safe and affordable credit in Nevada. Thank you for your attention to this matter. If you have any questions or would like to discuss this further, please do not hesitate to contact me at 952-922-6500 or dfagre@afsamail.org.

Sincerely,



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cc: Assemblyman Jason Frierson - Vice Chair
Assemblywoman Maggie Carlton
Assemblyman Skip Daly
Assemblywoman Sandra Jauregui
Assemblywoman Susie Martinez
Assemblyman William McCurdy II
Assemblywoman Dina Neal
Assemblyman Steve Yeager
Assemblyman Chris Edwards
Assemblywoman Melissa Hardy
Assemblyman Al Kramer
Assemblywoman Jill Tolles