



March 19, 2019

Senator Pat Spearman
Chair, Senate Committee on Commerce and Labor
401 South Carson Street
Legislative Building, Room 2132
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 Spearman:

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

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,



Danielle Fagre Arlowe
Senior Vice President, State Government Affairs
American Financial Services Association
919 Eighteenth Street, NW, Suite 300
Washington, DC 20006-5517

cc: Senator Yvanna Cancela
Senator Nicole Cannizazaro
Senator James Ohrenschall
Senator Chris Brooks
Senator Joe Hardy
Senator James Settlemeyer
Senator Heidi Gansert