



April 11, 2019

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

**Re: Assembly Bill 360 Revising Provisions Governing Loan Practices (BDR 52-543)**

Dear Assemblywoman Spiegel:

I am writing to express the strong support of members of the American Financial Services Association (AFSA)<sup>1</sup> for Assembly Bill 360, which would move Traditional Installment Loans (TILs) into a new section of code. By moving TILs into their own section of the law, AB 360 will ensure that safe, affordable, non-bank credit options remain available for those Nevada individuals and families that rely on them to manage their finances, build financial capability and drive financial mobility.

AB 360 is the result of painstaking work by Nevada's Financial Institutions Division (FID) and representatives of the installment lending industry. It became necessary after a recent Nevada Supreme Court ruling that called into question the status of 604A loan servicers, including TILs, effectively considering TILs as no different from other loan types also covered under 604A. A one-size-fits-all approach to small-dollar loans could only result in the formation of credit deserts in the state, where safe and affordable lenders are prohibited, alongside more troubling forms of credit. Removing options for borrowers would cause considerable hardship and leave borrowers with few opportunities for financial mobility. AB 360 has been carefully designed to ensure that all current consumer protections and regulatory oversight that apply to TILs carries over to the new statute along with all the current requirements of 604A.5057(2) and will ensure that regulations covering TILs reflect the significant differences between installment loans and other loan types.

TILs are widely recognized by consumer groups and others as a safe and affordable form of credit, carrying with them significant socio-economic benefits for individuals, families and communities. This recognition was 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 TILs are repaid in regularly scheduled, equal payments of principal and interest. Furthermore, TILs require an

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<sup>1</sup> 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.

underwriting process that includes a calculation of the borrower's ability to repay a loan out of their monthly budget and are the only loan servicer in 604A to do so. TILs are also the only loan servicers in 604A to report loan performance directly to credit bureaus. This is vital for Nevada borrowers looking to build a credit history and increase their financial mobility.

We believe AB 360 represents a win-win for policymakers who seek a policy environment in which the strongest consumer protections coexist with access to safe and affordable non-bank credit for those who want it. We strongly encourage support for the bill in your committee and the wider Assembly.

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](mailto:dfagre@afsamail.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Fagre Arlowe', written in a cursive style.

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

cc:  
Commerce and Labor Committee Members