

ASSEMBLY BILL NO. 187—COMMITTEE
ON COMMERCE AND LABOR

MARCH 1, 2013

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing trade regulations.
(BDR 52-977)

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

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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 trade regulations; authorizing a secured party who finances the sale of motor vehicles to install certain devices in the motor vehicles which he or she finances; authorizing a lessor of motor vehicles to install certain devices in the motor vehicles which he or she leases; revising provisions relating to retail installment contracts; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 **Sections 2 and 3** of this bill authorize secured parties who finance the sale of
2 motor vehicles and lessors of motor vehicles to install devices in the motor vehicles
3 which they finance or lease, respectively, which are used to remotely disable a
4 motor vehicle upon breach or default of the sale or lease agreement by the debtor or
5 lessee, as applicable.
6 Existing law requires certain retail installment contracts to be contained in a
7 single document which must contain the entire agreement of the parties. (NRS
8 97.165) **Section 4** of this bill amends that requirement, commonly known as the
9 “single document rule,” to provide that it does not apply to the sale of a motor
10 vehicle in which a secured party and a debtor enter into an agreement authorizing
11 the secured party to install and use a device which is able to remotely disable the
12 motor vehicle upon breach or default by the debtor.



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

1 **Section 1.** Chapter 597 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1.** *A secured party who finances the sale of a motor*
4 *vehicle shall not install or use electronic repossession technology*
5 *in a motor vehicle which he or she finances to take possession of*
6 *the motor vehicle or, without removal, to render the motor vehicle*
7 *unusable, unless:*

8 *(a) After executing the retail installment contract, the secured*
9 *party and the debtor enter into an agreement which is contained in*
10 *a separate document, is not a condition of the retail installment*
11 *contract and which provides that:*

12 *(1) Electronic tracking technology may be used by the*
13 *secured party only to ensure that the electronic tracking*
14 *technology is operating properly, to repossess the motor vehicle, to*
15 *locate the motor vehicle for the purpose of servicing the retail*
16 *installment contract or to keep the retail installment contract*
17 *current;*

18 *(2) The debtor may cancel the agreement authorizing the*
19 *use of electronic tracking technology at any time during the term*
20 *of the retail installment contract without affecting the sale of the*
21 *motor vehicle or any term or condition of the retail installment*
22 *contract; and*

23 *(3) After providing proper notice to the debtor, a secured*
24 *party may use starter interrupt technology to disable a motor*
25 *vehicle following certain defaults or breaches of the retail*
26 *installment contract; and*

27 *(b) At the time of the sale of the motor vehicle, the secured*
28 *party provides the debtor with a written disclosure that the vehicle*
29 *is equipped with electronic repossession technology and which*
30 *includes, without limitation:*

31 *(1) The nature of the defaults or breaches following which*
32 *the secured party may use the electronic repossession technology;*

33 *(2) The prohibitions on the use of the electronic*
34 *repossession technology as provided in subsection 3;*

35 *(3) The name, address and toll-free telephone number of*
36 *the secured party for the purpose of communicating directly with*
37 *the secured party concerning the security interest in the motor*
38 *vehicle and the extension of credit; and*

39 *(4) That in the event of an emergency, the debtor will be*
40 *able to start a disabled vehicle for at least 24 hours.*

41 **2.** *Before using the electronic repossession technology in a*
42 *motor vehicle which is financed by a secured party, the secured*



1 party shall provide written notice to the debtor that the secured
2 party will use the electronic repossession technology to disable the
3 motor vehicle within 3 days, excluding Saturdays, Sundays and
4 holidays, after issuance of the notice.

5 3. The use of electronic repossession technology in a motor
6 vehicle which is financed by a secured party is prohibited if:

7 (a) Disablement of the motor vehicle will occur while the
8 engine of the motor vehicle is running;

9 (b) The electronic repossession technology causes an audible
10 warning which lasts longer than 20 seconds upon starting or
11 shutting off the engine of the motor vehicle;

12 (c) The secured party has reason to know that the use of the
13 electronic repossession technology will result in substantial injury
14 or harm to the debtor, the public health, safety or welfare, or will
15 in any way adversely affect any third party; or

16 (d) Less than 30 days have lapsed since the default or breach
17 of contract by the debtor.

18 4. A debtor may not waive any of the provisions of this
19 section.

20 5. The failure by a secured party to comply with any provision
21 of this section shall be considered a deceptive trade practice in
22 violation of NRS 598.0923, and a debtor may file a claim for
23 relief. In addition to any other remedy available pursuant to NRS
24 41.600, chapter 598 of NRS or any other provision of law, a debtor
25 who prevails in an action pursuant to this subsection shall be
26 awarded a minimum of \$1,000 as statutory damages, or damages
27 pursuant to subsection 3 of NRS 104.9625, whichever is greater.

28 6. The Commissioner of Financial Institutions shall
29 prescribe, by regulation, forms for contracts for the use of
30 electronic repossession technology.

31 7. As used in this section, unless the context otherwise
32 requires:

33 (a) "Electronic repossession technology" means a device that
34 has electrical, digital, magnetic or wireless optical electromagnetic
35 properties or similar capabilities, including, without limitation,
36 electronic tracking technology and starter interrupt technology.

37 (b) "Electronic tracking technology" means global positioning
38 satellite or similar technology used to obtain or record the location
39 of a motor vehicle.

40 (c) "Retail installment contract" has the meaning ascribed to it
41 in NRS 97.105.

42 (d) "Secured party" has the meaning ascribed to it in
43 NRS 104.9102.

44 (e) "Starter interrupt technology" means technology used to
45 remotely disable the starter of a motor vehicle.



1 **Sec. 3. 1. A lessor who leases a motor vehicle shall not**
2 **install or use electronic repossession technology in a motor vehicle**
3 **which he or she leases to take possession of the motor vehicle or,**
4 **without removal, to render the motor vehicle unusable, unless:**

5 **(a) After consummation of the lease agreement, the lessor and**
6 **the lessee enter into an agreement which is contained in a**
7 **separate document, is not a condition of the lease agreement and**
8 **which provides that:**

9 **(1) Electronic tracking technology may be used by the**
10 **lessor only to ensure that the electronic tracking technology is**
11 **operating properly, to repossess the motor vehicle, to locate the**
12 **motor vehicle for the purpose of servicing the lease agreement or**
13 **to keep the lease agreement current;**

14 **(2) The lessee may cancel the agreement authorizing the**
15 **use of electronic tracking technology at any time during the term**
16 **of the lease agreement without affecting the lease of the motor**
17 **vehicle or any term or condition of the lease agreement; and**

18 **(3) After providing proper notice to the lessee, a lessor may**
19 **use starter interrupt technology to disable a motor vehicle**
20 **following certain defaults or breaches of the lease agreement; and**

21 **(b) At the time of the lease of the motor vehicle, the lessor**
22 **provides the lessee with a written disclosure that the vehicle is**
23 **equipped with electronic repossession technology and which**
24 **includes, without limitation:**

25 **(1) The nature of the defaults or breaches following which**
26 **the lessor may use the electronic repossession technology;**

27 **(2) The prohibitions on the use of the electronic**
28 **repossession technology as provided in subsection 3;**

29 **(3) The name, address and toll-free telephone number of**
30 **the lessor for the purpose of communicating directly with the**
31 **lessor concerning the security interest in the motor vehicle and the**
32 **extension of credit; and**

33 **(4) That in the event of an emergency, the lessee will be**
34 **able to start a disabled vehicle for at least 24 hours.**

35 **2. Before using the electronic repossession technology in a**
36 **motor vehicle which is leased by a lessor, the lessor shall provide**
37 **written notice to the lessee that the lessor will use the electronic**
38 **repossession technology to disable the motor vehicle within 3 days,**
39 **excluding Saturdays, Sundays and holidays, after issuance of the**
40 **notice.**

41 **3. The use of electronic repossession technology in a motor**
42 **vehicle which is leased by a lessor is prohibited if:**

43 **(a) Disablement of the motor vehicle will occur while the**
44 **engine of the motor vehicle is running;**



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1 (b) *The electronic repossession technology causes an audible*
2 *warning which lasts longer than 20 seconds upon starting or*
3 *shutting off of the engine of a motor vehicle;*

4 (c) *The lessor has reason to know that the use of the electronic*
5 *repossession technology will result in substantial injury or harm to*
6 *the lessee, the public health, safety or welfare, or will in any way*
7 *adversely affect any third party; or*

8 (d) *Less than 30 days have lapsed since the default or breach*
9 *of contract by the debtor.*

10 4. *A lessee may not waive any of the provisions of this*
11 *section.*

12 5. *The failure by a lessor to comply with any provision of this*
13 *section shall be considered a deceptive trade practice in violation*
14 *of NRS 598.0923, and a lessee may file a claim for relief. In*
15 *addition to any other remedy available pursuant to NRS 41.600,*
16 *chapter 598 of NRS or any other provision of law, a lessee who*
17 *prevails in an action pursuant to this subsection shall be awarded*
18 *a minimum of \$1,000, as statutory damages.*

19 6. *The Commissioner of Financial Institutions shall*
20 *prescribe, by regulation, forms for contracts for the use of*
21 *electronic repossession technology.*

22 7. *As used in this section, unless the context otherwise*
23 *requires:*

24 (a) *“Electronic repossession technology” means a device that*
25 *has electrical, digital, magnetic or wireless optical electromagnetic*
26 *properties or similar capabilities, including, without limitation,*
27 *electronic tracking technology and starter interrupt technology.*

28 (b) *“Electronic tracking technology” means global positioning*
29 *satellite or similar technology used to obtain or record the location*
30 *of a motor vehicle.*

31 (c) *“Starter interrupt technology” means technology used to*
32 *remotely disable the starter of a motor vehicle.*

33 **Sec. 4.** NRS 97.165 is hereby amended to read as follows:

34 97.165 1. Every retail installment contract must be contained
35 in a single document which must contain the entire agreement of the
36 parties, including any promissory notes or other evidences of
37 indebtedness between the parties relating to the transaction, except
38 as otherwise provided in NRS 97.205 and 97.235, *and section 2 of*
39 *this act*, but:

40 (a) If the buyer’s obligation to pay the total of payments is
41 represented by a promissory note secured by a chattel mortgage or
42 other security agreement, the promissory note may be a separate
43 instrument if the mortgage or security agreement recites the amount
44 and terms of payment of that note and the promissory note recites
45 that it is secured by a mortgage or security agreement.



1 (b) In a transaction involving the repair, alteration or
2 improvement upon or in connection with real property, the contract
3 may be secured by a mortgage or deed of trust on the real property
4 contained in a separate document. Retail sales transactions for home
5 improvements which are financed or insured by the Federal Housing
6 Administration are not subject to the provisions of this chapter.

7 ***(c) In a transaction involving the purchase of a motor vehicle,***
8 ***the parties may enter into an agreement contained in a separate***
9 ***document authorizing the use of electronic repossession***
10 ***technology pursuant to the provisions of section 2 of this act.***

11 2. The contract must be dated, signed by the retail buyer and
12 completed as to all essential provisions, except as otherwise
13 provided in NRS 97.205, 97.215 and 97.235. The printed or typed
14 portion of the contract, other than instructions for completion, must
15 be in a size equal to at least 8-point type.

16 3. Any fee charged to the retail buyer for his or her cancellation
17 of a retail installment contract within 72 hours after its execution is
18 prohibited unless notice of the fee is clearly set forth in the printed
19 or typed portion of the contract.

20 ***4. As used in this section, "electronic repossession***
21 ***technology" has the meaning ascribed to it in paragraph (a) of***
22 ***subsection 7 of section 3 of this act.***

